
TRI-COUNTY HEALTH DEPARTMENT

FINANCIAL STATEMENTS

DECEMBER 31, 2022

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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Independent Auditors' Report

Bellann Raile
Tri-County Health Department
Greenwood Village, Colorado

Report On The Audit Of The Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the major fund of Tri-County Health Department (the Department), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Department as of December 31, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis For Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities For The Audit Of The Financial Statements section of our report. We are required to be independent of the Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis Of Matter - Department Dissolution

The accompanying financial statements have been prepared assuming that the entity will continue as a going concern. As discussed in Note 14 to the financial statements, the Department, as of December 31, 2022, has ceased to perform any public health-related activity as of that date and has entered into agreements to dissolve. The financial statements do not include any adjustments that might result from the outcome of the uncertainty. Our opinion is not modified with respect to this matter.

Responsibilities Of Management For The Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Department's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities For The Audit Of The Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Department's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through iv, budgetary comparison information on page 44, the schedules of the Department's proportionate share of the net pension liability and contributions to the pension plan on pages 45 through 46 and the schedules of the Department's proportionate share of the net OPEB liability and the contributions to the OPEB plan on pages 47 through 48 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2023 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

RubinBrown LLP

June 28, 2023



**TRI-COUNTY HEALTH DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022**

This brief report is for the Tri-County Health Department (the "Department") for the year ended December 31, 2022. Management's Discussion and Analysis (MD&A) provides an overview of the financial activities of the Department during 2022. The MD&A should be read in conjunction with the Department's basic financial statements.

Background Information

The Tri-County Health Department was established, in accordance with C.R.S. 25-1-506, to provide local public health services to the 1.5 million residents of Adams, Arapahoe, and Douglas Counties. The Department's mission is to protect, promote, and improve the health, environment, and quality of life of the residents of Adams, Arapahoe, and Douglas Counties. The Department provides all core public health services identified in the Colorado State Board of Health, Core Public Health Services Rule, which includes: Assessment, Planning and Communication; Vital Records and Statistics; Communicable Disease Prevention, Investigation and Control; Prevention and Population Health Promotion; Emergency Preparedness and Response; Environmental Health; Administration and Governance.

Financial Highlights

- The assets and deferred outflows of resources of the Department were more than its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$6,494,483 (*net position*).
- The Department's total net position increased by \$8,207,990 during fiscal year 2022.
- At the close of the current fiscal year, the Department's governmental fund reported a fund balance of \$25,985,230, an increase of \$3,238 from the prior year. Approximately 99.9% of this amount, \$25,959,990 is available for spending at the Department's discretion.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the Tri-County Health Department's basic financial statements. The Tri-County Health Department's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Department's finances in a manner similar to a private-sector business.



**TRI-COUNTY HEALTH DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022**

The *statement of net position* presents information on all the Department's assets and liabilities. The difference between the two is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Department is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the past year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements

A fund is a grouping of related accounts that is used to control resources for specific activities. The Department, like other state and local governments, uses fund accounting. The Department has only one fund, the general fund.

Government Funds

Government funds are essentially the same as governmental activities reported in the government-wide financial statements. Unlike the government-wide financial statements, government fund financial statements focus on near-term transactions of expendable resources and the balances of spendable resources available at the end of the fiscal year.

Notes to the Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Department's progress in funding its obligation to provide pension benefits to its employees.

Financial Efforts of 2022

The Department's financial activities center on providing the citizens of the area a wide variety of public health activities including restaurant inspections, immunizations, nutritional education, disease outbreak identification and management, tobacco prevention and control, and emergency preparedness.



**TRI-COUNTY HEALTH DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022**

Department revenue consists primarily of funds received from Adams, Arapahoe, and Douglas Counties, intergovernmental (state and federal) and other revenue (collected from licenses, fees and permits).

The table below shows the condensed Statement of Net Position as of December 31, 2022, and 2021:

	<u>2022</u>	<u>2021</u>
Current Assets	\$ 28,936,459	\$ 36,425,167
Non-Current Assets	2,755,249	
Capital Assets	-	748,017
Total Assets	<u>31,691,708</u>	<u>37,173,184</u>
Deferred Outflow of Resources	5,057,685	9,117,686
Total Assets and Deferred outflow of Resources	<u>\$ 36,749,393</u>	<u>\$ 46,290,870</u>
Current Liabilities	2,951,229	8,894,453
Noncurrent Liabilities	2,140,139	19,562,738
Total Liabilities	<u>5,091,368</u>	<u>28,457,191</u>
Deferred Inflow of Resources	25,163,542	19,547,186
Net Position:		
Invested in Capital Assets	-	748,017
Unrestricted	6,494,483	(2,461,524)
Total Net Position	<u>6,494,483</u>	<u>(1,713,507)</u>
Total Liabilities, Deferred Inflows of Resources and net Position	<u>\$ 36,749,393</u>	<u>\$ 46,290,870</u>



**TRI-COUNTY HEALTH DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022**

The table below shows the condensed Statement of Activities as of December 31, 2022, and 2021:

	2022	2021
Program Revenues:		
Charges for Services	\$ 4,446,895	\$ 4,837,895
Operating Grants and Contributions	3,895,511	1,263,700
General Revenues:		
County Funds	11,186,004	13,963,682
State Funds	10,197,761	9,796,042
Federal Funds	25,959,471	30,269,513
In-Kind	1,564,166	1,564,166
Total Revenues	57,249,808	61,694,998
Expenses:		
Public Health and Welfare	49,041,818	56,156,054
Total Expenses	49,041,818	56,156,054
Change in Net Position	\$ 8,207,990	\$ 5,538,944

Summary

Adams County and Arapahoe County provided written notice to the Department that were withdrawing from the agency effective December 31, 2022. Douglas County withdrew from TCHD in September 2021 and thereafter formed its own health department. The Department provided public health services to Douglas County and its health department pursuant to an intergovernmental agreement dated September 28, 2021. The Department continued to provide public health services to all three counties until December 31, 2022, at which time TCHD ceased to exist by operation of law.

The District Court of Arapahoe County appointed Cordes & Company LLC as receiver for the Department on August 29, 2022 to wind down the operations of the Department. This has been substantially completed. Any questions concerning this report, or the financial affairs of the Department can be directed to the receiver:

Cordes & Company LLC
2677 Innsbruck Drive, Suite A
New Brighton, MN 55112

TRI-COUNTY HEALTH DEPARTMENT

STATEMENT OF NET POSITION

December 31, 2022

Assets And Deferred Outflows Of Resources

	Governmental Activities
Current Assets	
Cash	\$ 5,227,467
Investments	14,827,699
Accounts receivable	8,812,937
Deposits	43,116
Prepaid items	25,240
Total Current Assets	<u>28,936,459</u>
Noncurrent Assets	
Net pension asset	<u>2,755,249</u>
Total Assets	<u>31,691,708</u>
Deferred Outflows Of Resources	
Related to pension	4,629,663
Related to OPEB	428,022
Total Deferred Outflows Of Resources	<u>5,057,685</u>
Total Assets And Deferred Outflows Of Resources	<u>\$ 36,749,393</u>

Liabilities, Deferred Inflows Of Resources And Net Position

Current Liabilities	
Accounts payable	\$ 1,939,972
Accrued liabilities	1,011,257
Total Current Liabilities	<u>2,951,229</u>
Noncurrent Liabilities	
Net OPEB liability	<u>2,140,139</u>
Total Liabilities	<u>5,091,368</u>
Deferred Inflows Of Resources	
Related to pension	24,308,959
Related to OPEB	854,583
Total Deferred Inflows Of Resources	<u>25,163,542</u>
Net Position	
Unrestricted	<u>6,494,483</u>
Total Net Position	<u>6,494,483</u>
Total Liabilities, Deferred Inflows Of Resources And Net Position	<u>\$ 36,749,393</u>

TRI-COUNTY HEALTH DEPARTMENT

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2022

Function/Program	Expenses	Program Revenues		Changes In Net Position
Governmental Activities		Charges For Services	Operating Grants And Contributions	Primary Governmental Activities
Public health and welfare	\$ 49,041,818	\$ 4,446,895	\$ 3,895,511	\$ (40,699,412)
General Revenues				
				11,186,004
				10,197,761
				25,959,471
				1,564,166
			Total General Revenues	48,907,402
				8,207,990
				Change In Net Position
				(1,713,507)
				Net Position, Beginning Of Year
				Net Position, End Of Year \$ 6,494,483

TRI-COUNTY HEALTH DEPARTMENT
BALANCE SHEET - GOVERNMENTAL FUND
December 31, 2022

Assets

	<u>General Fund</u>
Current Assets	
Cash	\$ 5,227,467
Investments	14,827,699
Accounts receivable	8,812,937
Deposits	43,116
Prepaid items	25,240
	<hr/>
Total Assets	\$ 28,936,459

Liabilities And Fund Balance

Liabilities	
Accounts payable	\$ 1,939,972
Accrued liabilities	1,011,257
Total Liabilities	<hr/> 2,951,229
Fund Balance	
Nonspendable fund balance:	
Prepays	25,240
Unassigned fund balance:	25,959,990
Total Fund Balance	<hr/> 25,985,230
	<hr/>
Total Liabilities And Fund Balance	\$ 28,936,459

TRI-COUNTY HEALTH DEPARTMENT

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION December 31, 2022

Total Governmental Fund Balance	\$ 25,985,230
Amounts reported for governmental activities in the statement of net position are different because:	
Pension plan accounts, such as deferred outflows/inflows and net pension liability, are not receivable or payable in the current period and, therefore, not reported in the funds.	
Net pension asset	2,755,249
Deferred outflows of resources	4,629,663
Deferred inflows of resources	(24,308,959)
Other post-employment accounts, such as deferred outflows/inflows and net OPEB liability, are not receivable or payable in the current period and, therefore, not reported in the funds.	
Net OPEB liability	(2,140,139)
Deferred outflows of resources	428,022
Deferred inflows of resources	(854,583)
Net Position Of Governmental Activities	<u>\$ 6,494,483</u>

TRI-COUNTY HEALTH DEPARTMENT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND For The Year Ended December 31, 2022

	<u>General Fund</u>
Revenues	
County funds	\$ 11,186,004
Grants and contracts	3,895,511
Fees administration	1,611,599
Nursing	251,325
Environmental health	2,583,971
State funds	10,197,761
Federal funds	25,959,471
In-kind	1,564,166
Total Revenues	<u>57,249,808</u>
Expenditures	
Current:	
Public health and welfare	<u>61,279,872</u>
Change In Fund Balance	(4,030,064)
Fund Balance, Beginning Of Year	<u>30,015,294</u>
Fund Balance, End Of Year	<u>\$ 25,985,230</u>

TRI-COUNTY HEALTH DEPARTMENT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES For The Year Ended December 31, 2022

Change In Fund Balance - Total Governmental Fund	\$ (4,030,064)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures, but in the statement of activities, these costs are allocated over their estimated useful lives as depreciation.	
Depreciation expense	(748,017)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount represents the change in deferred rent.	195,358
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences, December 31, 2021	2,289,222
Pension and OPEB benefit related to the cost-sharing multiple-employer defined benefit pension plan is recognized on a government-wide basis and not included in the fund statements.	
Pension	10,338,594
OPEB	<u>162,897</u>
Change In Net Position - Statement Of Activities	<u>\$ 8,207,990</u>

TRI-COUNTY HEALTH DEPARTMENT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2022

1. Summary Of Significant Accounting Policies

The financial statements of Tri-County Health Department (the Department) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for establishing standards for governmental accounting and financial reporting.

The Department's annual financial reports include the accounts and funds of all Department operations presented in accordance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

The more significant of the Department's accounting policies are as follows:

Reporting Entity

The Department's mission was to protect, promote and improve the health, environment and quality of life of the residents of Adams, Arapahoe and Douglas Counties. The Department provided all core public health services identified in the Colorado State Board of Health, Core Public Health Services Rule. These include assessment, planning and communication, vital records and statistics; communicable disease prevention, investigation and control, prevention and population health promotion, emergency preparedness and response, environmental health, administration and governance.

The Department is not financially accountable for any other organization, nor is the Department a component unit of any other primary governmental entity.

For financial reporting purposes, the Department includes all funds and account groups for which it is financially accountable. The Department does not exercise any power over any other entity. As discussed in Note 14, the Department entered into agreement to dissolve, and as of December 31, 2022, has ceased to operate its major public health programs. The remaining activities of the Department are in receivership until such a time at which all outstanding funds have been collected and disbursed to the appropriate parties.

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (*Continued*)

Government-Wide And Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Department does not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. For identifying the function to which program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which function the revenues are restricted. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The accounts of the Department are organized on the basis of funds. Each fund is considered an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other assets together with all related liabilities, obligations, reserves and equities, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The Department used the following fund during 2022:

Governmental Fund

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

Measurement Focus And Basis Of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (*Continued*)

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows.

All governmental funds are accounted for using the current financial resources measurement focus and the modified-accrual basis of accounting. Their revenues are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Department considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

County funds, fees, licenses and permits and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the Department.

Expenditures are generally recognized under the modified-accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt and compensated absences, which are recognized when due.

Cash And Investments

The Department's cash and investments are comprised of cash on hand, cash in banks and highly liquid investments with a maturity of three months or less when purchased.

The Department may invest in bonds or other interest-bearing obligations issued by or unconditionally guaranteed by the United States or bonds that are the direct obligations of the State of Colorado or any county, city or school district in the state. The Department may also invest in repurchase agreements of any marketable security otherwise authorized by law, where the market value of such security is at all times at least equal to the moneys involved, and there is assignment of such security pursuant to current depository regulations.

Investments for the Department are reported at fair value, except for certain investments held at amortized cost, which approximate fair value.

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (*Continued*)

Accounts Receivable

Accounts receivable are determined by management to be fully collectible at December 31, 2022; therefore, an allowance for doubtful accounts is not recorded in the financial statements.

Capital Assets

Capital assets are recorded at cost except for assets contributed, which are stated at acquisition value on the date of contribution. The Department uses a capitalization threshold of \$5,000 for financial statement purposes and depreciates capital assets on the straight-line basis over either a 5- or a 10-year estimated useful life.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not included in capital assets.

Compensated Absences

It is the Department's policy to permit employees to accumulate earned but unused vacation benefits (paid time off) up to certain maximum limits. Therefore, a liability for accrued vacation is recorded for full accrual purposes in the government-wide financial statements. However, due to the dissolution of the Department, all vacation benefits were liquidated with available financial resources of the General Fund as of December 31, 2022.

In-Kind Donations

In-kind donations consist of donated goods and personal services. Donated goods are valued at the donor's assigned value or estimated fair value. Personal services are valued based upon hourly wage rates paid for similar services or at the donor's assigned value. These donations are included as revenue and as program costs to properly reflect the total costs of the Department's operations.

Fund Balance

In the fund financial statements, the governmental fund reports the following classification of fund balance:

Nonspendable - includes items not expected to be converted to cash in the near term (e.g., inventories and prepaids) or funds that legally or contractually must be maintained intact.

Restricted - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (*Continued*)

Committed - includes amounts that can only be used for the specific purposes determined by a formal action, a board resolution, of the Department's highest level of decision-making authority, the Tri-County Board of Health (the Board). The same formal action must be taken to remove or change the limitations placed on the funds.

Assigned - consists of funds intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed. The Board has delegated the authority to the Executive Director, or his designee, to assign funds and amounts to be used for specific purposes.

Unassigned - is the residual classification of the General Fund and includes all spendable amounts not contained in other classifications. This category also provides the resources necessary to meet any unexpected expenditures and revenue shortfalls.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which the resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance and, lastly, unassigned fund balance.

Net position represents the difference between assets and deferred outflows of resources, and deferred inflows of resources and liabilities and is classified as net investment in capital assets, restricted or unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition or construction of improvements on those assets, excluding any unspent bond proceeds. Net position is reported as restricted when there are limitations imposed on its use, either through the enabling legislation adopted by the Department or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. All other net position that does not meet these definitions is classified as unrestricted.

Use Of Estimates

In preparing financial statements in conformity with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements *(Continued)*

Budgets And Budgetary Accounting

In accordance with state budget law, the Department's Board holds public hearings in the fall of each year to approve the budget and appropriate the funds for each ensuing year. The appropriation is at the total fund expenditure level and lapses at year end. The Board can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements.

Pensions

The Department participates in the Local Government Division Trust Fund (the LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OPEB Plan

The Department participates in the Health Care Trust Fund (the HCTF), a cost-sharing multiple-employer defined other post-employment benefits (OPEB) fund administered by PERA. The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (*Continued*)

Deferred Outflows Of Resources

In addition to assets, the statement of net position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources until then. The Department has recognized deferred outflows of resources in the government-wide financial statements in accordance with presentation requirements for GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* (GASB 68) and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75).

Deferred Inflows Of Resources

In addition to liabilities, the statement of net position will sometimes include a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period or periods and so will not be recognized as an inflow of resources until then. The Department has recognized deferred inflows of resources in the government-wide financial statements in accordance with presentation requirements for GASB 68 and GASB 75.

2. Noncash Federal Vouchers And Supplies

The Department receives noncash vouchers and supplies, which are required to be recorded in the schedule of expenditures of federal awards; however, these amounts are not recorded in the financial statements. The noncash federal vouchers received and expended in 2022 amounted to \$16,254,910.

3. Cash And Investments

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified by PDPA. PDPA allows the institution to create a single collateral pool for all public funds.

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (*Continued*)

The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must equal at least 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2022, the Department had uninsured bank deposits of \$5,525,054 collateralized with securities held by the financial institution's agent, but not in the Department's name.

Custodial Credit Risk - This is the risk that, in the event of a bank failure, the Department's deposits may not be returned to it. As of December 31, 2022, the Department's deposits were not exposed to custodial credit risk, as all deposits were insured by the Federal Deposit Insurance Corporation or collateralized in accordance with PDPA.

Investments

The Department has an investment policy which specifies investment instruments including rating, maturity and concentration risk criteria in which the Department may invest, which is in conformance with federal, state and other legal requirements as well as in accordance with Colorado Revised Statutes (C.R.S.), specifically C.R.S. 24-75-601. The policy allows the following investments:

- United States Treasury obligations
- Federal instrumentality securities
- Time certificates of deposit
- Commercial paper
- Money market mutual funds
- Local government investment pools
- Corporate or bank issue debt

At December 31, 2022, the Department's investments consisted of the following:

<u>Investments</u>	<u>Fair Value</u>
<u>Local government investment pool</u>	<u>14,827,699</u>

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (*Continued*)

At December 31, 2022, the Department had the following investments and maturities:

<u>Investment Type</u>	<u>Fitch Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years) Less Than 1</u>
Local government investment pool	AAAm	14,827,699	14,827,699

At December 31, 2022, the Department had an investment held by the Colorado Surplus Asset Fund (CSAFE), a local government investment pool, totaling \$14,827,699, which is valued at amortized cost, which approximates fair value. Issued financial statements for CSAFE may be obtained at www.csafe.org. CSAFE maintains a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. There are no significant redemption periods for investments held with CSAFE. Designated custodial banks provide safekeeping and depository services to CSAFE in connection with direct investment and withdrawal functions. Substantially all securities owned by CSAFE are held by the Federal Reserve Bank in the account maintained for the custodial bank. The State Securities Commission administers and enforces all state statutes for governing CSAFE.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or a deposit. State law limits investment maturities to five years or less as a means of managing exposure to fair value loss resulting from increasing interest rates. As such, due to the short-term nature of the Department's investments, interest rate risk is minimized.

Credit Risk - Credit risk involves the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments to U.S. Treasury issues, other federally backed notes and credits and other agency offerings. Other investment instruments, including bank obligations, general obligation bonds and commercial paper are limited to at least one of the highest rating categories of at least one nationally recognized rating agency. State statutes limit investments in corporate bonds and foreign issues to a minimum credit rating of "AA- or Aa3" by two or more nationally recognized statistical rating organizations. All of the Department's investments were at or above this minimum requirement. State law further limits investments in money market funds to those institutions with over \$1 billion in assets or the highest credit rating from one or more of a nationally recognized rating agency.

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (Continued)

Concentration Of Credit Risk - The Department's investment policy does not limit the amount the Department may invest in one issuer. The Department had all of its investments with one local government investment pool as of the end of the year.

Fair Value - The Department categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs and are valued using matrix pricing model. Level 3 inputs are significant unobservable inputs.

4. Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

	Balance - January 1, 2022	Additions	Retirements	Balance - December 31, 2022
Depreciable Capital Assets				
Office furniture and equipment	\$ 1,570,690	\$ —	\$ —	\$ 1,570,690
Computer equipment	1,270,239	—	—	1,270,239
Computer software	164,718	—	—	164,718
Leasehold improvements	4,933,026	—	—	4,933,026
Total Depreciable Capital Assets	7,938,673	—	—	7,938,673
Accumulated depreciation	(7,190,656)	(748,017)	—	(7,938,673)
Total Capital Assets Being Depreciated, Net	748,017	(748,017)	—	—
Governmental Activities Capital Assets, Net	\$ 748,017	\$ (748,017)	\$ —	\$ —

Depreciation expense for the year ended December 31, 2022 was \$748,017, all of which related to the Public Health and Welfare function.

5. Changes In Long-Term Obligations

	Balance - January 1, 2022	Additions	Reductions	Balance - December 31, 2022	Amounts Due Within One Year
Compensated absences	\$ 2,289,222	\$ 95,292	\$ (2,384,514)	\$ —	\$ —

6. Defined Benefit Pension Plan (PERA)

Plan Description

Eligible employees of the Department were provided with pensions through the LGDTF, a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of C.R.S., administrative rules set forth at 8 C.C.R. 1502-1 and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (Annual Report) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided

As of December 31, 2021, PERA provides retirement, disability and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713 and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (*Continued*)

- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factor.

In all cases, the service retirement benefit is limited to 100% of the highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether five years of service credit has been obtained and the benefit structure under which contributions were made.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in C.R.S. Subject to the automatic adjustment provision (the AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007 will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (the AIR) for the LGDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. For State Troopers whose disability is caused by an on-the-job injury, the five-year service requirement is waived, and they are immediately eligible to apply for disability benefits. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (*Continued*)

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained and the qualified survivor(s) who will receive the benefits.

Contributions

Eligible employees and the Department are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Employee and employer contribution rates for the period of January 1, 2022 through December 31, 2022 are summarized in the tables below:

	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022
Employee contribution (all employees except State Troopers)	8.50%	9.00%
Employee contribution (all employees except State Troopers)	12.50%	13.00%
Employer contribution rate ¹	10.50%	11.00%
Amount of employer contribution apportioned to the HCTF as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)	(1.02%)
Amount apportioned to the LGDTF	9.48%	9.98%
Amortization equalization disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	2.20%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	1.50%
Defined contribution supplement as specified in C.R.S. § 24-51-411	0.03%	0.03%
Total employer contribution rate to the LGDTF	13.21%	13.71%

Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Department is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Department were \$3,414,157 for the year ended December 31, 2022.

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements *(Continued)*

Pension Liabilities, Pension Expense, Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions

At December 31, 2022, the Department reported an asset of \$2,755,249 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll forward the total pension liability to December 31, 2021. The Department's proportion of the net pension asset was based on Department contributions to the LGDTF for the calendar year 2021 relative to the total contributions of participating employers.

At December 31, 2021, the Department's portion was 3.2136%, which was a decrease of 0.0831% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the Department recognized a pension benefit of \$6,924,437. At December 31, 2022, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 134,670	\$ 46,022
Changes of assumptions	933,939	—
Net difference between projected and actual earnings on pension plan investments	—	23,833,491
Changes in proportion and differences between contributions and proportionate share of contributions	146,897	429,446
Contributions subsequent to the measurement date	3,414,157	—
Total	\$ 4,629,663	\$ 24,308,959

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (Continued)

The amount of \$3,414,157 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For The Year Ended December 31,	Amount
2023	\$ 5,327,299
2024	9,123,483
2025	5,750,502
2026	2,892,169
Total	\$ 23,093,453

Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	
Members other than State Troopers	3.20% - 11.30%
State Troopers	3.20% - 12.40%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Future post-retirement benefit increases:	
PERA benefit structure hired prior to January 1, 2007 and DPS benefit structure (automatic)	1.25%
PERA benefit structure hired after December 31, 2006 (ad hoc, substantively automatic)	Financed by the AIR

Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

The total pension liability (the TPL) as of December 31, 2021 includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021 and effective July 1, 2022.

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (*Continued*)

Pre-retirement mortality assumptions for members other than State Troopers were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement nondisabled mortality assumptions for members other than State Troopers were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019
- Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019

Post-retirement nondisabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement nondisabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97% of the rates for all ages, with generational projection using scale MP-2019
- Females: 105% of the rates for all ages, with generational projection using scale MP-2019

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a benefit-weighted basis.

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (*Continued*)

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of the 2020 experience analysis for the period January 1, 2016 through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020 meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019 meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30-Year Expected Geometric Real Rate Of Return
Global equity	54.00%	5.60%
Fixed income	23.00%	1.30%
Private equity	8.50%	7.10%
Real estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (*Continued*)

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021 and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021 and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements *(Continued)*

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021 and effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity Of The Department's Proportionate Share Of The Net Pension Liability To Changes In The Discount Rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability (asset)	\$ 18,891,596	\$ (2,755,249)	\$ (20,861,889)

Pension Plan Fiduciary Net Position

Detailed information about the LGDTF's fiduciary net position is available in PERA's Annual Report, which can be obtained at www.copera.org/investments/pera-financial-reports.

7. Defined Contribution Pension Plan

Plan Description

Employees of the Department who were also members of the LGDTF were able to voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of C.R.S., as amended, assigns the authority to establish the plan provisions to the PERA Board of Trustees. PERA issues a publicly available Annual Report which includes additional information on the Voluntary Investment Program. The report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy

The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended December 31 2022, program members contributed \$879,939.

8. Defined Benefit OPEB Plan

Plan Description

Eligible employees of the Department were provided with OPEB through the HCTF, a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of C.R.S., as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available Annual Report that can be obtained at www.copera.org/investments/pera-financial-reports.

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (*Continued*)

Benefits Provided

The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans; however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the DPS Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (the DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (*Continued*)

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions

Pursuant to Title 24, Article 51, Section 208(1)(f) of C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government and Judicial Divisions are required to contribute at a rate of 1.02% of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Department is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Department were \$260,970 for the year ended December 31, 2022.

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements *(Continued)*

OPEB Liabilities, OPEB Expense, Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To OPEB

At December 31, 2022, the Department reported a liability of \$2,140,139 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2021. The Department's proportion of the net OPEB liability was based on the Department's contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the Department's proportion was 0.2482%, which was a decrease of 0.0026% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the Department recognized OPEB expense of \$98,073. At December 31, 2022, the Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 3,267	\$ 507,458
Changes of assumptions	44,311	116,088
Net difference between projected and actual earnings on pension plan investments	—	132,470
Changes in proportion and differences between contributions and proportionate share of contributions	119,474	98,567
Contributions subsequent to the measurement date	260,970	—
Total	\$ 428,022	\$ 854,583

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (Continued)

\$260,970 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB benefit as follows:

For The Year Ended December 31,	Amount
2023	\$ 165,043
2024	203,557
2025	207,606
2026	84,652
2027	23,042
Thereafter	3,631
Total	\$ 687,531

Actuarial Assumptions

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	
Members other than State Troopers	3.20-11.30%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost-trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	4.5% for 2021, 6% in 2022 gradually decreasing to 4.5% in 2029
Medicare Part A premiums	3.75% for 2021, gradually rising to 4.5% in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements *(Continued)*

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2020 valuation, the following monthly costs/premiums are assumed for 2021 for the PERA benefit structure:

<u>Medicare Plan</u>	<u>Monthly Cost</u>	<u>Initial Costs for Members Without Medicare Part A</u>	
		<u>Monthly Premium</u>	<u>Monthly Cost Adjusted to Age 65</u>
Medicate Advantage/Self-Insured Rx	\$ 633	\$ 230	\$ 591
Kaiser Permanente Medicare Advantage HMO	596	199	562

The 2021 Medicare Part A premium is \$471 (actual dollars) per month.

All costs are subject to the health care cost-trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2020, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements *(Continued)*

The PERA benefit structure health care cost-trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Part A	
	Medicare Plans	Premiums
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2020 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TPL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (*Continued*)

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The following health care costs assumptions were updated and used in the roll-forward calculation for the Trust Fund:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2021 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of the 2020 experience analysis for the period January 1, 2016 through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020 meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements *(Continued)*

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30-Year Expected Geometric Real Rate Of Return
Global equity	54.00%	5.60%
Fixed income	23.00%	1.30%
Private equity	8.50%	7.10%
Real estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements *(Continued)*

Sensitivity Of The Department's Proportionate Share Of The Net OPEB Liability To Changes In The Health Care Cost-Trend Rates

The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	<u>1% Decrease In Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase In Trend Rates</u>
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB liability	\$ 2,078,681	\$ 2,140,139	\$ 2,211,335

Discount Rate

The discount rate used to measure the TPL was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021 measurement date
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements *(Continued)*

- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreement intended to cover the costs associated with OPEB benefits
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF's Family Nurse Practitioner was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity Of The Proportionate Share Of The Net OPEB Liability To Changes In The Discount Rate

The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 2,485,548	\$ 2,140,139	\$ 1,845,101

OPEB Plan Fiduciary Net Position

Detailed information about the HCTF's fiduciary net position is available in PERA's Annual Report which can be obtained at www.copera.org/investments/pera-financial-reports.

9. Deferred Compensation Plan

The Department has a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. Participation in the plan is optional for all employees. The Department has not had new participants since the mid-1990s. The current participants (two) all started working for the Department prior to 1994. The plan is administered by Nationwide Retirement Solutions, formerly the Public Employees Benefit Services Corporation, and the Variable Annuity Life Insurance Company. The plan allows the employees to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergencies. Contribution limits are set by the Internal Revenue Service annually and are the same as those for the 401(k) plan. The plan will continue to exist until the benefits have either been rolled over to another plan or paid out to its beneficiaries.

10. Risk Management

The Department is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Department has obtained commercial insurance coverage for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. Under the Colorado Governmental Immunity Act, the maximum liability per person, per occurrence, is \$350,000, with a maximum liability per occurrence of \$990,000. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Based on the plan of dissolution, at December 31, 2022, the Department had no accrued liability under the terms of this self-insurance plan.

11. Contingencies

Grants

The Department receives grant monies from various federal and state agencies and private foundations. Such grants are subject to audit by the grantor, which could lead to requests for reimbursement to the grantor for expenditures not in compliance with the terms of the grant. Based upon the lack of reimbursement requests in prior grant audits, management of the Department believes such reimbursement requests, if any, will be immaterial.

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (*Continued*)

Pending Legal Proceedings

The Department, and all three participating counties, have been named as defendants in a civil action by PERA regarding each party's alleged withdrawal liability to fund contributions to PERA Local Government Division due to the Department participation in the plan and the related planned dissolution of the Department (see Note 14). PERA is seeking approximately \$50 million as a contribution from the parties to PERA as settlement of this alleged withdrawal liability. On March 6, 2023, the Arapahoe County District Court, after receipt and review of the briefs filed by the parties, entered its Conclusions and Order which ruled that 1) the Department, through the Receiver, by consent and agreement of the Counties, has standing to pursue resolution of the withdrawal liability, 2) the Department, through the Receiver, may make an appropriations request to the Counties for payment of any withdrawal liability, once that demand is resolved, and which remain unsatisfied by the Department assets, and 3) the Intergovernmental Agreement dated July 29, 2022 between the three Counties and the Department did not limit the Receiver's right to pursue satisfaction of the PERA debt from the Counties' appropriations. The defendant Counties have filed motions to receive clarification from the Arapahoe County District Court as to whether or not the Court's March 6, 2023 order is a final order that is ripe for appeal.

12. Tax Spending And Debt Limitation (TABOR)

In November 1992, the voters of Colorado approved Amendment I, commonly known as the Taxpayer Bill of Rights (TABOR), which added a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

The Department does not believe itself to be subject to the requirement of TABOR, as the Department has been established by Adams, Arapahoe and Douglas Counties, and it receives no direct tax dollars and has no power to tax any of the residents within its jurisdiction. TABOR is applied to the counties which have formed the Department, and the Department receives general allocation funding from these counties. TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of what organizations may be subject to TABOR, may require judicial interpretation.

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements *(Continued)*

13. Concentrations

The Department received approximately 25% of its revenue from Adams, Arapahoe and Douglas Counties and 63% from state and federal grants for the year ended December 31, 2022.

14. Department Dissolution

In June 2022, the Department authorized and directed its public health director to file a civil action, by and through legal counsel, and with the consent of Adams, Arapahoe and Douglas Counties as nominal defendants, to appoint a receiver to manage, protect and preserve the assets and operations of the Department, and to oversee the wind-down and dissolution of the Department, and the transition from a district public health agency to three single-county public health agencies respectively, in Adams, Arapahoe and Douglas Counties; In July 2022, the three participating counties and the Department have entered into an Intergovernmental Agreement in order to establish a planned and orderly process for the dissolution and wind-up of the Department, and to facilitate a smooth transition of public health services from the Department to the counties.

The Department, as of December 31, 2022, has ceased to perform any public health-related activity as of that date. Each county involved in the Department, as of January 1, 2023, have reestablished independent boards of health and public health departments in accordance with the applicable C.R.S. The remaining activity of the Department is in receivership, which will occur in early 2023, and revolves around settling of remaining receivables and payables as of December 31, 2022, which are presented on the financial statements, and distribution of the remaining net assets. Pension and OPEB amounts presented throughout the financial statements are based on the Department's proportionate share as of December 31, 2022, in accordance with the Department's historical application and accounting treatment of the provisions of GASB 68 and GASB 75. The amounts presented do not reflect the actual amount due to or from PERA in relation to the Department dissolution. Those amounts, as discussed in Note 11 of the financial statements, are subject to ongoing legal proceedings. Based on the opinion of management, no liability related to these proceeding is currently estimable, and therefore no amount is reflected as a liability as of December 31, 2022.

Required Supplementary Information

TRI-COUNTY HEALTH DEPARTMENT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL - GENERAL FUND For The Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues				
County funds	\$ 11,621,765	\$ 11,621,765	\$ 11,186,004	\$ (435,761)
Grants and contracts	20,154,366	20,154,366	3,895,511	(16,258,855)
Fees administration	1,700,000	1,700,000	1,611,599	(88,401)
Nutrition	63,500	63,500	—	(63,500)
Nursing	464,788	464,788	251,325	(213,463)
Environmental health	2,800,175	2,800,175	2,583,971	(216,204)
State funds	12,560,878	12,560,878	10,197,761	(2,363,117)
Federal funds	16,956,850	16,956,850	25,959,471	9,002,621
In-kind	1,564,162	1,564,162	1,564,166	4
Total Revenues	67,886,484	67,886,484	57,249,808	(10,636,676)
Expenditures				
Salaries and wages	28,412,599	30,927,120	28,011,817	(2,915,303)
Employee benefits	7,650,854	8,045,131	7,787,767	(257,364)
Operating expenses	6,909,349	6,909,349	8,395,288	1,485,939
Operating supplies	4,783,383	4,783,383	1,072,659	(3,710,724)
Services	13,902,836	13,902,836	14,236,155	333,319
Equipment	4,663,307	4,663,307	212,020	(4,451,287)
In-kind	1,564,156	1,564,156	1,564,166	10
Total Expenditures	67,886,484	70,795,282	61,279,872	(9,515,410)
Change In Fund Balance	\$ —	\$ (2,908,798)	(4,030,064)	\$ (1,121,266)
Fund Balance - Beginning Of Year			30,015,294	
Fund Balance - End Of Year			\$ 25,985,230	

Notes to Required Supplementary Information

The basis of the budget is the same as GAAP.

This schedule is presented on a GAAP basis.

TRI-COUNTY HEALTH DEPARTMENT

SCHEDULE OF THE DEPARTMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY Employee Pension Plan Last Eight Measurement Periods⁽¹⁾

Measurement Period Ending December 31,	2021	2020	2019	2018	2017	2016	2015	2014
Department's proportion of the net pension liability (asset)	3.2136%	3.2670%	3.1821%	3.2766%	3.1820%	3.0811%	3.1391%	3.1351%
Department's proportionate share of the net pension liability (asset)	\$ (2,755,249)	\$ 17,180,010	\$ 23,273,634	\$ 41,194,245	\$ 35,429,512	\$ 41,604,699	\$ 34,579,339	\$ 28,099,957
Department's covered payroll	\$ 24,251,925	\$ 23,383,905	\$ 21,888,142	\$ 22,345,857	\$ 19,992,923	\$ 18,673,526	\$ 17,789,323	\$ 17,028,716
Department's proportionate share of the net pension liability (asset) as a percentage of its employee payroll	-11.4%	73.5%	106.3%	184.3%	177.2%	222.8%	194.4%	165.0%
Plan fiduciary net position as a percentage of the total pension liability	101.49%	90.88%	86.26%	75.96%	79.37%	73.60%	76.90%	80.70%

⁽¹⁾ GASB Statement No. 68 was implemented during fiscal year 2015. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Department is presenting information for those years for which information is available.

TRI-COUNTY HEALTH DEPARTMENT

**SCHEDULE OF THE DEPARTMENT'S CONTRIBUTIONS
TO THE PENSION PLAN
Employee Pension Plan
Last Eight Fiscal Years⁽¹⁾**

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 3,414,157	\$ 3,215,111	\$ 3,018,591	\$ 2,775,417	\$ 2,833,590	\$ 2,535,103	\$ 2,367,802	\$ 2,255,684
Contributions in relation to the contractually required contribution	(3,414,157)	(3,215,111)	(3,018,591)	(2,775,417)	(2,833,590)	(2,535,103)	(2,367,802)	(2,255,684)
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Department's covered payroll	\$ 25,585,307	\$ 24,251,925	\$ 23,383,905	\$ 21,888,142	\$ 22,345,857	\$ 19,992,923	\$ 18,673,526	\$ 17,789,323
Contributions as a percentage of employee payroll	13.34%	13.26%	12.91%	12.68%	12.68%	12.68%	12.68%	12.68%

⁽¹⁾ GASB Statement No. 68 was implemented during fiscal year 2015. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Department is presenting information for those years for which information is available.

TRI-COUNTY HEALTH DEPARTMENT

**SCHEDULE OF THE DEPARTMENT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
Employee OPEB Plan
Last Five Measurement Periods⁽¹⁾**

Measurement Period Ending December 31,	2021	2020	2019	2018	2017
Department's proportion of the net OPEB liability (asset)	0.2482%	0.2506%	0.2435%	0.2541%	0.2473%
Department's proportionate share of the net OPEB liability (asset)	\$ 2,140,139	\$ 2,382,728	\$ 2,736,948	\$ 3,457,181	\$ 3,213,355
Department's covered payroll	\$ 24,251,925	\$ 23,383,905	\$ 21,888,142	\$ 22,345,857	\$ 19,992,923
Department's proportionate share of the net OPEB liability (asset) as a percentage of its employee payroll	8.8%	10.2%	12.5%	15.5%	16.1%
Plan fiduciary net position as a percentage of the total OPEB liability	39.40%	32.78%	24.49%	17.03%	17.53%

⁽¹⁾ GASB Statement No. 75 was implemented during fiscal year 2018, This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Department is presenting information for those years for which information is available.

TRI-COUNTY HEALTH DEPARTMENT

SCHEDULE OF THE DEPARTMENT'S CONTRIBUTIONS TO THE OPEB PLAN Employee OPEB Plan Last Five Fiscal Years⁽¹⁾

	2022	2021	2020	2019	2018
Contractually required contribution	\$ 260,970	\$ 247,370	\$ 238,516	\$ 223,259	\$ 227,928
Contributions in relation to the contractually required contribution	(260,970)	(247,370)	(238,516)	(223,259)	(227,928)
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —	\$ —	\$ —
Department's covered payroll	\$ 25,585,307	\$ 24,251,925	\$ 23,383,905	\$ 21,888,142	\$ 22,345,857
Contributions as a percentage of employee payroll	1.02%	1.02%	1.02%	1.02%	1.02%

⁽¹⁾ GASB Statement No. 75 was implemented during fiscal year 2018. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Department is presenting information for those years for which information is available.

Single Audit Section

**Independent Auditors' Report On
Internal Control Over Financial Reporting
And On Compliance And Other Matters
Based On An Audit Of Financial Statements
Performed In Accordance With
*Government Auditing Standards***

Bellann Raile
Tri-County Health Department
Greenwood Village, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Tri-County Health Department (the Department), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated June 28, 2023.

Report On Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report On Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose Of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RubinBrown LLP

June 28, 2023

**Independent Auditors' Report On Compliance
For Each Major Federal Program And Report
On Internal Control Over Compliance
Required By The Uniform Guidance**

Bellann Raile
Tri-County Health Department
Greenwood Village, Colorado

Report On Compliance For Each Major Federal Program

We have audited Tri-County Health Department's (the Department) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Department's major federal programs for the year ended December 31, 2022. The Department's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Department complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis For Opinion On Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Our responsibility under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities For The Audit Of Compliance section of our report.

We are required to be independent of the Department and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Department's compliance with the compliance requirements referred to above.

Responsibilities Of Management For Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Department's federal programs.

Auditors' Responsibilities For The Audit Of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Department's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Department's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Department's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Department's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report On Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities For The Audit Of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RubinBrown LLP

June 28, 2023

TRI-COUNTY HEALTH DEPARTMENT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended December 31, 2022**

Section I - Summary Of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no
Significant deficiency(ies) identified? yes none noted

Noncompliance material to financial statements noted?

yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes no
Significant deficiency(ies) identified? yes none noted

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the 2 CFR 200.516(a)?

yes no

Identification of major programs:

CFDA Number(s) Name Of Federal Program Or Cluster

10.557	Special Supplemental Nutrition Program for Women, Infants and Children (WIC)
93.069	Public Health Emergency Preparedness

Dollar threshold used to distinguish between Type A and Type B programs:

\$1,235,884

Auditee qualified as low-risk auditee?

yes no

TRI-COUNTY HEALTH DEPARTMENT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*
For The Year Ended December 31, 2022

Section II - Financial Statement Findings

There are no findings relating to the Department's financial statements that are required to be reported.

Section III - Federal Award Findings And Questioned Costs

There are no findings relating to the Department's federal awards that are required to be reported.

TRI-COUNTY HEALTH DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program Or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures	Expenditures To Subrecipients
Department Of Agriculture				
Passed through the Colorado Department of Public Health and Environment				
Special Supplemental Nutrition Program for Women, Infants and Children	10.557		\$ 5,816,989	\$ —
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	AL17L, AL18L	254,992	—
Special Supplemental Nutrition Program for Women, Infants and Children - In-Kind	10.557		16,254,910	—
Total Department Of Agriculture			22,326,891	—
Department Of Health And Human Services				
Passed through the Colorado Department of Public Health and Environment				
Public Health Emergency Preparedness	93.069	HX17, HX19CJ	1,135,233	—
Environmental Public Health and Emergency Response	93.070		19,161	—
Injury Prevention and Control Research and State and Community-Based Programs	93.136		74,651	—
Family Planning Services	93.217	JA18CL	249,731	—
Immunization Cooperative Agreements	93.268	KT17CH	3,616,477	—
Emerging Infection Programs	93.317	QH18YH, QE18CH	77,928	—
COVID-19 - Epidemiology and Lab Capacity for Infectious Diseases	93.323		9,210,947	—
Public Health Crisis Response	93.354		141,473	—
State Targeted Response to the Opioid Crisis	93.788	YT17CH, YT18CH	91,636	—
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898		22,045	—
HIV Prevention Activities	93.940	EI18CH	170,932	—
Preventative Health and Health Services Block Grant	93.991		71,577	—
Maternal and Child Health Services	93.994	NC18CL, ND18CL, NB18BL, NA18AL	913,823	—
Passed through the Colorado Department of Human Services				
Maternal, Infant And Early Childhood Home Visiting Program Cluster	93.870		1,731,861	—
Substance Abuse and Mental Health Services	93.243		188,706	—
Passed through the Agency for Healthcare Research and Quality				
Research on Healthcare Costs, Quality and Outcomes	93.226		72,937	—
Total Department Of Health And Human Services			17,789,118	-
Department Of The Treasury				
Passed through the Colorado Department of Public Health and Environment				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		1,080,127	—
Total Expenditures Of Federal Awards			\$ 41,196,136	\$ —

TRI-COUNTY HEALTH DEPARTMENT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2022

1. Basis Of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Tri-County Health Department (the Department) for the year ended December 31, 2022 and is presented on the modified accrual basis of accounting. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included on the schedule. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. In-Kind

Special Supplemental Nutrition Program for Women, Infants, and Children, CFDA No. 10.557, includes \$16,254,910 of food vouchers provided to individuals in the Department's service area.

3. Indirect Costs

The Department has not elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.