

SAN JUAN BASIN PUBLIC HEALTH

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

December 31, 2023

SAN JUAN BASIN PUBLIC HEALTH

ANNUAL FINANCIAL AND COMPLIANCE REPORT

TABLE OF CONTENTS

December 31, 2023

	<u>Page</u>
FINANCIAL SECTION	
Independent Auditor's Report.....	1
Management's Discussion and Analysis (Required Supplementary Information)	4
<u>Basic Financial Statements</u>	
Government-wide Financial Statements	
Statement of Net Position.....	10
Statement of Activities	11
<u>Governmental Fund Financial Statements</u>	
Balance Sheet	12
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balance	14
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	15
Notes to Financial Statements.....	16
<u>Required Supplementary Information</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	25
OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	26
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	28
FEDERAL FINANCIAL ASSISTANCE SECTION	
Schedule of Findings and Questioned Costs.....	31
Schedule of Expenditures of Federal Awards.....	34
Notes to the Schedule of Expenditures of Federal Awards	36

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Director and Board of Health
San Juan Basin Public Health
Durango, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, and the major fund of the San Juan Basin Public Health as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise San Juan Basin Public Health's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of San Juan Basin Public Health as of December 31, 2023, and the respective changes in financial position, 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 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of San Juan Basin Public Health 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

As discussed in Note 13 to the financial statements, San Juan Basin Public Health is in the process of winding down their operations. Our opinion is not modified with respect to that 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 San Juan Basin Public Health's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 auditor's 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 generally accepted auditing standards 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 generally accepted auditing standards 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 San Juan Basin Public Health'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 San Juan Basin Public Health'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 and budgetary comparison information on pages 4–9 and 25 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 who 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 auditing standards generally accepted in the United States of America, 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 San Juan Basin Public Health's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 auditing standards generally accepted in the United States of America.

In our opinion, the schedule of expenditures of federal awards are 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 September 28, 2023, on our consideration of San Juan Basin Public Health'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 solely 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 the effectiveness of San Juan Basin Public Health's 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 San Juan Basin Public Health's internal control over financial reporting and compliance.

FredrickZink & Associates, PC

FredrickZink & Associates, PC
July 24, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
December 31, 2023

INTRODUCTION

As management of San Juan Basin Public Health ("SJBPH"), we offer this narrative overview and analysis of the financial activities of SJBPH for the year ended December 31, 2023. We encourage the readers to consider this Management's Discussion and Analysis (MD&A) in conjunction with SJBPH's Basic Financial Statements and Independent Auditor's Report.

The MD&A is an element of the financial reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

Background Information

San Juan Basin Public Health is a Colorado district health agency serving Archuleta and La Plata Counties, as well as contracted service to other surrounding counties. The agency is governed by a seven-member Board of Health made up of one representative County Commissioner from each member county and five non-elected members which are appointed by an appointments committee (made up of one member commissioner from each county comprising the district).

SJBPH is legally mandated to meet Public Health and Environment Minimum Quality Standards and Core Public Health Services as defined in the Colorado Public Health Act of 2008, C.R.S 25-1-501(2008 Act) et seq. Mandated state and county funding is needed to meet these requirements. In addition, SJBPH seeks additional support from other funding sources including Colorado Department of Public Health & Environment (CDPHE), local governments, agencies, private foundations, etc.

SJBPH's mission is to protect human and environmental health and to inspire well-being in our community. SJBPH's vision is that we are leaders aiming to achieve healthy communities and health equity. SJBPH works to reflect the diverse communities within which we operate and through this work, demonstrate our organizational values of: Compassion, Health Equity, Integrity, Respect, and Stewardship.

FINANCIAL HIGHLIGHTS

- SJBPH's total assets exceeded its liabilities on December 31, 2023 by \$3,286,717. This represented a decrease of \$1,641,851 from net position on December 31, 2022. This perspective on net position includes spendable resources as well as the investment in buildings, equipment, vehicles, and other capital assets of \$1,3,11,372 and unrestricted of \$1,975,345.
- SJBPH's total liabilities decreased by \$45,130.
- Total general fund expenditures were \$8,563,193 for the year ended December 31, 2023. This compares with general fund expenditures of \$7,685,263 for the year ended December 31, 2022 a \$878 K (11.4%) increase.
- The Agency's total revenues on the fund financial statements decreased from \$7,329,389 in 2022 to \$6,849,539 in 2023.
- As of December 31, 2023, SJBPH's governmental funds reported combined ending fund balances of \$1,975,345, a decrease of \$1,713,654 in comparison to the prior year. The portion of the total fund balance for the General Fund that is unrestricted and available for spending at SJBPH Board of Health's discretion is \$1,820,047 and \$155,298 of prepaid items are non-spendable.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
December 31, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand SJBPH as a whole and then proceed to provide an increasingly detailed look at specific financial activities.

SJBPH's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements.

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of SJBPH as a whole and present a longer-term view of the SJBPH's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report SJBPH's operations in more detail than the government-wide statements by providing information about SJBPH's most significant funds. For governmental activities, these statements tell how services were financed in the short-term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for the appropriations budget.

The notes to the financial statements provide narrative explanations and additional data needed for full disclosure in the government-wide statements and the fund financial statements.

The sections labeled Federal Financial Assistance Section contain data used by monitoring or regulatory agencies for assurance that SJBPH is using funds supplied in compliance with the terms of grants.

Reporting SJBPH as a Whole

Government-wide Financial Statements:

The analysis of SJBPH's overall financial condition and operations is presented in the Statement of Net Position and the Statement of Activities. Its primary purpose is to show whether SJBPH is better off or worse off as a result of the year's activities. The Statement of Net Position includes all SJBPH's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by SJBPH's operations during the year. These statements apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. SJBPH's revenues are divided into those provided by outside parties who share the costs of some programs, such as fees received from individuals and entities from outside SJBPH and grants provided by the U.S. Department of Health and Human Services for public health emergency preparedness (program revenues), and revenues provided by La Plata and Archuleta Counties, or by the State's funding processes (general revenues). All SJBPH's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report SJBPH's net position and changes in them. SJBPH's net position (the difference between assets and liabilities) provide one measure of SJBPH's financial health, or financial position. Over time, increases or decreases in SJBPH's net position are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, SJBPH is reporting its governmental activities. SJBPH currently has no business-type activities or component units as defined by GASB.

Governmental activities – SJBPH'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. SJBPH's revenue

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
December 31, 2023

consists primarily of funds received from La Plata and Archuleta Counties, intergovernmental (state and federal) and other revenue (collected from licenses, fees and permits).

Reporting SJBPH'S Fund

Fund Financial Statements:

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on the activities of SJBPH's individual governmental funds and are divided into two parts: 1) the "modified accrual basis statements" and 2) the "budgetary basis statements". The financial statements on pages 11 and 13 focus on assets that can readily be converted into cash in the short term and liabilities that will be settled in the short term. Governmental funds are reported using modified accrual accounting, which recognizes expenditures when the liability is incurred and revenue when measurable and available. The modified accrual accounting method provides a short-term spending focus, which helps the reader assess the amount of financial resources immediately available to finance SJBPH's programs.

The annual budgets shown in the "budgetary basis statements" are prepared as described in Note 1. These budgets are presented using the modified accrual basis of accounting and are found in the Required Supplementary Information section.

The "budgetary basis statements" for the General Fund, demonstrate how SJBPH complied with the year's approved budget. The "budgetary basis statements" are presented using the same classifications as those used in the legal budget document.

Notes to the Basic Financial Statements:

Notes to the financial statements provide additional information that is essential to fully understanding the financial statement data.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Responding to the community's public health needs related to COVID-19 had a profound effect on the agency's operations, staffing, and funding. Navigating new challenges and significant unknowns in an unprecedented and rapidly changing pandemic environment required innovation and problem solving both operationally and budgetarily.

In 2023, SJBPH continued to make operational adjustments to the Covid response as regulations changed at the Federal and State levels. Throughout the year SJBPH not only focused on the changing landscape of the pandemic but continued to focus on non-covid programming and services to best serve the community. Staff focused on internal covid protocols and protecting clients as Covid transmission rates fluctuated throughout the year.

Net Position:

SJBPH's assets exceeded its liabilities by \$3,286,717 as of December 31, 2023, a decrease in SJBPH's net position of \$1,641,851 from 2022. Of the net position, \$1,311,372 is invested in capital assets, which includes land, buildings, library materials, furniture and equipment, less related debt. SJBPH uses capital assets to provide services; consequently, these assets are not available for future spending. The remaining portions of SJBPH's net position are classified as unrestricted. The remaining assets are unrestricted assets of \$1,975,345, which can be used for future operations.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
December 31, 2023**

The table below shows the condensed Statement of Net Position as of December 31, 2023 and 2022:

Condensed Statement of Net Position

	<u>2023</u>	<u>2022</u>
Current assets	\$ 2,430,935	\$ 4,600,214
Capital assets, net	<u>1,311,372</u>	<u>1,423,492</u>
Total assets	<u><u>3,742,307</u></u>	<u><u>6,023,706</u></u>
Current liabilities	455,590	912,871
Noncurrent Liabilities	<u>-</u>	<u>182,267</u>
Total Liabilities	<u>455,590</u>	<u>1,095,138</u>
Net Position		
Net Investment in Capital		
Assets	1,311,372	1,419,673
Unrestricted	<u>1,975,345</u>	<u>3,508,895</u>
Total net position	<u>3,286,717</u>	<u>4,928,568</u>
Total liabilities and net position	<u>\$ 3,742,307</u>	<u>\$ 6,023,706</u>

The table below shows the condensed statement of activities as of December 31, 2023 and 2022:

Condensed Statement of Activities

	<u>2023</u>	<u>2022</u>
Program Revenues:		
Charges for services	\$ 1,216,571	\$ 1,264,548
Operating contracts, grants and contributions	284,624	831,220
General Revenues:		
County Funds	1,513,878	1,439,522
State Funds	1,676,732	1,682,927
Federal Funds	2,037,972	2,066,073
Miscellaneous	<u>63,742</u>	<u>40,480</u>
Total Revenues	<u>6,793,519</u>	<u>7,329,389</u>
Expenses:		
Public health and welfare	<u>8,435,370</u>	<u>7,771,567</u>
Total Expenses	<u>8,435,370</u>	<u>7,771,567</u>
Change in net position	<u>\$ (1,641,851)</u>	<u>\$ (446,797)</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
December 31, 2023**

Fund Financial Analysis

On December 31, 2023, SJBPH reported a combined fund balance for its governmental funds of \$2,430,935, of the funds \$155,298 is non-spendable. There are no committed funds or assigned funds.

The General Fund balance decreased in 2023 by \$1,713,654 due mostly to maintaining appropriate non-program staffing levels even as revenues were less than anticipated.

CAPITAL ASSETS

SJBPH's investment in capital assets as of December 31, 2023, totals \$1,326,361, net of accumulated depreciation. These assets include land, buildings, furniture and equipment, and vehicles. Additional information on SJBPH's capital assets can be found in Note 4 of the financial statements.

The following table shows capital assets for 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Land	\$ 224,627	\$ 224,627
Buildings	2,565,071	2,565,071
Furniture and Equipment	139,437	130,772
Vehicles	<u>205,654</u>	<u>205,655</u>
Total Capital Assets	3,134,790	3,126,125
Accumulated Depreciation	<u>1,823,418</u>	<u>1,702,633</u>
Net Capital Assets	<u>\$ 1,311,372</u>	<u>\$ 1,423,492</u>

LONG-TERM LIABILITIES

As of December 31, 2023, SJBPH's has no long-term debt.

SAN JUAN BASIN PUBLIC HEALTH'S FUTURE

In 2022 Archuleta and La Plata counties provided written notice to SJBPH that they are withdrawing from the agency effective December 31, 2023. SJBPH continued to provide public health services until December 31 2023, when it ceased to exist by operation of Law.

SJBPH filed an unopposed motion for the appointment of a Receiver. Cordes & Company LLC was appointed as receiver for the Department on February 14, 2023, to wind down the operations of the Department. This will be completed at the end of 2023. Any questions concerning this report, or the financial affairs of the Department can be directed to the receiver.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
December 31, 2023

CONTACTING SAN JUAN BASIN PUBLIC HEALTH'S MANAGEMENT

This report is designed to provide an overview of the SJBPH's finances and to show SJBPH's accountability for the money it receives. If you have questions about this report or need additional financial information, contact SJBPH's Receiver Cordes and Company.

San Juan Basin Public Health

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

BASIC FINANCIAL STATEMENTS

SAN JUAN BASIN PUBLIC HEALTH

STATEMENT OF NET POSITION

December 31, 2023

	Governmental Activities
Assets	
Current Assets	
Cash and investments.....	\$ 1,408,794
Accounts receivable, net.....	866,843
Prepaid items.....	155,298
Total Current Assets.....	2,430,935
Capital Assets	
Capital assets, net of accumulated depreciation.....	1,311,372
Total Assets.....	\$ 3,742,307
Liabilities and Net Position	
Current Liabilities	
Accounts payable.....	\$ 455,590
Total Liabilities.....	\$ 455,590
Net Position	
Net investment in capital assets.....	\$ 1,311,372
Unrestricted.....	1,975,345
Total Net Position.....	\$ 3,286,717

The accompanying notes are an integral part of the financial statements.

SAN JUAN BASIN PUBLIC HEALTH

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2023

Function/Program	Expenses	Program Revenues		Change in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Public health and welfare.....	\$ <u>8,435,370</u>	\$ <u>1,216,571</u>	\$ <u>284,624</u>	\$ <u>(6,934,175)</u>

General Revenues

County funds.....	1,513,878
State funds.....	1,676,732
Federal funds.....	2,037,972
Miscellaneous.....	63,742
Total General Revenues.....	5,292,324
Change in net position.....	(1,641,851)
Net Position, Beginning of Year.....	4,928,568
Net Position, End of Year.....	\$ 3,286,717

The accompanying notes are an integral part of the financial statements.

SAN JUAN BASIN PUBLIC HEALTH

BALANCE SHEET - GOVERNMENTAL FUND

December 31, 2023

	<u>General Fund</u>
Assets	
Current Assets	
Cash and investments.....	1,408,794
Accounts receivable, net.....	866,843
Prepaid items.....	155,298
Total Assets.....	<u>\$ 2,430,935</u>
Liabilities and Fund Balance	
Liabilities	
Accounts payable.....	<u>\$ 455,590</u>
Total Liabilities.....	<u>455,590</u>
Fund Balance	
Nonspendable	
Prepaid items.....	155,298
Unassigned.....	1,820,047
Total Fund Balance.....	<u>1,975,345</u>
Total Liabilities and Fund Balance.....	<u>\$ 2,430,935</u>

The accompanying notes are an integral part of the financial statements.

SAN JUAN BASIN PUBLIC HEALTH

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION December 31, 2023

Total Governmental Fund Balance \$ 1,975,345

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources, and therefore, not reported in the fund balance sheet. In the statement of net position the cost of these assets are capitalized and expensed over their estimated useful lives through annual depreciation expense:

Capital assets	3,134,790	
Accumulated depreciation	<u>(1,823,418)</u>	
		1,311,372

Liabilities, including compensated absences and lease obligations are not due and payable in the current period, and therefore, are not reported in the funds balance sheet.

Lease obligations	-	
Compensated absences	<u>-</u>	
		<u>-</u>

Net Position of Governmental Activities \$ 3,286,717

The accompanying notes are an integral part of the financial statements.

SAN JUAN BASIN PUBLIC HEALTH

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GOVERNMENTAL FUND For the Year Ended December 31, 2023

	General Fund
Revenues	
County funds.....	\$ 1,517,878
Grants and contributions.....	284,624
Fees for services.....	1,213,260
State funds.....	1,676,732
Federal funds.....	2,048,292
Other.....	108,753
Total Revenues.....	<u>6,849,539</u>
Expenditures	
Current	
Salaries and benefits.....	5,664,317
Travel.....	95,471
Contract services.....	1,508,867
Operating.....	1,281,952
Capital outlay.....	8,665
Debt service	
Principal.....	3,819
Interest.....	102
Total Expenditures.....	<u>8,563,193</u>
Change in Fund Balance.....	(1,713,654)
Fund Balance, Beginning of Year.....	<u>3,688,999</u>
Fund Balance, End of Year.....	<u>\$ 1,975,345</u>

The accompanying notes are an integral part of the financial statements.

SAN JUAN BASIN PUBLIC HEALTH

RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES For The Year Ended December 31, 2023

Change in Fund Balance - Governmental Fund \$ (1,713,654)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental fund report capital outlays as expenditures.

In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized outlay exceeded depreciation expense in the current period.

Depreciation	(120,785)	
Capital outlay	<u>8,665</u>	(112,120)

Compensated absences and lease obligations in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Liability at December 31, 2022	\$ 183,923	
Liability at December 31, 2023	<u>-</u>	<u>183,923</u>

Change in Net Position of Governmental Activities \$ (1,641,851)

The accompanying notes are an integral part of the financial statements.

SAN JUAN BASIN PUBLIC HEALTH

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

San Juan Basin Public Health (SJBPH) was a Colorado district health agency serving La Plata and Archuleta Counties, as well as contracting to serve other surrounding counties. SJBPH prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board (GASB) applicable to governmental units. SJBPH also complies with the requirements of contracts and grants of agencies from which it receives funds. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of SJBPH are described below.

As discussed in Note 13, SJBPH entered into an intergovernmental agreement to dissolve, and as of December 31, 2023, has ceased to operate its major public health programs. The remaining activities of SJBPH are in receivership until such a time at which all outstanding funds have been collected and disbursed to the appropriate parties. The majority of the personal and real property assets have been transferred to Archuleta and La Plata County to use specifically for public health services.

A. Reporting Entity

SJBPH's mission was to protect human and environmental health and inspire well-being in the communities it serves. SJBPH provides all core public health services identified in the Colorado State Board of Health, Core Public Health Services Rule.

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, SJBPH includes all fund and account groups for which it is financially accountable. SJBPH does not exercise any power over any other entity.

SJBPH has the following joint venture at December 31, 2023:

SJBPH in conjunction with Southwest Colorado Mental Health Center, Inc., DBA Axis Health System; Community Connections, Inc. created Columbine Condominium Owner's Association, Inc. (Association) to provide an organizational structure for 281 Sawyer Drive, Durango, Colorado, an office building that is owned, occupied, and titled jointly between the entities. The condominiumization has allowed each of the organizations to separately own the portions of the building they currently occupy and to jointly maintain the common elements. Association annual assessments are based upon the Association's estimated advance budget of the cash requirements needed to provide administration and performance of its duties during such assessment year. In addition to Association Dues, the Association levies a Special Assessment for the purpose of defraying, in whole or in part, the cost of construction, reconstruction, repair or replacement of a capital improvement, or for other extraordinary expenses. SJBPH's allocation of annual assessments and special capital assessments amounted to \$78,717 and \$70,950, respectively, for the year ended December 31, 2023. SJBPH's allocation of the Association's reserve and replacement balance is reported as prepaids in the financial statements. Financial statements for the Association can be obtained from Columbine Condominium Owner's Association, Inc., 185 Shuttle Street, Durango, Colorado.

SAN JUAN BASIN PUBLIC HEALTH

NOTES TO FINANCIAL STATEMENTS - Continued December 31, 2023

B. Basis of Accounting and Presentation

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 nonfiduciary 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. SJBPH 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.

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.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both 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 government 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 generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences are recorded only when payment is due.

Governmental Fund Types

The accounts of SJBPH 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.

SJBPH used the following fund during 2023:

Governmental Fund - The general fund is used to account for all financial resources of SJBPH. The general fund balance is available to SJBPH for any purpose, provided it is expended or transferred according to the general laws of Colorado and the bylaws of SJBPH.

SAN JUAN BASIN PUBLIC HEALTH

NOTES TO FINANCIAL STATEMENTS - Continued December 31, 2023

C. Basis of Accounting Applicable to All Financial Statements

Capital assets, which include buildings and improvements, furniture and equipment, and vehicles are reported in the government-wide financial statements. Capital assets are defined by SJBPH as assets with an individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' useful lives are not capitalized. 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.

Nonexchange transactions, in which SJBPH receives value without directly giving value in return, include grants and donations. On an accrual basis, revenue from grants, certain contracts and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resource is required to be used or the fiscal year when use is first permitted; matching requirements, in which SJBPH must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to SJBPH on a reimbursement basis.

Supplies and materials are debited as expenditures when purchased.

D. Budgetary Data

The Colorado state budget law requires the Board to hold 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. As 2023 is the last year SJBPH existed as a public health entity with a Board, SJBPH will no longer hold public hearings.

E. Fund Equity

SJBPH adopted GASB Statement 54, which redefined how fund balances of the governmental funds are presented in the financial statements. SJBPH's fund balances are classified as follows:

Nonspendable - Portion of the fund balance that is legally or contractually required to be maintained intact (and is generally not expected to be converted to cash).

Restricted - Amounts that can be spent only for specific purposes because of restrictions by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed - Amounts that can only be used for the specific purposes determined by a formal action, a Board resolution, of the SJBPH's highest level of decision-making authority, the SJBPH Board of Health. 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 SJBPH's Board of Health has delegated the authority to the Executive Director, or her designee, to assign funds and amounts to be used for specific purposes.

Unassigned - Amounts not included in other spendable classifications.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, SJBPH considers restricted funds to have been spent first. When an expenditure for which committed, assigned, or unassigned fund balances are available, SJBPH considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Health has provided otherwise in its commitment or assignment actions.

SAN JUAN BASIN PUBLIC HEALTH

NOTES TO FINANCIAL STATEMENTS - Continued December 31, 2023

F. Net Position on the Statement of Net Position

Net position represents the difference between assets and deferred inflows of resources, and deferred outflows 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 SJBPH 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.

G. Management's Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, and expenditures during the reporting period. Actual results could differ from those estimates.

H. Cash and Investments

SJBPH's cash is comprised of cash on hand and cash in banks. Investments are stated at net asset value. SJBPH has not adopted a formal investment policy, however, SJBPH follows state statutes regarding investments.

I. Allowance for Uncollectible Accounts

Receivables are shown net of allowance for uncollectible accounts that is based on historical collections data. Allowance for uncollectible accounts was \$18,836 for the year ended December 31, 2023.

J. Prepaid Items

Payments made to vendors for services that will benefit future periods are recorded as prepaid items using the consumption method, by recording an asset for the prepaid amount and reflecting the expenditure or expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reserved as this amount is not available for general appropriation.

K. Capital Assets

All capital assets purchased or acquired with an original cost in excess of the capitalization thresholds set by SHBPH are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date of the donation. Repairs and maintenance are recorded as expenditures as incurred; while additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized.

Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by SJBPH:

Buildings	40 years
Furniture and equipment	3 to 15 years
Vehicles	1 to 5 years

L. Leases

SJBPH had two copier leases that ended at the end of 2023, as further described in Note 5. In such arrangements, SJBPH recognizes right-to-use lease assets and related lease liabilities. Right-to-use leased assets are included with capital assets and lease liabilities are reported on the Statement of Net Position.

SAN JUAN BASIN PUBLIC HEALTH

NOTES TO FINANCIAL STATEMENTS - Continued December 31, 2023

At the commencement of the lease, SJBPH initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments.

The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the commencement of the lease and certain initial direct costs. Subsequently, the lease asset is amortized using a straight-line method over the shorter of the lease term or the useful life of the leased asset.

Key estimates and judgments related to leases include how the District determines the following:

Discount Rate: The District imputed the interest rate based on the terms of the lease as designated by the lessor to discount the expected lease payments to present value.

Lease Payments: Lease payments included in the measurement of the lease liability are comprised of fixed lease payments per the lease agreement.

Lease Term: The lease term includes the noncancellable period of the lease.

The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

M. Compensated Absences

It is SJBPH'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, for governmental fund financial statement purposes, vacation benefits are expected to be liquidated with available financial resources and are reported as an expenditure and fund liability of the General Fund when amounts are due.

N. 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 SJBPH's operations.

O. Unearned Revenues

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Revenues are deferred for grants, contracts and entitlements received before the eligibility requirements are met (e.g., cash advances).

2. NONCASH FEDERAL VOUCHERS AND SUPPLIES

SJBPH 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 2023 amounted to \$619,673.

SAN JUAN BASIN PUBLIC HEALTH

NOTES TO FINANCIAL STATEMENTS - Continued December 31, 2023

3. CASH AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

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.

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, 2023, SJBPH had bank deposits of \$493,629 collateralized with securities held by the financial institution's agent, but not in SJBPH's name. The carrying value of those bank deposits was \$391,318 as of December 31, 2023.

Policies Governing Deposits and Investments

- a. *Custodial Credit Risk* - This is the risk that, in the event of a bank failure, SJBPH's deposits may not be returned to it. As of December 31, 2023, the SJBPH's deposits were not exposed to credit risk, as all deposits were insured by the Federal Deposit Insurance Corporation or collateralized in accordance with PDPA.
- b. *Concentration of Credit Risk* - SJBPH's investment policy does not limit the amount SJBPH may invest in one issuer.
- c. *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. 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. At December 31, 2023, SJBPH was not significantly exposed to credit risk.
- d. *Interest Rate Risk* - 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. At December 31, 2023, SJBPH was not significantly exposed to interest rate risk.
- e. *Foreign Currency Risk* - Not applicable

SAN JUAN BASIN PUBLIC HEALTH

NOTES TO FINANCIAL STATEMENTS - Continued December 31, 2023

Investments

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in with local governments may invest, which include:

- Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Certain certificates of participation
- Certain securities lending agreements
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2023, SJBPH had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	\$ <u>1,017,476</u>

SJBPH invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers two portfolios – CSAF CASH FUND and CSAF CORE.

CSAF CASH FUND operations are similar to a money market fund, with each share valued at \$1.00. CSAF may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper and any security allowed under CRS 24-75-601.

CSAF CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAF CORE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for CSAF's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAF's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAF. CSAF CASH FUND is rated AAmmf and CSAF CORE is rated AAAf/S1 by Fitch Ratings. CSAF records its investments at amortized cost and the District records its investments in CSAF using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

SAN JUAN BASIN PUBLIC HEALTH

NOTES TO FINANCIAL STATEMENTS - Continued December 31, 2023

4. CAPITAL ASSETS

A summary of changes in capital assets during the ended December 31, 2023, is as follows:

	Beginning	Additions	Retirements	Ending
Capital assets:				
Land	\$ 224,627	\$ -	\$ -	\$ 224,627
Buildings	2,565,071	-	-	2,565,071
Furniture and equipment	63,872	8,665	-	72,537
Right-to-use leased equipment	66,900	-	-	66,900
Vehicles	205,655	-	-	205,655
Total capital assets	3,126,125	8,665	-	3,134,790
Accumulated depreciation and amortization				
Buildings	1,417,293	93,328	-	1,510,621
Furniture and equipment	94,909	12,131	-	107,040
Vehicles	190,431	15,326	-	205,757
Total accumulated depreciation and amortization	1,702,633	120,785	-	1,823,418
Total net value of capital assets	\$ 1,423,492	\$ (112,120)	\$ -	\$ 1,311,372

Depreciation expense was \$120,785 for the year ended December 31, 2023 and was charged to governmental activities.

5. LONG-TERM LIABILITIES

Summary of changes in long-term liabilities for the year ended December 31, 2023 is as follows:

	Amounts Outstanding 1/1/2023	Additions	Reductions	Amounts Outstanding 12/31/2023
Compensated absences	\$ 180,104	\$ 320,867	\$ 500,971	\$ -
Lease obligations	3,819	-	3,819	-
Total long-term liabilities	\$ 183,923	\$ 320,867	\$ 504,790	\$ -

Obligations under capital leases

A summary of the capital leases as of December 31, 2023 is as follows:

Description	Interest Rate	Amounts Outstanding 1/1/2023	Additions	Reductions	Amounts Outstanding 12/31/2023
Image Net - 2018	3.50%	\$ 3,150	\$ -	\$ 3,150	\$ -
Image Net - 2019	3.50%	669	-	669	-
		\$ 3,819	\$ -	\$ 3,819	\$ -

During the year, SJBPH made payments on the above leases totaling \$3,921 including interest of \$102.

SAN JUAN BASIN PUBLIC HEALTH

NOTES TO FINANCIAL STATEMENTS - Continued December 31, 2023

6. HEALTH INSURANCE

During the year ended December 31, 2023, employees of SJBPH were covered by a health insurance plan through Anthem. SJBPH paid for the employee-only premium per month and employees, at their option, authorized payroll withholdings to pay contributions for dependents. Under this plan, SJBPH is not liable for costs incurred beyond the premiums paid.

7. DEFINED CONTRIBUTION PLAN

SJBPH provided pension benefits for most of its regular employees, full and part-time employees with at least twenty hours a week, through an agent multi-employer public retirement system, the Colorado Retirement Association, a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Qualifying employees are required to participate upon completion of one year of employment.

SJBPH has established that employees, upon completion of one year of employment, contribute 5% of the employee's base earnings each month in a 401(a) Plan. SJBPH's matching contributions for each employee and interest allocated to the employee's account are fully vested after five years of continuous plan participation. Contributions for, and interest forfeited by, employees who leave employment before six years of service are used to reduce current contribution requirements. Ten-year historical trend information about the plan is available in a separately issued financial report.

SJBPH and the covered employees made the required 5% contribution, amounting to \$221,740 from both SJBPH and from employees. There were no amounts due to the plan as of December 31, 2023. Total covered payroll during 2023 was \$3,907,484.

8. DEFERRED COMPENSATION PLAN

SJBPH 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 plan is administered by Colorado Retirement Association. 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.

9. RISK MANAGEMENT

SJBPH 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. SJBPH 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. At December 31, 2023 SJBPH had no accrued liabilities under the terms of the insurance plan.

10. COMMITMENTS AND CONTINGENCIES

Grant funding

SJBPH 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. In the opinion of the SJBPH, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

SAN JUAN BASIN PUBLIC HEALTH

NOTES TO FINANCIAL STATEMENTS - Continued December 31, 2023

Board of County Commissioners of La Plata County, Colorado

Effective January 1, 2024, SJBPH entered into a lease agreement (signed by Cordes & Company LLC, as the Receiver) to lease their building to the Board of County Commissioners of La Plata County, Colorado (Tenant). The term of the lease is for twelve months with monthly rent of \$13,579 due monthly. The lease can be extended for an additional three months.

The lease is considered a "triple net lease" by which SJBPH has no financial responsibility of the building for maintenance, repairs, improvements or any other expenses. The Tenant is responsible for the cost of all utilities and services provided to the building along with any insurance, common area maintenance expenses and owner's association fees.

11. 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.

SJBPH does not believe itself to be subject to the requirement of TABOR, as SJBPH has been established by Archuleta and La Plata 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 SJBPH, and SJBPH 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.

12. CONCENTRATION

Approximately 34% of net total revenue was derived under federal and state third-party reimbursement programs. These revenues are based, in part, on cost reimbursement principles and are subject to audit and retroactive adjustment by the representative third-party fiscal intermediaries.

13. DEPARTMENT DISSOLUTION

In November 2022, SJBPH entered into an intergovernmental agreement with the Board of County Commissioners, of Archuleta County, Colorado and the Board of County Commissioners of La Plata County, Colorado for the dissolution of San Juan Basin Public Health. A receiver was appointed to manage, protect and preserve the assets and operations of SJBPH, and to oversee the wind-down and dissolution of SJBPH, and transition from a district public health agency to two single-county public health agencies. In November 2022, the two participating counties and SJBPH 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 SJBPH to the counties.

SJBPH, as of December 31, 2023, has ceased to perform any public health-related activity as of that date. Each county involved in SJBPH, as of January 1, 2024, have reestablished independent boards of health and public health departments in accordance with the applicable C.R.S. The remaining activity of SJBPH is in receivership, which will occur in 2024 and revolves around settling of remaining receivables and payables as of December 31, 2023, which are presented on the financial statements, and distribution of the remaining net assets.

14. SUBSEQUENT EVENTS

The SJBPH's management has evaluated subsequent events through July 24, 2024, the date which the financial statements were available for issue. Except as described in Note 13, no other events were identified requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

SAN JUAN BASIN PUBLIC HEALTH

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GOVERNMENTAL FUND For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
County funds.....	\$ 1,904,005	\$ 1,561,163	\$ 1,517,878	\$ (43,285)
Grants and contributions.....	180,321	327,793	284,624	(43,169)
Fees for services.....	1,360,519	1,214,920	1,213,260	(1,660)
State funds.....	1,949,759	1,807,312	1,676,732	(130,580)
Federal funds.....	1,099,426	1,864,988	2,048,292	183,304
Other.....	168,548	70,992	108,753	37,761
Total Revenues.....	6,662,578	6,847,168	6,849,539	2,371
Expenditures				
Current				
Salaries and benefits.....	6,243,596	5,720,295	5,664,317	55,978
Travel.....	125,833	95,766	95,471	295
Contract services.....	433,200	1,429,010	1,508,867	(79,857)
Operating.....	1,106,692	1,173,814	1,281,952	(108,138)
Capital outlay.....	25,000	14,470	8,665	5,805
Debt service				
Principal.....	13,931	9,962	3,819	6,143
Interest.....	1,257	349	102	247
Total Expenditures.....	7,949,509	8,443,666	8,563,193	(119,527)
Change in Fund Balance.....	\$ (1,286,931)	\$ (1,596,498)	(1,713,654)	\$ (117,156)
Fund Balance - Beginning of Year.....			3,688,999	
Fund Balance - End of Year.....			\$ 1,975,345	

Notes to Required Supplementary Information

The basis of the budget is the same as GAAP. The schedule is presented on a GAAP basis.

OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION

**INDEPENDENT AUDITOR'S 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**

To the Board of Health
San Juan Basin Public Health
Durango, 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 major fund of San Juan Basin Public Health, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise San Juan Basin Public Health's basic financial statements and have issued our report thereon dated July 24, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered San Juan Basin Public Health'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 San Juan Basin Public Health's internal control. Accordingly, we do not express an opinion on the effectiveness of San Juan Basin Public Health'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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether San Juan Basin Public Health'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FredrickZink & Associates, PC

FredrickZink & Associates, PC

July 24, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Health
San Juan Basin Public Health
Durango, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited San Juan Basin Public Health's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of San Juan Basin Public Health's major federal programs for the year ended December 31, 2023. San Juan Basin Public Health's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, San Juan Basin Public Health 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, 2023.

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; 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* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of San Juan Basin Public Health and to meet our other 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 San Juan Basin Public Health'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 San Juan Basin Public Health's federal programs.

Auditor's 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 San Juan Basin Public Health'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 generally accepted auditing standards, *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 San Juan Basin Public Health's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 San Juan Basin Public Health's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding San Juan Basin Public Health'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 San Juan Basin Public Health'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 Auditor's 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.

FredrickZink & Associates, PC

FredrickZink & Associates, PC

July 24, 2024

FEDERAL FINANCIAL ASSISTANCE SECTION

SAN JUAN BASIN PUBLIC HEALTH

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2023

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified Yes No
- Significant deficiency(ies) identified Yes None reported
- 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 No
- None reported
- Noncompliance material to financial statements noted? Yes No

Type of auditor's report issued on compliance for major federal programs:

Unmodified

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

Yes No

Identification of Major Federal Programs:

Assistance Listing Numbers

10.557

Name of Federal Program or Cluster

Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

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

\$750,000

Auditee qualified as low-risk auditee?

Yes No

SAN JUAN BASIN PUBLIC HEALTH

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED For the Year Ended December 31, 2023

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Program

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section IV – Prior Year Audit Findings

2022-01 Finance Department Internal Control, Policies and Procedures (Significant deficiency in Internal Control over Financial Reporting)

Condition: SJBPH's internal control systems need improvement and accounting policies and procedures are not adequately documented. As a result, the following issues were identified:

Description	Status
• Original trial balance and supporting documentation provided were inaccurate resulting in a delay in the audit process.	Resolved
• Year end close processes were not performed adequately or documented, resulting in cutoff issues.	Resolved
• Federal contract was included with other federal contracts and not segregated in the accounting system.	Resolved

SAN JUAN BASIN PUBLIC HEALTH

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT/ CONTRACT NUMBER	FEDERAL AWARDS EXPENDED
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass through Colorado Department of Public Health & Environment:			
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	203CO701W1003	\$ 245,511
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) - Non-Cash Assistance	10.557		619,673
Total CFDA 10.557			865,184
TOTAL U.S. DEPARTMENT OF AGRICULTURE			865,184
<u>U.S. DEPARTMENT OF THE TREASURY</u>			
Pass through the Colorado Department of Public Health and Environment:			
Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP0126	69,942
Pass through La Plata County:			
Coronavirus State and Local Fiscal Recovery Funds	21.027		128,353
TOTAL U.S. DEPARTMENT OF THE TREASURY			198,295
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Direct Programs:			
Air Quality	66.034	OX-00109801-0	5,125
Pass through the National Center for Healthy Housing:			
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	NCHH-22-1369	6,282
Total CFDA 66.034			11,407
Pass through the Colorado Department of Public Health and Environment:			
Colorado WIIN Lead Testing in School and Child care Program Drinking Water Grant	66.444	96892501	12,764
Performance Partnership Grants	66.605	96877320	15,223
TOTAL UNITED STATES ENVIRONMENTAL PROTECTION AGENCY			39,394
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass through Colorado Department of Public Health and Environment:			
Public Health Emergency Preparedness	93.069	N5 NU90TP922028-04-00	183,130
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	6NU52PS910199-04-01	6,834
Injury Prevention and Control Research and State and Community Based Programs	93.136	NU50CE002590	155,815
Grants to States to Support Oral Health Workforce Activities	93.236	NU58DP006470	23,364
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	H79SM083372	15,015
Immunization Cooperative Agreements	93.268	NH23IP922600	34,953
Grants to States to Support Oral Health Workforce Activities	93.323	NU50CK000552	204,531
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	NU90TP922161	166,727
State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Improve Oral Health Outcomes	93.366	NU58DP006470	45,500
Organized Approaches to Increase Colorectal Cancer Screenings	93.744		980

SAN JUAN BASIN PUBLIC HEALTH

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT/ CONTRACT NUMBER	FEDERAL AWARDS EXPENDED
Centers for Disease Control and Prevention/Organized Approaches to Increase Colorectal Cancer Screenings	93.898	NU58DP007167	56,353
Centers for Disease Control and Prevention/ Advancing Colorado's Public Health Workforce Capacity, Data, and Equity Through Public Health Transformation	93.967	NE11OE000089	293,240
Preventive Health and Health Services Block Grant	93.991	NB01OT009445	15,810
Preventive Health and Health Services Block Grant	93.991	1-NB01OT009231-00	10,600
Total CFDA 93.991			26,410
Maternal and Child Health Services Block Grant to the States	93.994	B0440120	40,493
Pass through La Plata County Department of Human Services			
<i>TANF Cluster</i>			
Temporary Assistance for Needy Families (TANF) State Programs	93.558	2201COTANF	43,285
Pass through National Association of County and City Health Officials:			
Medical Reserve Corps Small Grant Program	93.008	HITEP 200045-02-06	22,941
Centers for Disease Control and Prevention (CDC)	93.421	6 NU38OT000306-05-01	132,368
Pass through National Alliance of State and Territorial AIDS Directors (NASTAD)			
Centers for Disease Control and Prevention (CDC)	93.488	NU52PS910233	50,000
Pass through San Juan Basin Area Agency on Aging:			
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care			
Ombudsman Services for Older Individuals	93.042	2101COOMC6-00	63,151
TOTAL UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			1,565,090
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,667,963

SAN JUAN BASIN PUBLIC HEALTH

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2023

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of San Juan Basin Public Health under programs of the federal government for the year ended December 31, 2023. 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* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of San Juan Basin Public Health, it is not intended to and does not present the financial position, changes in net position, or cashflows of San Juan Basin Public Health, Colorado.

2. SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized, as applicable, either under the cost principles in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

3. INDIRECT COST RATE

San Juan Basin Public Health has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

4. NONMONETARY ASSISTANCE

Certain federal assistance programs do not involve cash awards to the Department. The State of Colorado has arranged with the San Juan Basin Public Health to perform the intake function for the Special Supplemental Nutrition Program for Women, Infants and Children, CFDA No. 10.557, includes \$619,673 of food vouchers provided to individuals in the San Juan Basin Public Health's service area.

5. SUB-RECIPIENTS

Of the federal expenditures presented in this schedule, San Juan Basin Public Health provided no federal awards to sub-recipients.