




Denver Health and Hospital Authority

Independent Auditor's Report and Financial Statements

December 31, 2023 and 2022



Denver Health and Hospital Authority

December 31, 2023 and 2022

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Independent Auditor's Report

Board of Directors
Denver Health and Hospital Authority
Denver, Colorado

Opinions

We have audited the financial statements of the business-type activities, the aggregate discretely presented component units, and the fiduciary activities of Denver Health and Hospital Authority (the Authority), as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority'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 business-type activities, the aggregate discretely presented component units and the fiduciary activities of the Authority as of December 31, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 1 to the financial statements, in 2023, the Authority adopted Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are 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 Authority'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.

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 GAAS 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, 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 Authority'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 Authority'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.

Board of Directors
Denver Health and Hospital Authority

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other postemployment benefits information 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 the Authority's basic financial statements. The consolidating statements of net position information, consolidating revenue and expense information and the budget to actual information as listed in the table of contents 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 consolidating statements of net position information, consolidating revenue and expense information and the budget to actual information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

FORVIS,LLP

Denver, Colorado
April 24, 2024

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Denver Health and Hospital Authority
Management’s Discussion and Analysis (Unaudited)
December 31, 2023 and 2022

The following discussion and analysis provides management’s view of the financial position and results of operations for the Authority as of and for the year ended December 31, 2023 and 2022, with comparative information presented for year 2021, which has not been restated for the implementation of Governmental Accounting Standards Board (GASB) Statement No. 96, *Software Leases*. This analysis should be read in conjunction with Authority’s financial statements and notes to the financial statements.

2023 Highlights

Through revenue improvements and improved cost efficiencies, the Authority improved its operating performance significantly over 2022 results. In 2023, the Authority, to meet the needs of its patients, continued to utilize contract clinical labor at higher rates than historically observed prior to the COVID-19 pandemic, although utilization was lower than 2022. The staffing concerns lead to the closure or partial closure of inpatient beds during the year. To help overcome this higher utilization and to decrease turnover, the Authority made the decision to invest into our labor force through increased salaries. This initiative then allowed for the re-opening of inpatient beds that are critical to meeting the demand. As a result, the Authority experienced higher volumes in 2023 compared to 2022, which increased net revenues and related operating expenses. However, the Authority was able to manage the expenses appropriately to the volume demand. Operating expenses decreased by \$42.83 per adjusted discharge (CMI adjusted) compared to 2022, resulting in \$3.3 million in operating expense efficiency savings. The Authority was also able to recognize revenue inflows from Kaiser Permanente (\$10.0 million), the State of Colorado (\$6.0 million), and FEMA (\$2.8 million). The stock and bond markets recovered nicely in 2023 from 2022 resulting in an increase in fair value of investments of \$9.4 million. The Authority has budgeted for continued recovery in 2024.

In 2001, the Authority closed the Denver Employee Retirement Plan (DERP) to new participants. During 2022, the City and County of Denver passed an ordinance that requires the proportionate shares for the Denver Health and Hospital Authority (DHHA) and the non-DHHA employers in aggregate to be determined based on their relative shares of the Unfunded Actuarial Liability (UAL) from the prior actuarial valuation. This resulted in a \$32.0 million non-cash expense in the 2023 financials. The Authority entered into a Tolling Agreement with the City and County of Denver related to DERP, limiting the future cash exposure. The chart below illustrates the operating income without DERP expense.

	Change in Net Position with and without DERP		
	2023	2022	2021
Net Revenues (including CARES Act/FEMA)	\$ 1,401,124,879	\$ 1,289,849,088	\$ 1,240,404,696
Operating Expenses (excluding DERP)	(1,368,910,375)	(1,317,222,919)	(1,240,613,789)
Interest Expenses	(14,526,899)	(14,599,301)	(13,890,717)
Net Operating Income (excluding DERP)	17,687,605	(41,973,133)	(14,099,810)
DERP	(32,002,124)	9,734,517	11,429,760
Operating Loss including Interest Expense and CARES Act/FEMA	(14,314,519)	(32,238,616)	(2,670,050)
Non-Operating Income	25,119,829	(24,939,238)	16,966,026
Increase (Decrease) in Net Position	\$ 10,805,310	\$ (57,177,854)	\$ 14,295,976

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The following table summarizes key metrics:

Volume Metrics	2023	2022	Variance		2021	Variance	
	Actual	Actual	2022/2023	%	Actual	2021/2023	%
Admissions	22,235	21,374	861	4.03%	21,579	656	3.04%
Discharges	21,419	20,182	1,237	6.13%	20,188	1,231	6.10%
Adjusted Discharges	50,159	44,796	5,363	11.97%	43,720	6,439	14.73%
Patient Days	127,404	129,678	(2,274)	(1.75%)	134,692	(7,288)	(5.41%)
ADC	349.1	355.3	(6.2)	(1.75%)	369.0	(20)	(5.40%)
Discharged ALOS	5.9	6.1	(0.2)	(3.28%)	6.7	(0.8)	(11.94%)
ED Visits	91,231	84,794	6,437	7.59%	80,804	10,427	12.90%
Outpatient Clinic Visits	840,127	802,205	37,922	4.73%	750,517	89,610	11.94%
IP Surgeries	5,169	4,784	385	8.05%	4,585	584	12.74%
OP Surgeries	10,551	9,225	1,326	14.37%	8,987	1,564	17.40%
Total Surgeries	15,720	14,009	1,711	12.21%	13,572	2,148	15.83%
Deliveries	3,829	3,482	347	9.97%	3,430	399	11.63%
ACUTE Census Days	9,100	8,153	947	11.62%	8,874	226	2.55%

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority’s basic financial statements, which consist of business-type activities, discretely presented component units and fiduciary fund statements, and notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements. The business-type activities of the Authority include the following basic financial statements:

The *statement of net position* presents information on the Authority’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these items as net position. Over time, increases or decreases in net position may indicate whether the financial position of the Authority is improving or deteriorating.

The *statement of revenues, expenses and changes in net position* presents both the operating revenues and expenses and nonoperating revenues and expenses along with other changes in net position for the year. This statement is an indication of the success of the Authority’s operations over the past year.

The *statement of cash flows* presents the change in cash and cash equivalents for the year resulting from operating activities, capital and related financing activities and investing activities. The primary purpose of this statement is to provide information about the Authority’s cash receipts and cash payments during the year.

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Financial Analysis and Results of Operations

Changes to net position over time may serve as a useful indicator of the Authority's financial position. At December 31, 2023, the Authority's total net position increased by approximately \$10.8 million from 2022, or 1.8%. The following table summarizes total assets, deferred outflows of resources, total liabilities, deferred inflows of resources and net position at December 31.

	Net Position		
	2023	2022 *	2021
Current and noncurrent assets	\$ 613,478,887	\$ 557,351,884	\$ 628,210,614
Capital assets, net	<u>628,909,686</u>	<u>662,931,031</u>	<u>684,175,767</u>
Total assets	1,242,388,573	1,220,282,915	1,312,386,381
Deferred outflows of resources	<u>77,980,860</u>	<u>22,080,734</u>	<u>25,833,140</u>
Total assets and deferred outflows of resources	<u>\$ 1,320,369,433</u>	<u>\$ 1,242,363,649</u>	<u>\$ 1,338,219,521</u>
Current liabilities	\$ 190,793,823	\$ 196,362,079	\$ 189,837,511
Other long-term liabilities	163,100,381	71,112,697	109,037,494
Long-term debt, leases, and subscriptions	<u>338,181,542</u>	<u>347,452,753</u>	<u>350,267,026</u>
Total liabilities	692,075,746	614,927,529	649,142,031
Deferred inflows of resources	<u>12,956,981</u>	<u>22,904,724</u>	<u>27,368,240</u>
Net investment in capital assets	278,784,845	300,641,126	327,650,489
Unrestricted	<u>336,551,861</u>	<u>303,890,270</u>	<u>334,058,761</u>
Total net position	<u>615,336,706</u>	<u>604,531,396</u>	<u>661,709,250</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,320,369,433</u>	<u>\$ 1,242,363,649</u>	<u>\$ 1,338,219,521</u>

* Restated for Implementation of GASB 96

Current and Noncurrent Assets

Current and noncurrent assets increased by approximately \$56.1 million, or 10.1%, compared to 2022. Cash and investments increased approximately \$12.0 million compared to 2022 due to improved performance in the bond and stock markets. Patient receivables and other receivables increased \$42.5 million.

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Capital, Leased, and Subscription Assets

Capital, leased, and subscription assets, net of accumulated depreciation and amortization, decreased approximately \$34.0 million over the prior year. Additions totaled approximately \$37.5 million, compared to approximately \$23.2 million in 2022. Significant changes include:

- Buildings and improvement capitalized \$11.3 million mainly driven by Energy Performance Contracting initiative to have more efficient energy use and Emergency Department flooring replacement
- Equipment and software new capital totaled approximately \$23.6 million driven by Energy Performance Contracting initiative and Workday Software (human resources)
- Increase in construction in progress was driven by Energy Performance Contracting initiative and various IT projects in process
- Removal of fully depreciated buildings, improvements, equipment, and software of \$0.7 million

Depreciation and amortization expense for the year was approximately \$71.6 million. Listed below is a summary of capital assets, net of accumulated depreciation and amortization at December 31, 2023 and 2022:

	December 31,	
	2023	2022 *
Land	\$ 43,119,902	\$ 43,383,776
Buildings and improvements	464,551,348	485,485,556
Equipment and software	71,976,942	72,270,550
Leased assets	19,357,259	23,729,563
Subscription assets	21,288,358	22,290,055
Construction in process	8,615,877	15,771,531
Total	\$ 628,909,686	\$ 662,931,031

* Restated for Implementation of GASB 96

Current Liabilities

Current liabilities decreased by approximately \$5.6 million driven by a decrease in the current portion of leases and subscriptions, accounts payables, and unearned revenues, partially offset by an increase in salaries, wages, and employee benefits payable.

Other Liabilities

The long-term portion of liability for estimated third-party settlements decreased approximately \$0.8 million. The change is primarily due to a decrease in the accrual for estimated hospital specific DSH audit repayment and decreased RAC liability.

Net pension liability represents the actuarially estimated cost of the Authority’s pension plan, the Denver Employees Retirement Plan (DERP) and the replacement benefits agreement (RBA). The net liability is the amount owed for the pension benefit above the currently invested assets. This liability increased approximately \$88.4 million, or 144.5%, mainly driven by a new ordinance that requires the proportionate

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shares for the DHHA and the non-DHHA employers in aggregate to be determined based on their relative shares of the Unfunded Actuarial Liability (UAL) from the prior actuarial valuation.

Long-term Debt

Long-term debt as of December 31, 2023, net of current portion and excluding deferred loss on bond refunding, is approximately \$338.1 million compared to \$347.5 million and \$350.3 million for 2022 and 2021, respectively. The decrease of \$9.3 million is primarily due to principal payments of \$12.6 million offset, in part, by the increase in the long-term portion of \$6.6 million from draws on the 2022 Revenue Bond.

Below is a listing of the Authority’s outstanding long-term debt, net of current portion at December 31, 2023, 2022 and 2021:

	2023	2022 *	2021
2014 Revenue Bonds	\$ 71,338,317	\$ 72,884,604	\$ 74,375,891
2017A Revenue Bonds	70,394,392	75,605,884	80,587,376
2019A and B Bonds	115,130,245	121,541,142	128,147,038
2022 Revenue Bond	11,285,046	4,657,166	-
550 Acoma Inc. notes payable	37,127,851	37,992,165	38,821,493
Other notes payable	1,335,181	1,700,181	3,021,925
Lease liability	17,514,741	21,170,179	25,313,304
Subscription liability	14,055,769	11,901,432	-
	<u>\$ 338,181,542</u>	<u>\$ 347,452,753</u>	<u>\$ 350,267,027</u>

* Restated for Implementation of GASB 96

Other notes payable includes a Housing and Urban Development (HUD) loan of approximately \$0.1 million, the proceeds of which were utilized to build the Park Hill Family Health Center. Also included in other notes payable is a Community Development Block Grant (CDBG) loan of \$1.2 million. Both loans are between the Authority and the City.

The Authority issued Healthcare Revenue Bonds, Series 2022 primarily to provide funds to finance certain energy efficiency improvements. The bonds were issued as a draw down bond with a stated aggregate principal amount not to exceed \$12.9 million bearing interest at a rate of 3.33%, with principal payments beginning in 2024 through 2031. During 2022 and 2023, the Authority had drawn \$12.7 million.

The Authority’s 2019A, 2019B, 2017A, 2014A, and 2014B bond series ratings are BBB by Standard and Poor’s and by Fitch for December 31, 2023 and 2022.

Revenue and Expenses

The following table compares 2023, 2022 and 2021 revenues and expenses and shows the resulting changes in net position:

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	Changes in Net Position		
	2023	2022 *	2021
Operating revenues			
Net patient service revenue	\$ 969,866,999	\$ 901,027,279	\$ 866,349,897
Capitation earned net of reinsurance	1,366,220	2,502,535	10,600,000
Medicaid disproportionate share and other safety net reimbursement	163,097,427	148,120,716	123,810,297
City and County of Denver payment for patient care services	32,577,300	29,700,000	27,700,002
Federal, state and other grants	122,658,114	99,509,389	87,345,995
City and County of Denver purchased services	30,887,402	30,007,576	27,158,245
Poison and drug center contracts	20,369,961	20,478,071	20,009,515
Other operating revenue	57,017,528	52,414,502	57,022,472
Total operating revenues	<u>1,397,840,951</u>	<u>1,283,760,068</u>	<u>1,219,996,423</u>
Operating expenses			
Salaries and benefits	848,333,192	773,970,366	746,896,687
Contracted services and nonmedical supplies	263,584,496	265,572,549	241,462,370
Medical supplies and pharmaceuticals	217,406,805	194,269,667	175,826,200
Depreciation and amortization	71,588,006	73,675,820	64,998,772
Total operating expenses	<u>1,400,912,499</u>	<u>1,307,488,402</u>	<u>1,229,184,029</u>
Operating loss	<u>(3,071,548)</u>	<u>(23,728,334)</u>	<u>(9,187,606)</u>
Nonoperating revenues (expenses)			
Increase (decrease) in equity in joint venture	64,056	(62,454)	(955,533)
Nonoperating grant revenue (CARES Act/FEMA)	3,283,928	6,089,020	20,408,273
Interest income	11,961,401	10,197,601	15,570,917
Interest expense	(14,526,899)	(14,599,301)	(13,890,717)
Gain on dissolution of Southwest Clinic	-	-	4,982,853
Net increase (decrease) in fair value of investments	9,363,579	(36,563,351)	(7,016,141)
Gain (loss) on disposition of capital assets	831,197	3,734	(4,166)
Total nonoperating revenues (expenses)	<u>10,977,262</u>	<u>(34,934,751)</u>	<u>19,095,486</u>
Income (loss) before capital contributions	7,905,714	(58,663,085)	9,907,880
Contributions restricted for capital assets	<u>2,899,596</u>	<u>1,485,231</u>	<u>4,388,096</u>
Increase (decrease) in net position	10,805,310	(57,177,854)	14,295,976
Net position, at beginning of year	<u>604,531,396</u>	<u>661,709,250</u>	<u>647,413,274</u>
Net position, at end of year	<u>\$ 615,336,706</u>	<u>\$ 604,531,396</u>	<u>\$ 661,709,250</u>

* Restated for Implementation of GASB 96

Denver Health and Hospital Authority

Management’s Discussion and Analysis (Unaudited)

December 31, 2023 and 2022

Gross Patient Service Revenue

Gross patient service revenue increased approximately \$329.4 million, or 10.2%, for the year ended December 31, 2023, compared with the year ended December 31, 2022, as shown in the following table:

	Gross Patient Revenue		Dollar Change	Percentage Change
	2023	2022		
Inpatient revenue	\$ 1,259,334,731	\$ 1,214,112,837	\$ 45,221,894	3.7%
Outpatient revenue	2,046,506,585	1,780,098,253	266,408,332	15.0%
Physician billing	392,083,928	359,128,886	32,955,042	9.2%
Ambulance	121,045,551	112,160,691	8,884,860	7.9%
Total	3,818,970,795	3,465,500,667	353,470,128	10.2%
Charges forgone for charity care	(270,427,470)	(246,378,557)	(24,048,913)	9.8%
Total gross patient revenue	\$ 3,548,543,325	\$ 3,219,122,110	\$ 329,421,215	10.2%

The inpatient gross revenue increased notably in the areas of Medicine, Surgery, Emergency Medicine, ACUTE, and OBGYN driven by a combination of volume and price changes. Total surgeries were 12.2% higher than prior year and deliveries were 9.9% higher than prior year.

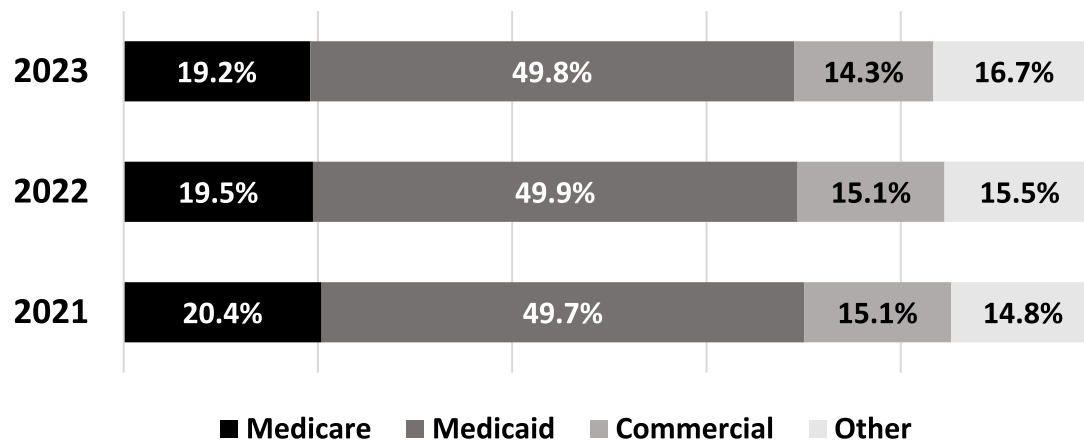
The outpatient gross revenue increased in the areas of Lab, Radiology, Behavioral Health, Surgery, Emergency Medicine, Ambulatory Care Services (ACS), and Retail Pharmacy. Total outpatient clinic visits increased 4.7% over prior year and prescriptions increased 6.8% over prior year.

The physician revenue increased in the areas of Radiology, Ambulatory Care Services (ACS), Behavioral Health, Surgery, and Emergency Medicine.

Ambulance revenue increased 7.9% primarily due to transport volume 9.6% higher than prior year, driven by increased number of ambulances and improved staffing.

Payor Mix

Below is the Authority’s payor mix as a percent of gross charges in 2023 versus 2022 and 2021.



Denver Health and Hospital Authority
Management’s Discussion and Analysis (Unaudited)
December 31, 2023 and 2022

Indigent Care, Charity Care and Community Service

The Authority, as part of its mission, provides healthcare services to the City’s residents, regardless of ability to pay. Many of the Authority’s patients are unable to obtain benefits from insurance companies or do not have personal resources to cover costs. The financial burden, however, is in part offset by various federal, state, local and private programs in which such patients are enrolled. Foregone charges for charity care provided by the Authority were approximately \$270.4 million and \$246.4 million, for the years ended December 31, 2023 and 2022, respectively.

Records are maintained to identify and monitor the level of charity care the Authority provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy. This policy directly relates to that of the state Colorado Indigent Care Program (CICP) and an internal charity program which provides a sliding fee scale based on the patient’s percentage of Federal Poverty Level (FPL). The level of uncompensated care provided during the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
Contractual adjustments	\$ 2,441,072,923	\$ 2,208,916,272
Provision for bad debts	137,603,403	109,178,559
Charity care	270,427,470	246,378,557
Uncompensated care	\$ 2,849,103,796	\$ 2,564,473,388

Net Patient Service Revenue

For the year ended December 31, 2023, net patient service revenue increased from 2022 by approximately \$68.8 million, or 7.6%. There was a 0.6% reduction in the overall realization rate (net patient service revenue including capitation divided by gross patient revenue). The reduction in the overall realization rate was driven by an increase in the charge description master (CDM). Annually, the Authority reviews and updates the CDM to align with private insurance contracts. Additionally, with the ending of the public health emergency in May of 2023, Medicaid redeterminations resumed, resulting in the loss of Medicaid coverage for many of the Authority’s patients.

For the year ended December 31, 2022, net patient service revenue increased from 2021 by approximately \$34.7 million, or 4.0%. There was a 1.9% reduction in the overall realization rate (net patient service revenue including capitation divided by gross patient revenue). The reduction in the overall realization rate was driven by a change in Medicaid Choice reimbursement model (partially offset by a bed price increase). In July 2022, DH Medicaid Choice transitioned to a fee for service model from the capitated (per member per month) model.

Medicaid Disproportionate Share Hospital (DSH) and Other Safety Net Reimbursement

2023 Medicaid disproportionate share (DSH) revenue and other safety net reimbursement increased approximately \$15 million, or 10.1%, compared to 2022.

DSH revenue, and another supplemental payment source, Upper Payment Limit (UPL) are paid to the Authority through the Colorado Healthcare Affordability and Sustainability Provider Fee program (CHASE). Hospitals pay the fee to the state, and the fee revenue is matched with federal funding related to

Denver Health and Hospital Authority
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the DSH and UPL sources. Calculations of fees and payments in the CHASE program are based on prior year data.

The Authority had an increase in CHASE revenue of \$17.1 million compared to 2022. In 2023, the Authority reevaluated its open Hospital Specific DSH Cap (HSDC) reserve and decreased its reserve by \$1.8 million compared to a decrease of \$13.8 million in 2022. This reserve is for the audits of the HSDC calculations under which the DSH payment cannot exceed the cost of uninsured care plus Medicaid shortfall or surplus.

The Authority received \$6 million of state general fund revenue in 2023 compared to \$0 in 2022. There was also an increase in physician certification revenue of \$3.5 million compared to 2022 primarily because of prior year settlements. Additional changes in the Medicaid DSH and other safety net reimbursement line included an increase of \$1.5 million in primary care funds, a \$1.5 million decrease in outstationing revenue, and a \$358,000 increase in ambulance UPL revenue.

Medicaid DSH and other safety net reimbursement for 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>	<u>Increase/ Decrease</u>	<u>Increase/ Decrease Percentage Change</u>
Medicaid Disproportionate Share revenue	\$ 46,638,214	\$ 64,606,971	\$ (17,968,757)	-27.8%
Supplemental Medicaid base rate revenue	76,841,099	47,435,037	29,406,062	62.0%
Supplemental Medicaid outpatient hospital revenue	6,504,448	9,498,777	(2,994,329)	-31.5%
Hospital quality incentive payment	7,252,685	10,647,524	(3,394,839)	-31.9%
Ambulance upper payment limit revenue	2,128,067	1,770,000	358,067	20.2%
Outstationing revenue	(300,083)	1,155,423	(1,455,506)	-126.0%
Primary care funds	10,116,179	8,606,986	1,509,193	17.5%
Physician certification revenue	7,916,818	4,399,998	3,516,820	79.9%
State general fund revenue	<u>6,000,000</u>	<u>-</u>	<u>6,000,000</u>	<u>100.0%</u>
Medicaid DSH and Other Safety Net Revenue	<u>\$ 163,097,427</u>	<u>\$ 148,120,716</u>	<u>\$ 14,976,711</u>	<u>10.1%</u>

City and County of Denver Payment for Patient Care Services

For the years ended December 31, 2023, 2022 and 2021, as part of the Operating Agreement between the Authority and the City (Note 1 to the basic financial statements), the City paid approximately \$32.6, \$29.7 and \$27.7 million, respectively, to the Authority to cover a portion of the cost of treating the medically indigent. Although the operating agreement provided for \$29.7 million in 2023, there was an additional \$2.9 million payment for the cost of treating the medically indigent due to savings on City and County of Denver Purchased Services (more details below).

Grant Revenue

In 2023, federal, state and other grant revenue increased by approximately \$23.1 million, or 23%. This increase is primarily due to additional spending on APRA funds awarded in previous years, as well four large grants totaling \$16.1 million, including \$10.0 million from Kaiser. The remaining increase is comprised of smaller grant awards.

In 2022, federal, state and other grant revenue increased by approximately \$12 million, or 14%, primarily due to eight relatively large grants received in 2022. There was also \$856,000 in COVID related grants for vaccine purchases and \$3 million in new CO Access funding. The remaining increase is comprised of smaller grant awards.

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In 2021, federal, state and other grant revenue increased by approximately \$10 million, or 13%, primarily due to five COVID-19 related grants including \$3.2 million in American Rescue Plan funding. The remaining increase is comprised of smaller grant awards.

City and County of Denver Purchased Services

As part of the Operating Agreement between the Authority and the City (Note 1 to the basic financial statements), the Authority under a purchased services agreement receives payments from the City to provide services, including, but not limited to: medical care for the city inmates, public health, and operation of Denver Community Addictions Rehabilitation and Evaluation Services (C.A.R.E.S.), which is a 100-bed nonmedical detoxification center. Payment for costs of providing these services totaled approximately \$28.4 million in 2023, which is approximately \$1.6 million, or 5.3%, lower than 2022 driven in part by improved payments from Colorado Access for C.A.R.E.S. Payments were primarily based on reimbursement of direct cost (less payments received from other parties), which is driven by volumes in Denver C.A.R.E.S. and the health care provided at Denver County Jail and Downtown Detention Center.

Payment for costs of providing these services totaled approximately \$30.0 million in 2022, which is approximately \$2.8 million, or 10.5%, higher than 2021 driven by increased volumes.

Poison and Drug Center Contracts

The Rocky Mountain Drug Safety (RMDS) is a certified regional poison center, recognized by the American Association of Poison Control Centers and serves as a regional drug information center. The RMDS includes RADARS® System, which collects, compiles, analyzes and maintains certain de-identified health care and other information in proprietary databases containing data from several signal detection system networks. The program provides expert analysis and interpretation of data and includes a Scientific Advisory Board. Subscribing organizations are provided with timely geographic-specific surveillance and monitoring reports to detect and characterize prescription drug abuse, misuse, and diversion. Typical organizations using such information include the pharmaceutical industry, regulatory agencies, policymakers, and medical/public health officials to aid in understanding trends in the misuse and diversion of prescription drugs in the United States. Poison and Drug Center contract revenue for 2023 was approximately \$20.4 million, a 0.5% decrease over the prior year. Poison and Drug Center contract revenue for 2022 was approximately \$20.5 million, a 2.3% increase from the prior year.

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Other Operating Revenue

For 2023, other operating revenue (excluding Poison and Drug Center contracts revenue) increased by \$4.6 million, or 8.8%, compared to 2022. Increases in 340B contract pharmacy revenue were partially offset by decreases in bed contracts from Health and Human Services.

For 2022, other operating revenue (excluding Poison and Drug Center contracts revenue) decreased by \$4.6 million, or 8.1%, compared to 2021. Decreases in 340B contract pharmacy revenue and vital statistics revenue were partially offset by increases in psychiatric bed contract revenue, Nurse-line services, City funded programs, and enrollment services contract revenue.

Operating Expenses

Year ended December 31, 2023 compared with year ended December 31, 2022

Operating expenses increased approximately \$93.4 million, or 7.1%, for the year ended December 31, 2023, compared with the prior year.

- Salary and benefit expense increased approximately \$74.4 million, or 9.6%, from 2022. Normal annual wage increases, continued reliance on overtime and premium pay due to staff vacancies, and increased inpatient and outpatient volumes contributed to the overall salary and benefits increase. The Authority also invested in staff compensation outside of typical wage increases to help reduce contract labor and improve retention. The change in requirements for DERP in 2023, resulted in net impact change of \$41.7 million from 2022.
- Contracted services and nonmedical supplies decreased approximately \$2.0 million, or 0.7%, from 2022. In 2023, the Authority began to recover from the unusually higher than normal utilization of contract clinical labor that it had seen in the previous year.
- Medical supplies and pharmaceuticals increased approximately \$23.1 million, or 11.9%, from 2022. This increase is related to inflation, higher surgeries, prescriptions, and inpatient and outpatient pharmaceutical usage. The Authority participates in the Federal Health Services and Resources Administration 340B program which results in significant pharmaceutical savings for patients treated in the Federally Qualified Health Centers (FQHC) and other Hospital outpatient sites.
- Depreciation and amortization expense decreased \$2.1 million, or 2.8%, from 2022.

Nonoperating Revenues (Expenses)

Nonoperating revenues and expenses consist primarily of income from the Authority's cash, short- and long-term investments, interest expense, the change in the fair value of investments, the decrease in equity investment in joint venture, grant revenue for FEMA, and the gain or loss on disposal of capital assets.

Net nonoperating revenue in 2023 was approximately \$11.0 million, compared to net nonoperating expense of \$34.9 million in 2022. The largest driver for the change was net increase in fair value of investments of \$46.0 million. The bond and stock market historically performed well in 2023. FEMA revenue recognized in 2023 was also \$2.8 million less than 2022.

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Net nonoperating expenses in 2022 was approximately \$34.9 million, compared to net nonoperating income of \$19.1 million in 2021. The largest driver for the decrease was net decrease in fair value of investments of \$36.6 million. The bond and stock market historically underperformed in 2022. FEMA revenue recognized in 2022 was also \$14.3 million less than 2021.

FEMA revenue was calculated based on eligible expenses as outlined in the Authority’s FEMA grant application in response to the COVID-19 pandemic.

Capital Contributions

Capital contributions in 2023 totaled \$2.9 million, compared to \$1.5 million in 2022, and were received primarily from the City.

Capital contributions in 2022 totaled \$1.5 million, compared to \$4.4 million in 2021, and were received primarily from the City.

Budgetary Highlights

For the year ended December 31, 2023, the Authority’s total income before contributions was \$7.9 million, \$2.6 million lower than budget due to higher DERP expenses, offset by favorable volumes leading to increased net revenues, and favorable gains in the fair value of investments.

	2023 Actual	2023 Budget	Dollar Change	Percentage Change
Total Gross Patient Revenue	\$ 3,818,970,796	\$ 3,696,805,719	\$ 122,165,077	3.30%
Total Operating Revenue	1,397,840,951	1,333,686,131	64,154,820	4.81%
Salaries and Benefits	848,333,192	807,921,403	40,411,788	5.00%
Contract Labor	75,617,019	59,271,599	16,345,420	27.58%
Supplies and Pharmaceuticals	363,459,192	353,878,394	9,580,797	2.71%
Other Operating Expenses	113,503,097	104,217,720	9,285,377	8.91%
Total Operating Expenses	1,400,912,499	1,325,289,116	75,623,382	5.71%
Total Nonoperating Income (Expense)	10,977,262	2,098,177	8,879,084	423.18%
Income Before Capital Contributions	7,905,714	10,495,192	(2,589,478)	-24.67%

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Economic Factors and Next Year's Budget

The Authority's budget for 2024 reflects the organization's focus on operational efficiency, cost savings, and revenue optimization. The Executive Staff and Physician Department Chairs, and the Authority Board, have determined the highest priority areas for the organization to target improvement in financial and clinical performance. There are specific budgetary and operational performance goals and metrics for each.

The Authority's 2024 budget targets a \$41.1 million operating revenue increase compared to 2023. This increase is driven by initiatives targeted at improving patient care service volumes, access to care, and revenue cycle initiatives. Total operating expenses are budgeted to increase \$25.4 million driven primarily by labor expense increases (partially offset by contract labor decreases).

Salary and benefit costs are budgeted to increase 3.0% over the 2023 actual personnel cost. This is driven primarily by merit and market increases to address the challenging labor market and to retain employees. Contract labor is budgeted to decrease 26.6% with expectation of filling open positions to help control the cost of human capital. In 2024, 64.9% of the Authority's budgeted cost is personnel-related and drives most of the overall increase in budgeted expense. The Authority has implemented budget controls around labor productivity and hiring, and goals for growth initiatives.

Requests for Information

This financial report is designed to provide a general overview of the Authority's financial results for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Chief Financial Officer, 601 Broadway, MC 0278, Denver, CO 80203.

Denver Health and Hospital Authority
Statements of Net Position
December 31, 2023 and 2022

Assets and Deferred Outflows of Resources

	<u>2023</u>	<u>2022 *</u>
Current Assets		
Cash and cash equivalents	\$ 36,021,054	\$ 45,859,134
Patient accounts receivable, net of estimated uncollectibles of approximately \$88,200,000 and \$65,700,000 in 2023 and 2022, respectively	126,495,200	101,222,178
Due from other governmental entities	42,015,253	42,728,580
Due from City and County of Denver	10,033,686	5,699,020
Other receivables	20,720,970	7,534,963
Interest receivable	1,875,925	1,503,291
Due from other funds and investment in discretely presented component units	7,600,738	10,821,071
Inventories	22,390,235	18,903,095
Prepaid expenses and other assets	<u>21,311,381</u>	<u>17,500,891</u>
Total current assets	<u>288,464,442</u>	<u>251,772,223</u>
Noncurrent Assets		
Notes receivable	14,957,348	14,957,348
Estimated third-party payor settlements receivable	1,893,030	3,865,767
Equity interest in joint venture	651,014	586,958
Restricted investments	19,971,136	19,344,067
Capital, leased, and subscription assets, net of accumulated depreciation and amortization	628,909,686	662,931,031
Long-term investments	277,899,018	254,290,496
Board-designated investments	-	1,800,001
Other long-term assets	<u>9,642,899</u>	<u>10,735,024</u>
Total noncurrent assets	<u>953,924,131</u>	<u>968,510,692</u>
Total assets	<u>1,242,388,573</u>	<u>1,220,282,915</u>
Deferred Outflows of Resources		
Deferred outflows of resources related to pension benefits	62,420,086	8,564,580
Deferred outflows of resources related to other postemployment benefits	3,708,982	304,595
Loss on refunding of debt	<u>11,851,792</u>	<u>13,211,559</u>
Total deferred outflows of resources	<u>77,980,860</u>	<u>22,080,734</u>
Total assets and deferred outflows of resources	<u>\$ 1,320,369,433</u>	<u>\$ 1,242,363,649</u>

* Restated for Implementation of GASB 96

Denver Health and Hospital Authority
Statements of Net Position (continued)
December 31, 2023 and 2022

Liabilities, Deferred Inflows of Resources and Net Position

	2023	2022 *
Current Liabilities		
Current maturities of bonds payable	\$ 13,435,000	\$ 11,909,999
Current maturities of leases and subscriptions	11,174,901	14,750,804
Current maturities of notes payable	1,130,000	2,051,757
Medical malpractice liability	8,654,659	8,204,603
Accounts payable and accrued expenses	40,712,071	48,487,068
Accrued salaries, wages and employee benefits	47,556,645	34,649,173
Accrued compensated absences	38,365,012	40,923,538
Unearned revenue	29,765,535	35,385,137
Total current liabilities	190,793,823	196,362,079
Long-term Liabilities		
Long-term portion of liability for estimated third-party settlements	5,714,390	6,496,967
Long-term portion of compensated absences	116,076	116,077
Bonds payable, less current maturities	268,148,000	274,688,796
Lease and subscription liability, less current maturities	31,570,510	33,071,611
Notes payable, less current maturities	38,463,032	39,692,346
Net pension liability	149,528,010	61,162,594
Postemployment benefits	7,741,905	3,337,059
Total long-term liabilities	501,281,923	418,565,450
Total liabilities	692,075,746	614,927,529
Deferred Inflows of Resources		
Deferred inflows of resources related to pension benefits	5,775,229	15,349,458
Deferred inflows of resources related to other postemployment benefits	819,082	895,145
Deferred inflows of resources related to leases	6,362,670	6,660,121
Total deferred inflows of resources	12,956,981	22,904,724
Total liabilities and deferred inflows of resources	705,032,727	637,832,253
Net Position		
Net investment in capital assets	278,784,845	300,641,126
Unrestricted	336,551,861	303,890,270
Total net position	615,336,706	604,531,396
Total liabilities, deferred inflows of resources and net position	\$ 1,320,369,433	\$ 1,242,363,649

* Restated for Implementation of GASB 96

Denver Health Medical Plan, Inc.
(A Component Unit of Denver Health and Hospital Authority)
Balance Sheets
December 31, 2023 and 2022

Assets

	2023	2022
Current Assets		
Cash and cash equivalents	\$ 13,241,509	\$ 2,449,920
Premiums receivable, net of allowance	9,897,248	1,577,006
Reinsurance recoverable	2,567,432	11,340,517
Interest receivable	584,444	464,998
Premiums and other receivables	43,053,743	27,901,384
Contract receivables	4,075,625	6,724,325
Related-party receivables	-	9,974,735
Prepaid expenses	1,913,774	1,620,118
	75,333,775	62,053,003
Noncurrent Assets		
Restricted investments	1,169,691	1,094,475
Intangible assets	277,647	803,269
Unrestricted investments	55,815,586	58,314,264
	57,262,924	60,212,008
Total current assets	75,333,775	62,053,003
Total noncurrent assets	57,262,924	60,212,008
Total assets	\$ 132,596,699	\$ 122,265,011

Liabilities and Net Assets

Current Liabilities		
Accounts payable and accrued expenses	\$ 3,909,364	\$ 5,554,770
Due to Denver Health and Hospital Authority	9,450,797	6,199,618
Medical loss ratio payable and other unearned premiums	26,473,161	27,974,173
Liability for amounts held under uninsured plans	1,005,752	382,753
Accrued claims and loss adjustment expenses	46,757,932	45,172,956
	87,597,006	85,284,270
Total current liabilities	87,597,006	85,284,270
Total liabilities	87,597,006	85,284,270
Net Assets		
Net assets without donor restriction	44,999,693	36,980,741
Total net assets	44,999,693	36,980,741
Total liabilities and net assets	\$ 132,596,699	\$ 122,265,011

DHHA OMC QALICB, Inc.
(A Component Unit of Denver Health and Hospital Authority)
Balance Sheets
December 31, 2023 and 2022

Assets

	2023	2022
Current Assets		
Restricted cash and cash equivalents	\$ 2,114,172	\$ 646,567
Noncurrent Assets		
Equipment	23,093,561	23,093,561
Accumulated depreciation	(8,469,102)	(5,880,745)
Net property and equipment	14,624,459	17,212,816
Total noncurrent assets	14,624,459	17,212,816
Total assets	\$ 16,738,631	\$ 17,859,383

Liabilities and Net Assets (Deficit)

Current Liabilities		
Notes payable, short-term	\$ -	\$ 520,969
Total current liabilities	-	520,969
Notes Payable	18,943,548	18,864,317
Total liabilities	18,943,548	19,385,286
Net Assets (Deficit)		
Without donor restrictions	(2,204,917)	(1,525,903)
Total net assets (deficit)	(2,204,917)	(1,525,903)
Total liabilities and net assets (deficit)	\$ 16,738,631	\$ 17,859,383

Denver Health and Hospital Authority
Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2023 and 2022

	2023	2022 *
Operating Revenues		
Net patient service revenue	\$ 969,866,999	\$ 901,027,279
Capitation earned net of reinsurance expense	1,366,220	2,502,535
Medicaid disproportionate share and other safety net reimbursement	163,097,427	148,120,716
City and County of Denver payment for patient care services	32,577,300	29,700,000
Federal, state and other grants	122,658,114	99,509,389
City and County of Denver purchased services	30,887,402	30,007,576
Poison and drug center contracts	20,369,961	20,478,071
Other operating revenue	57,017,528	52,414,502
	<u>1,397,840,951</u>	<u>1,283,760,068</u>
Operating Expenses		
Salaries and benefits	848,333,192	773,970,366
Contracted services and nonmedical supplies	263,584,496	265,572,549
Medical supplies and pharmaceuticals	217,406,805	194,269,667
Depreciation and amortization	71,588,006	73,675,820
	<u>1,400,912,499</u>	<u>1,307,488,402</u>
Operating loss	<u>(3,071,548)</u>	<u>(23,728,334)</u>
Nonoperating Revenues (Expenses)		
Increase (decrease) in equity in joint venture	64,056	(62,454)
Nonoperating grant revenue (FEMA)	3,283,928	6,089,020
Interest income	11,961,401	10,197,601
Interest expense	(14,526,899)	(14,599,301)
Net increase (decrease) in fair value of investments	9,363,579	(36,563,351)
Gain on disposition of capital assets	831,197	3,734
	<u>10,977,262</u>	<u>(34,934,751)</u>
Total nonoperating revenues (expenses)	<u>10,977,262</u>	<u>(34,934,751)</u>
Income (loss) before capital contributions	7,905,714	(58,663,085)
Contributions Restricted for Capital Assets	<u>2,899,596</u>	<u>1,485,231</u>
Increase (decrease) in net position	<u>10,805,310</u>	<u>(57,177,854)</u>
Total Net Position, Beginning of Year	<u>604,531,396</u>	<u>661,709,250</u>
Total Net Position, End of Year	<u>\$ 615,336,706</u>	<u>\$ 604,531,396</u>

* Restated for Implementation of GASB 96

Denver Health Medical Plan, Inc.
(A Component Unit of Denver Health and Hospital Authority)
Statements of Operations and Changes in Net Assets
Years Ended December 31, 2023 and 2022

	2023	2022
Operating Revenues		
Premiums earned, net of reinsurance, including \$0 and \$81 million received from Denver Health Hospital Authority in 2023 and 2022	\$ 437,469,610	\$ 470,412,507
Administrative service revenue, including \$22.5 million and \$0 in claims processed in 2023 and 2022	6,518,712	-
Total operating revenues	443,988,322	470,412,507
Operating Expenses		
Leased employee services from Denver Health and Hospital Authority	17,505,442	18,987,916
Rent and other administrative expenses paid to Denver Health and Hospital Authority	2,555,242	2,080,958
Contracted services and nonmedical supplies	32,643,323	23,063,506
Medical claims and capitation paid to Denver Health and Hospital Authority	20,847,836	121,522,887
Medical and pharmacy claims incurred	362,254,323	306,378,162
Other expenses	-	671,652
Total operating expenses	435,806,166	472,705,081
Operating income (loss)	8,182,156	(2,292,574)
Nonoperating Revenues (Expenses)		
Investment income	2,891,804	1,334,309
Net decrease in fair value of investments	622,605	(3,638,537)
Distribution to Denver Health and Hospital Authority	(3,500,000)	-
Other	(177,613)	-
Total nonoperating revenues (expenses)	(163,204)	(2,304,228)
Net increase (decrease) in net assets	8,018,952	(4,596,802)
Total Net Assets, Beginning of Year	36,980,741	41,577,543
Total Net Assets, End of Year	\$ 44,999,693	\$ 36,980,741

DHHA OMC QALICB, Inc.
(A Component Unit of Denver Health and Hospital Authority)
Statement of Operations and Changes in Net Assets (Deficit)
Years Ended December 31, 2023 and 2022

	2023	2022
Revenues, Gains and Other Support Without Donor Restrictions		
Equipment rental from Denver Health and Hospital Authority	\$ 2,393,883	\$ 2,393,887
Interest income	4,891	345
	2,398,774	2,394,232
Total revenues, gains and other support without donor restrictions		
Operating Expenses		
Other operating expenses	218,387	216,810
Depreciation expense	2,588,357	2,947,751
Interest expense, including amortization of loan costs of \$79,231 and \$79,234, respectively	271,044	271,047
	3,077,788	3,435,608
Total operating expenses		
Operating Loss	(679,014)	(1,041,376)
Change in Net Deficit Without Donor Restrictions	(679,014)	(1,041,376)
Net Deficit Without Donor Restrictions, Beginning of Year	(1,525,903)	(484,527)
Net Deficit Without Donor Restrictions, End of Year	\$ (2,204,917)	\$ (1,525,903)

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Denver Health and Hospital Authority
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022 *
Cash Flows from Operating Activities		
Collections from patient services	\$ 936,890,102	\$ 881,526,317
Medicaid disproportionate share reimbursement and upper payment limit reimbursement	166,843,317	133,394,708
City and County of Denver payment for hospital services	28,242,634	31,707,389
Collections from poison and drug center contracts	19,686,760	22,501,527
Collections from federal, state and other grants	128,325,269	99,167,710
City and County of Denver purchased services	31,086,805	32,867,436
Other operating receipts	46,760,519	53,841,844
Payments for salaries and benefits	(812,124,169)	(796,094,248)
Payments to suppliers	(495,045,815)	(454,674,334)
	<u>50,665,422</u>	<u>4,238,349</u>
Net cash provided by operating activities		
Cash Flows from Capital and Related Financing Activities		
Purchases of capital assets	(27,318,100)	(21,519,232)
Receipt of capital contributions	2,899,596	1,378,112
Proceeds from joint venture ownership	-	620,088
Repayments of bonds payable, leases, subscriptions and other long-term debt	(28,749,648)	(26,780,193)
Proceeds from the issuance of bonds	8,062,880	4,657,166
Payment of bond issuance costs	-	(81,204)
Proceeds from the sale of capital assets	831,197	3,734
Cash paid for interest	(14,746,182)	(14,830,121)
	<u>(59,020,257)</u>	<u>(56,551,650)</u>
Net cash used in capital and related financing activities		
Cash Flows from Investing Activities		
Proceeds from sale and maturities of investments	127,468,885	101,662,633
Purchases of investments	(130,002,938)	(38,392,200)
Interest income	1,050,808	137,850
	<u>(1,483,245)</u>	<u>63,408,283</u>
Net cash provided by (used in) investing activities		
Net increase (decrease) in cash and cash equivalents	(9,838,080)	11,094,982
Cash and Cash Equivalents, Beginning of Year	<u>45,859,134</u>	<u>34,764,152</u>
Cash and Cash Equivalents, End of Year	<u>\$ 36,021,054</u>	<u>\$ 45,859,134</u>

* Restated for Implementation of GASB 96

Denver Health and Hospital Authority
Statements of Cash Flows (continued)
Years Ended December 31, 2023 and 2022

	2023	2022 *
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Cash and cash equivalents	\$ 36,021,054	\$ 45,859,134
Total cash and cash equivalents	\$ 36,021,054	\$ 45,859,134
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities		
Operating loss	\$ (3,071,548)	\$ (23,728,334)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities		
Depreciation and amortization	71,588,006	73,675,820
Provision for bad debts	137,603,403	109,178,559
Changes in assets, liabilities, deferred outflows and deferred inflows of resources		
Receivables, net	(173,179,505)	(113,177,867)
Inventories	(3,487,140)	(2,230,825)
Prepaid expenses and other assets	(2,718,364)	2,684,894
Estimated third-party payor settlements	1,190,160	(15,782,473)
Accounts payable and accrued expenses	2,797,386	592,123
Accelerated Medicare payments	-	(17,624,911)
Net pension and other postemployment benefits liability	92,770,262	(15,931,310)
Deferred inflows and outflows - pension and other postemployment benefits	(67,207,636)	(2,070,882)
Unearned revenue	(5,619,602)	8,653,555
Total adjustments	53,736,970	27,966,683
Net cash provided by (used in) operating activities	\$ 50,665,422	\$ 4,238,349
Noncash Investing, Capital and Financing Activities		
Capital asset acquisitions included in accounts payable	\$ 2,150,655	\$ 2,377,274
Lease obligations incurred for lease assets	\$ 440,879	\$ -
Subscription liabilities incurred for subscription assets	\$ 9,270,009	\$ 3,824,264

* Restated for Implementation of GASB 96

Denver Health and Hospital Authority
Statements of Fiduciary Net Position
Fiduciary Funds
December 31, 2023 and 2022

	Pension and Other Employee Benefit Trust Funds	
	2023	2022
Assets		
Investments, at fair value	\$ 1,555,945,840	\$ 1,259,993,787
Participant loans	21,670,013	20,005,073
Total assets	<u>\$ 1,577,615,853</u>	<u>\$ 1,279,998,860</u>
Net Position		
Restricted for:		
Pensions (401(a) Plan)	\$ 1,175,528,510	\$ 964,791,382
Postemployment benefits other than pensions (457(b) Plan)	402,087,343	315,207,478
Total net position	<u>\$ 1,577,615,853</u>	<u>\$ 1,279,998,860</u>

Denver Health and Hospital Authority
Statements of Changes in Fiduciary Net Position
Fiduciary Funds
Years Ended December 31, 2023 and 2022

	Pension and Other Employee Benefit Trust Funds	
	2023	2022
Additions		
Contributions		
Participant	\$ 93,168,134	\$ 84,801,603
Employer	54,134,529	51,540,964
Rollover	10,273,702	9,333,308
	<u>157,576,365</u>	<u>145,675,875</u>
Investment earnings (losses)		
Net increase (decrease) in fair value of investments	231,138,542	(277,625,636)
Interest, dividends and other	17,173,912	9,924,702
	<u>248,312,454</u>	<u>(267,700,934)</u>
Total investment earnings (losses)		
	<u>405,888,819</u>	<u>(122,025,059)</u>
Reductions		
Benefits paid to participants	107,093,337	102,628,540
Administrative expense	1,178,489	1,251,602
	<u>108,271,826</u>	<u>103,880,142</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>297,616,993</u>	<u>(225,905,201)</u>
Net Position, Beginning of Year	<u>1,279,998,860</u>	<u>1,505,904,061</u>
Net Position, End of Year	<u>\$ 1,577,615,853</u>	<u>\$ 1,279,998,860</u>

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Denver Health and Hospital Authority

Notes to Financial Statements

December 31, 2023 and 2022

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Organization

The Denver Health and Hospital Authority (the Authority) was created in 1994 by the State of Colorado (the State) as a political subdivision of the state pursuant to Article 29 of Title 25, Colorado Revised Statutes, as amended (the Act). As contemplated in the Act, on January 1, 1997, substantially all of the programs, services, and facilities of the City and County of Denver's (the City) Department of Health and Hospitals Enterprise Fund were transferred to the Authority pursuant to the Transfer Agreement between the Authority and the City.

Definition of Reporting Entity

The Authority follows Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which activities, organizations, and functions are included within the financial reporting entity. GASB pronouncements set forth the financial accountability of an organization's elected governing body as the basic criterion for including a possible component organization in the primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

The Authority is financially accountable for Rocky Mountain Drug Safety Inc., Canadian Consumer Product and Pharmaceutical Safety Inc., and 550 Acoma Inc., each a blended component unit. Denver Health Medical Plan, Inc., and DHHA OMC QALICB, Inc. are presented as discretely presented component units in the Authority's financial statements. Additionally, the Authority's 401(a) plan is considered a fiduciary component unit and is reported in accordance with GASB 84. The Authority is not a component unit of any other primary governmental entity.

The Authority

The Authority is a fully integrated healthcare delivery system, which employs a single physician group and operates four divisions: the Denver Health Medical Center, the City Fund, the Rocky Mountain Drug Safety, Inc. (RMDS), and what is referred to by the Authority as the Restricted Fund.

The Denver Health Medical Center is an acute care hospital licensed for 555 total beds, including 101 intensive care beds, that provides inpatient medical and mental health services, an ambulatory care center, emergency medical services including Level 1 Trauma, 14 federally qualified community health centers in Denver that provide outpatient services, as well as a federally qualified Women's Mobile Clinic. The Authority also operates 19 school-based clinics in Denver that provide outpatient services to students.

The City Fund programs charge for their services and receive grant funding for the remaining expenses to run the program. Expenses are billed to the City in accordance with an operating agreement between the Authority and the City, which is amended each year. Operations included in the City Fund are the Public Health Department, which provides public health informatics, epidemiology, administration, preparedness and response services in addition to disease control outbreak investigation. Public Health Clinics and Vital Records are also Public Health functions

Denver Health and Hospital Authority

Notes to Financial Statements

December 31, 2023 and 2022

provided to the City in the operating agreement but are funded from revenues and fees collected. Also included in the City Fund is prisoner care at the Denver Justice Center and Denver County Jail and Denver C.A.R.E.S., which is a 100-bed non-medical withdrawal management center.

The RMDS is a certified regional poison center as recognized by the American Association of Poison Control Centers and serves as a regional drug information center. It also provides poison and drug information services to medical professionals and consumers in other states through contractual agreements.

The Restricted Fund consists primarily of grants the Authority has been awarded that are used as directed by the grantor. The grants are awarded from multiple sources including federal, state, and industry agencies. Annually, the Authority also conducts a single audit under Uniform Guidance to comply with federally awarded grant requirements.

Rocky Mountain Drug Safety Inc. and Canadian Consumer Product and Pharmaceutical Safety Inc.

In September 2015, the Authority created a Colorado nonprofit corporation Rocky Mountain Drug Safety Inc. (RMDS), of which it is the sole member. Three Authority employees comprise the Board of Directors. The purpose of RMDS is to be the sole member of a Canadian nonprofit corporation Canadian Consumer Product and Pharmaceutical Safety Inc. (CCPPS). The CCPPS Board of Directors is comprised of two Authority employees and one independent director. CCPPS will perform collection and analysis of drug and pharmaceutical data, to enhance treatment, prevention and mitigation of drug abuse and adverse drug events. CCPPS is presented as a blended component of the Authority. All significant balances and transactions between CCPPS and the Authority have been eliminated in the basic financial statements.

550 Acoma Inc.

550 Acoma Inc. (550 Acoma) is a Colorado nonprofit organization formed by the Authority in September 2018 to construct a parking garage on the hospital campus, in the City and County of Denver, Colorado. The Authority created 550 Acoma for the sole purpose of financing construction through a public issuance of a note payable. 550 Acoma is exempt from taxes under Section 501(c)(3) of the Internal Revenue Code.

The construction project was a parking garage for Authority employees. The cost of the garage was approximately \$38,000,000 and was completed in July of 2020. The Authority will pay 550 Acoma rent to cover the interest and principal payments for the life of the debt. The land occupied by the parking garage is leased to 550 Acoma by the Authority. The Authority is the sole member of 550 Acoma. The 550 Acoma Board of Directors consists of three Authority employees. 550 Acoma is presented as a blended component unit because it provides services entirely to the Authority and exclusion of 550 Acoma's financial statements would cause the Authority's financial statements to be misleading. All significant balances and transactions between 550 Acoma and the Authority have been eliminated in the basic financial statements.

Denver Health and Hospital Authority

Notes to Financial Statements

December 31, 2023 and 2022

Denver Health Medical Plan, Inc.

Denver Health Medical Plan, Inc. (the Plan) is a Colorado nonprofit organization formed by the Authority in 1997 as a health maintenance organization to provide comprehensive healthcare services on a prepaid basis to its members. The Plan is governed by a nine-member Board of Directors, which is appointed by the Authority. The majority of the Plan's Board of Directors consists of board members and executive staff of the Authority. The Plan's members consist of current and former employees of the Authority and their dependents, the City, the Denver Employee Retirement Plan, Child Health Plan Plus participants, Medicare Choice (dual eligibles) and Medicare Select Low Income Plan. In 2014, the Plan began offering individual commercial coverage through Connect for Health Colorado, the Colorado insurance marketplace developed as a result of the Affordable Care Act.

The Authority is able to impose its will on the Plan and is financially accountable for the Plan. Accordingly, the Plan is presented as a discretely presented component unit.

Financial statements for the Plan, prepared on a statutory basis of accounting, can be obtained from the Authority at 303.602.0462, or by writing to the Denver Health and Hospital Authority, Division of Finance, MC 1925, 601 Broadway, Denver, Colorado 80203.

DHHA OMC QALICB, Inc.

DHHA OMC QALICB Inc. (OMC Inc.), a discretely presented component unit of the Authority, was formed in January 2020 to purchase equipment primarily used in the outpatient medical center. The members of OMC Inc. are the Authority and Denver Community Health Service Inc., (DCHS) a Colorado nonprofit corporation. The Board of Directors of OMC Inc. consists of one member who is an Authority employee, and two members who are DCHS Board Directors. Two Authority employees and one DCHS Board Director act as non-voting officers of OMC Inc.

In January of 2020, the Authority invested \$14.9 million with an equity investor in the form of a note receivable. The equity investor contributed \$6.9 million and the total of \$21.8 million was loaned to three Community Development Entities (CDEs). OMC Inc. received the proceeds of six note payables to these CDEs related to New Market Tax Credit (NMTC) financing. The proceeds of this financing were used to acquire medical equipment to be used primarily in the new outpatient medical center on the Authority's main campus. The OMC, Inc. building was opened in February 2021. The Authority began leasing the equipment from OMC Inc. during 2020.

Denver Health and Hospitals Foundation

The Denver Health and Hospitals Foundation (the Foundation) is a nonprofit charity formed for the benefit of the Authority. The Foundation's mission is to support the Authority in its mission to provide quality patient care. Significant areas of support include, but are not limited to, maternal and child health, community health, volunteer functions, trauma prevention and care, among others. Fund-raising efforts for the benefit of the Authority are undertaken by the Foundation, and the Authority is entitled to and has the ability to access resources held by the Foundation to fund its programs; however, the assets held by the Foundation and the annual funding are not significant to the Authority's operations as a whole and the Authority does not appoint a voting majority of the Foundation's Board. Therefore, the Foundation is not presented as a component unit of the Authority.

Denver Health and Hospital Authority

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The Authority does provide certain accounting and administrative functions for the Foundation at no cost. During 2023 and 2022, the Foundation paid the Authority approximately \$16,778,000 and \$7,010,000, respectively, in pass through grants and donations.

HSS, Inc.

The Authority was an equity owner of HSS, Inc. (HSS). As of March 2022, HSS was acquired by a third party and Authority shares were sold receiving total cash \$598,000. HSS services customers in the healthcare industry, as well as other organizations and governmental agencies. Services provided by HSS include security services and courier services, which are utilized by the Authority. In 2009, the Authority was granted 9.5% of the outstanding shares of stock in HSS at no cost. The Authority had recorded this as an investment in equity of a joint venture until the sale in 2022, at which time the Authority no longer owns an interest in HSS. The change in the value of the Authority's share of net equity has been recorded as nonoperating income. The Authority paid HSS approximately \$6,400,000 and \$5,400,000 in 2023 and 2022, respectively, for services rendered for security and transportation.

Fresenius Joint Venture

In February 2019, the Authority entered into a Limited Liability Company agreement with Fresenius Medical Care – Sloan's Lake. The Authority made a capital contribution of approximately \$713,000 for 30% ownership or "units" in this joint venture. There are two members in this venture – the Authority and Fresenius Medical Care Venture, LLC. This contribution is reflected in the statements of net position as equity interest in joint venture. The change in the value of the Authority's share of net equity is recorded as nonoperating income.

Relationship with the City and County of Denver

The Act states that the City shall have no control over the operations of the Authority. Principal agreements between the Authority and the City dated January 1, 1997 include the Operating Agreement and the Personnel Services Agreement. The Operating Agreement is amended annually.

The Operating Agreement provides for and defines the services the Authority will provide to the City and be provided by the City to the Authority as well as the basis for determining compensation for such services. The agreement was entered into in order to ensure the citizens of the City would have access to quality preventative, acute, and chronic healthcare regardless of their ability to pay. The Authority and the City intend to continue to be collaborative and supportive in carrying out the objectives through annual City payments to the Authority.

The Personnel Services Agreement provides for the lease of City employees to the Authority and the Authority's payment obligations with respect to such employees.

For the years ended December 31, 2023 and 2022, the Authority recognized revenue from the City for Authority services of approximately \$32,577,000 and \$29,700,000, respectively, as compensation for costs incurred for treatment of medically indigent Denver residents.

The City purchased services revenue includes amounts relating to support services and expenses incurred by the Authority for other City agencies. These costs are reimbursed by the City and amounted to approximately \$30,887,000 and \$30,008,000 in 2023 and 2022, respectively. Revenue

Denver Health and Hospital Authority

Notes to Financial Statements

December 31, 2023 and 2022

is recognized as services are provided. As of December 31, 2023, the City has an outstanding commitment to provide funding to the Authority not to exceed \$10,000,000 for debt financed clinic construction within the city limits of Denver, Colorado.

Basis of Presentation

The Authority prepares its financial statements in conformity with applicable pronouncements of GASB. The discretely presented component unit financial statements are presented in accordance with Financial Accounting Standards Board (FASB) pronouncements, which is a different reporting model than the Authority.

Use of Estimates

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

Cash and Cash Equivalents

The Authority considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2023 and 2022, cash equivalents consisted primarily of operational depository accounts, checking accounts and repurchase agreements.

Investments, Restricted and Board-designated Investments

Investments consist of U.S. treasuries and government obligations, asset-backed securities, corporate notes and bonds, mutual funds, and certificates of deposit. Investments are carried at fair value, which is based upon quoted market prices, except the bond reserve funds invested in guaranteed investment contracts, which are carried at cost. Money market accounts, local government investment pools, and investments whose maturities at the time of acquisition are one year or less are classified as short-term investments. All other investments are classified as long-term.

Restricted investments include assets held in investment accounts restricted for future debt service as specified in the related bond agreement.

Board-designated investments include assets held in investment accounts set aside by the Board of Directors for future capital projects, over which the board retains control and at its discretion subsequently use for other purposes.

Interest, dividends, and realized and unrealized gains and losses, based on the specific-identification method, are included in nonoperating revenue and expenses when earned or realized.

Denver Health and Hospital Authority

Notes to Financial Statements

December 31, 2023 and 2022

Patient Accounts Receivable

The Authority reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients and others. The Authority provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions.

Inventories

Inventories consist principally of medical and surgical supplies, pharmaceuticals, and food products and are stated at the lower of cost or market, with cost determined on an average-cost basis.

Capital Assets

Capital assets are recorded at cost at the date of acquisition or, fair value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. The Authority uses the estimated useful lives recommended by the American Hospital Association. Useful lives for building and improvements are 15 to 40 years and equipment and software are 3 to 20 years. The Authority's capitalization threshold for capital purchases is \$5,000 and \$100,000 for subscription assets. The presentation of capital assets has changed to incorporate lease and subscription assets as per GASB 87 and GASB 96 lease reporting requirements that took effect January 1, 2021 and January 1, 2022, respectively. For additional information, refer to Note 6, Note 8 and Note 10.

Leased Assets

Leased assets are initially recorded at the initial measurement of the lease payable, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Leased assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset.

Subscription Assets

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at and certain payments made before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

Capital, Leased, and Subscription Asset Impairment

The Authority evaluates capital, leased, and subscription assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital and leased asset has occurred. If a capital, leased, or subscription asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, capital, leased, or

Denver Health and Hospital Authority

Notes to Financial Statements

December 31, 2023 and 2022

subscription asset historical cost and related accumulated depreciation or amortization are decreased proportionately such that the net decrease equals the impairment loss.

No asset impairment was recognized during the years ended December 31, 2023 and 2022.

Accrued Compensated Absences

The Authority has vacation and sick leave policies covering substantially all of its employees. Employees may accumulate earned but unused benefits up to a specified maximum. The Authority has recorded the accrued liability for these compensated absences in the basic financial statements. The Authority has recorded a long-term liability for supplemental sick leave benefits for certain employees that were eligible for this benefit as of January 1, 1997, at the time the Department of Health and Hospital's Enterprise Fund was transferred to the Authority.

Unearned Revenue

Unearned revenue consists primarily of, advance payments received for the Disproportionate Share Hospital (DSH) Program and Upper Payment Limit (UPL) Programs, from the Plan for Medicaid Choice Fee for Service related, as well as RMDS contract revenue received in advance of performing contract services.

Accrued Claims

Claim liabilities are based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. Claim liabilities are recomputed using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to claim liabilities are charged or credited to expense in the periods in which they are made.

Cost-sharing Defined Benefit Pension Plan

The Authority participates in a cost-sharing multiple-employer defined benefit pension plan, Denver Employees Retirement Plan (DERP). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of DERP and additions to/deductions from DERP's fiduciary net position have been determined on the same basis as they are reported by DERP. 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. During 2022, the proportionate shares for the DHHA and the non-DHHA employers in aggregate are determined based on their relative shares of the Unfunded Actuarial Liability (UAL) from the prior actuarial valuation.

Cost-sharing Defined Benefit Other Postemployment Benefit Plan

The Authority participates in a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan, the OPEB DERP Plan. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB DERP Plan and

Denver Health and Hospital Authority

Notes to Financial Statements

December 31, 2023 and 2022

additions to/deductions from the OPEB DERP Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB DERP Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. During 2022, the proportionate shares for the DHHA and the non-DHHA employers in aggregate are determined based on their relative shares of the Unfunded Actuarial Liability (UAL) from the prior actuarial valuation.

Deferred Outflows of Resources and Deferred Inflows of Resources

The Authority reports in a separate section of its statements of net position the consumption of net position that is applicable to a future reporting period as deferred outflows of resources and reports the acquisition of net position that is applicable to a future reporting period as deferred inflows of resources.

The Authority reports deferred outflows of resources for pension benefits, other postemployment benefits, acquisitions, and loss on refunding of debt. The Authority reports deferred inflows of resources for pension benefits, other postemployment benefits and leases.

Deferred Loss on Refunding – The cost of debt refunding is deferred and amortized using the straight-line method over the remaining life of the old debt or the life of the new debt, whichever is shorter, and reported as deferred outflows of resources on the Authority's statements of net position.

Net Position

The Authority's net position is classified as follows:

Net Investment in Capital Assets – consists of capital, leased, and subscription assets net of accumulated depreciation and amortization and reduced by the outstanding balances of borrowings, lease, and subscription liabilities used to finance the purchase, use, construction or improvement of those assets. Any significant unspent related debt proceeds and the corresponding portion of the debt would be included in either restricted or unrestricted net position.

Unrestricted – consists of the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

When the Authority has both restricted and unrestricted resources available to finance a particular program, it is the Authority's policy to use restricted resources before unrestricted resources.

Revenues and Expenses

The Authority's statements of revenues, expenses and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing healthcare services and include patient service and other revenue. Nonoperating revenues include interest income and unrealized gains/losses on investments, change in equity in joint venture, grant revenue, and gain (loss) on disposition of capital assets. Nonoperating expenses include interest expense on outstanding debt. Operating expenses are all expenses incurred to provide healthcare services, excluding financing costs.

Denver Health and Hospital Authority

Notes to Financial Statements

December 31, 2023 and 2022

Net Patient Service Revenue

The Authority has agreements with third-party payers that provide for payments to the Authority at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments and a provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

Capitation Earned

Capitation revenue was earned based on the month in which members are entitled to healthcare services. Excess of loss reinsurance expense is deducted from gross capitation revenue.

Federal, State and Other Grants

Grants and contracts consist primarily of contractual agreements with governments and private entities for the Authority to conduct research and education and to provide healthcare services. These agreements represent exchange transactions between the Authority and the grantors and, accordingly, are included in operating activities. Revenue is recognized under these agreements as related expenses are incurred or upon achieving milestones depending on respective grant covenants.

Poison and Drug Safety Contracts

Poison and Drug Safety contract revenue is derived primarily from contractual agreements with public and private entities for the provision of a medical call center and other consultative services. Revenue is recognized based on the performance of contract deliverables or as related (cost-reimbursable) expenses are incurred.

Income Taxes

The income generated by the Authority, as an instrumentality of the state, is excluded from federal income taxes under Section 115 of the Internal Revenue Code (the Code). However, taxes will be assessed on income derived from business activities not substantially related to the Authority's, CCPPS, or 550 Acoma's Inc. exempt function (unrelated business income).

COVID-19 Pandemic Funding

Medicare Accelerated and Advanced Payment Program

During the year ended December 31, 2020, the Authority requested accelerated Medicare payments as provided for in the CARES Act, which allows for eligible health care facilities to request up to six months of advance Medicare payments for acute care hospitals or up to three months of advance Medicare payments for other health care providers. These amounts were expected to be recaptured by CMS according to the payback provisions.

Denver Health and Hospital Authority

Notes to Financial Statements

December 31, 2023 and 2022

The payback period was to begin one year after the issuance of the advance payment through a phased payback period approach. The first 11 months of the payback period was at 25% of the remittance advice payment followed by a six-month payback period at 50% of the remittance advice payment. After 29 months, CMS expected any amount not paid back through the withhold amounts to be paid back in a lump-sum or interest will begin to accrue subsequent to the 29th month at a rate of 4%.

During the year ended December 31, 2022, Medicare has applied approximately \$17.6 million, from these accelerated Medicare payment requests against filed claims. The Authority paid the accelerated payments in full as of December 31, 2022.

FEMA Funding

During the year ended December 31, 2020, the Authority was awarded \$25.3 million and received approximately \$11.5 million from FEMA, in a joint application with the City and County of Denver for FEMA funding to support Denver Health's COVID-19 emergency response. Payments are recognized as contribution revenue once the applicable terms and conditions required to retain the funds have been met. Based on an analysis of the compliance and reporting requirements of FEMA, the Authority recognized approximately \$3.3 million and \$6.1 million, respectively, during December 31, 2023 and 2022. These payments are recorded as nonoperating grant revenue – FEMA in the statements of revenues, expenses and changes in net position.

Reclassifications

Certain reclassifications have been made to the 2022 financial statements to conform to the 2023 presentation. The reclassifications had no effect on the changes in financial position.

Implementation of New Accounting Standard

The Authority implemented GASB Statement No. 96, *Subscription-based Information Technology Arrangements* (Statement No. 96) retroactive to January 1, 2022. Statement No. 96 established criteria for the recognition of subscription-based information technology arrangements (SBITAs) for governments. SBITAs result in an intangible asset, right to use subscription assets along with the corresponding subscription liability. Correspondingly, a SBITA covers the subscription period for which the government has a noncancelable right to use of another vendor's information technology software. The impact of the implementation at January 1, 2022 resulted in the recognition of right to use subscription assets of approximately \$26,935,000 and increased subscription liabilities of approximately \$26,935,000. The implementation also resulted in a decrease to the 2022 ending net position of approximately \$538,000. For additional information, refer to Note 6, Note 8 and Note 10.

Denver Health and Hospital Authority

Notes to Financial Statements

December 31, 2023 and 2022

Note 2: Net Patient Service Revenue

The Authority has agreements with third-party payors that provide for payments to the Authority at amounts different from its established rates. A summary of the payment arrangements with major third-party payors is as follows:

Medicare. Inpatient acute care services and rehabilitation services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Hospital outpatient services are reimbursed on a prospective payment system. Outpatient services and procedures that are clinically comparable and use similar resources are grouped into Ambulatory Payment Classifications. Federally Qualified Healthcare (FQHC) services rendered to Medicare program beneficiaries are paid under a prospective payment system (PPS). Medicare payment, including patient coinsurance, is paid based on the lesser of the Authorities' actual charge or the applicable PPS rate. The Authority is also reimbursed for certain capital and medical education costs and allowable bad debts at a tentative rate with final settlement determined after submission of annual cost reports by the Authority and audits thereof by the Medicare Administrative Contractor. The Authority's classification of patients under the Medicare program and the appropriateness of the admissions are subject to an independent audit by a peer review organization under contract with the Authority. The Authority's Medicare cost reports have been audited by the Medicare Administrative Contractor through December 31, 2018.

Medicaid. Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a prospectively determined system similar to Medicare. Outpatient services rendered are paid prospectively under the Enhanced Ambulatory Patient Grouping (EAPG) System, a patient classification system that is based on clinical, diagnostic, and other factors. Federally Qualified Healthcare (FQHC) services rendered to Medicaid program beneficiaries are paid at the higher of prospective payment system (PPS) rates or alternative payment rates, which are calculated based on an inflated cost per visit. The Authority's Medicaid cost reports have been audited by the Colorado Department of Health Care Policy and Financing through the year ended December 31, 2016. Denver Health Medicaid Choice (DH Medicaid Choice) members were reimbursed under the same Medicaid reimbursement systems for inpatient, outpatient and FQHC services beginning July 1, 2022.

Subcapitation: The Authority also provided services under a Medicaid prepaid health plan referred to as the DH Medicaid Choice program for which it received capitation for services up to June 2022. The Authority received subcapitation revenue from the Plan for DH Medicaid Choice members. The Plan received the capitation premium directly from the state. Subcapitation revenue reported as a component of net patient service revenue was approximately \$0 and \$76,513,000 in 2023 and 2022 (up to June 2022), respectively.

Other Payors. The Authority has also entered into payment agreements with commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Authority under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined rates per day or visit.

Denver Health and Hospital Authority

Notes to Financial Statements

December 31, 2023 and 2022

Indigent Care, Charity Care and Community Service. The Authority, as part of its mission, provides healthcare services to city residents, regardless of ability to pay. Many of the Authority’s patients are unable to obtain benefits from insurance companies or do not have personal resources to cover costs. The financial burden, however, is in part offset by various federal, state, local, and private programs in which such patients are enrolled. The costs of charity care provided under the Authority’s charity care policy was approximately \$86,847,000 and \$80,324,000 for the years ended December 31, 2023 and 2022, respectively, based on cost to charge ratios.

Records are maintained to identify and monitor the level of charity care the Authority provides based on cost to charge ratios. These records include the amount of charges foregone for services and supplies furnished under its charity care policy. This policy directly relates to that of the Colorado Disproportionate Share Hospital Program (DSH Program).

Gross patient service revenue and the level of uncompensated care provided, based on the Authority’s established rates, during the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Gross charges, including charges forgone for charity	\$ 3,818,970,795	\$ 3,465,500,667
Charges forgone for charity care	(270,427,470)	(246,378,557)
Gross patient service revenue	3,548,543,325	3,219,122,110
Contractual adjustments	(2,441,072,923)	(2,208,916,272)
Provision for bad debts	(137,603,403)	(109,178,559)
Net patient service revenue	\$ 969,866,999	\$ 901,027,279
Uncompensated care		
Contractual adjustments	\$ 2,441,072,923	\$ 2,208,916,272
Provision for bad debts	137,603,403	109,178,559
Charity care	270,427,470	246,378,557
	\$ 2,849,103,796	\$ 2,564,473,388

The Authority receives partial reimbursement for uncompensated care from the DSH Program, provider fee payments and the City. The Authority estimates the level of uncompensated care by payor classification based on established rates.

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Note 3: Disproportionate Share Hospital (DSH) Program and Upper Payment Limit (UPL) Programs

The Authority participates in the DSH Program. The Authority qualifies as a DSH as it serves a high proportion of medically indigent and uninsured patients. The DSH Program was created in 1991 through an amendment to the Colorado State Medicaid Program and was approved by the Centers for Medicare and Medicaid (CMS).

Under the DSH Program, the state utilizes a provider fee as the local match for federal funding. The state pays the Authority two months in advance at the end of the year. This results in unearned revenue included in the statements of net position. The state has paid the Authority approximately \$21,914,000 and \$19,358,000 in advance for the years ended December 31, 2023 and 2022, respectively. The payments received through the DSH Program are based on the cost of uncompensated charity care. Laws and regulations governing the DSH programs are complex and subject to interpretation and change. The Authority has ongoing communications with the state regarding annual settlements. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

In addition, the Authority receives UPL reimbursements, which is designed to increase the Medicaid reimbursement rate up to the Authority's Medicaid cost not to exceed the Medicare reimbursement rate.

The provider fee serves as the state match for federal DSH and UPL funds which are drawn by the state and paid to the Authority using the provider fee methodology developed as part of the Colorado Healthcare Affordability Act. The Authority recognizes revenue to align with the current state fiscal year that the award relates to. The revenue is based off of the initial award amount communicated and adjusted when it's approved by the state of Colorado. The Authority recognizes revenue in the year in which notification of the award amount has been received and ratably over the state fiscal year. The Authority recorded safety net reimbursements (net of provider fee expense paid) totaling approximately \$121,200,000 and \$108,300,000 for the years ended December 31, 2023 and 2022, respectively. The Authority records as expense the corresponding provider fee assessment due the state and the Colorado Hospital Association.

The Colorado Healthcare Affordability Act, designated as House Bill 1293 (HB 1293), was passed during 2009 implementing a fee on hospitals to generate matching funds to the state from federal sources. Implementation of this act occurred during April of 2010. HB 1293 was superseded by Senate Bill 17-267 which repealed the Hospital Provider Fee and created the Colorado Healthcare Accountability and Sustainability Enterprise (CHASE). The Authority also received \$6,000,000 in state general fund revenue for the use of other medical services from State Bills 23-138 and 23-214. The resulting safety net revenue and expense for 2023 and 2022 had the following effect on the financial statements:

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	2023	2022
Medicaid Disproportionate Share revenue	\$ 46,638,214	\$ 102,719,967
Supplemental Medicaid base rate revenue	76,841,099	14,885,094
Supplemental Medicaid outpatient		
hospital revenue	6,504,448	8,459,470
Hospital quality incentive payment	7,252,685	6,123,778
Total hospital provider fee revenue	137,236,446	132,188,309
Provider fee expense (included in contracted services and non-medical supplies)	(41,942,010)	(39,821,083)
Total net hospital provider fee	\$ 95,294,436	\$ 92,367,226
	2023	2022
Total hospital provider fee revenue	\$ 137,236,446	\$ 132,188,309
Ambulance Upper Payment Limit revenue	2,128,067	1,770,000
Outstationing revenue	(300,083)	1,155,423
Primary care funds	10,116,179	8,606,986
Physician certification revenue	7,916,818	4,399,998
State general fund revenue	6,000,000	-
Total other safety net	25,860,981	15,932,407
Total safety net revenue	\$ 163,097,427	\$ 148,120,716

At December 31, 2023 and 2022, the Authority had a prepaid for provider fee expense which is recorded on the statements of net position in the amounts of approximately \$7,361,000 and \$7,196,000, respectively.

Note 4: Investments and Restricted Investments (Excluding Fiduciary Funds)

Colorado Statutes require that the Authority use eligible depositories for all cash deposits, as defined by the Public Deposit Protection Act (PDPA). Under PDPA, the depository is required to pledge eligible collateral having a market value at all times equal to at least 102% of the aggregate public deposits held by the depository not insured by the Federal Deposit Insurance Corporation (FDIC).

The Authority uses eligible depositories for all its deposits and investments. Remaining cash balances are swept daily to a Class I money market account or AAAM rated local government investment pool. Any cash balances in other bank accounts are negligible and covered by FDIC insurance.

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Notes to Financial Statements
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Cash, cash equivalents and investments at December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 36,021,054	\$ 45,859,134
Long-term and board-designated investments		
Mortgage-backed securities	15,901,123	9,868,119
U.S. government agency notes	1,798,687	-
Corporate bonds	134,678,234	131,109,135
Corporate asset-backed bonds	4,903,497	5,981,522
Municipal bonds	12,473,518	10,594,409
U.S. government treasury bills	8,897,188	9,681,804
Mutual funds		
Global equity fund	11,471,640	10,004,027
Commodity and commodity futures fund	3,829,194	4,077,062
Debt fund	44,604,980	39,972,040
Domestic equity fund	22,248,405	20,487,535
International equity fund	2,683,422	1,193,110
Alternative funds	<u>14,409,131</u>	<u>13,121,734</u>
Total long-term investments and board-designated investments	<u>277,899,019</u>	<u>256,090,497</u>
Total cash, cash equivalents and investments, excluding restricted investments	<u>\$ 313,920,073</u>	<u>\$ 301,949,631</u>

Denver Health and Hospital Authority
Notes to Financial Statements
December 31, 2023 and 2022

Restricted investments at December 31, 2023 and 2022 are as follows:

	2023	2022
Bond proceeds restricted as provided in bond agreements		
Cash equivalents	\$ 7,170,536	\$ 1,433,302
U.S. government treasury bills	-	17,910,765
Guaranteed investment contract	12,800,600	-
	<u>\$ 19,971,136</u>	<u>\$ 19,344,067</u>

Credit Risk

The Authority’s investment policy applies the prudent person standard and is applied in the context of managing an overall portfolio. Investment responsibilities shall be undertaken “with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use.”

The Authority’s investments are restricted to the following Standard & Poor’s (S&P) or equivalent investment quality ratings or higher.

Straight-debt securities – BBB- and up to 10% of the portfolio may be rated below investment grade

Asset-backed securities – A-

Money market mutual funds – AAA

Local government investment pools – AAAm-G or AAAM

U.S. treasuries and U.S. government agencies – AA+

The Authority or its managers may purchase bonds of state governments, local governments, or corporations. New purchases will primarily be rated at a minimum Baa3/BBB- by any of the rating agencies, however, up to 10% of the combined portfolio may be rated below investment grade.

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Notes to Financial Statements

December 31, 2023 and 2022

The following is a summary of the Authority's investments at December 31, 2023 and 2022 with average credit ratings based on S&P ratings or equivalent:

	<u>2023</u>		<u>2022</u>	
	<u>Investments</u>	<u>S & P Rating</u>	<u>Investments</u>	<u>S & P Rating</u>
Cash and cash equivalents				
Cash and cash equivalents	\$ (2,336,426)	N/A	\$ 623,823	N/A
Demand deposit account	30,531,188	A-	42,415,126	A-
Class I or government money market fund	<u>7,826,292</u>	AAA	<u>2,820,185</u>	AAA
Total cash and cash equivalents	<u>36,021,054</u>		<u>45,859,134</u>	
Long-term and board-designated investments				
Mortgage-backed securities	725,678	AAA	806,155	AAA
Mortgage-backed securities	11,370,902	AA+	4,974,515	AA+
Mortgage-backed securities	3,804,543	N/A	4,087,449	N/A
U.S. government agency notes	1,798,687	AA+	-	AA+
Corporate bonds	1,522,048	AAA	1,543,723	AAA
Corporate bonds	2,005,297	AA	1,992,506	AA
Corporate bonds	6,706,491	AA-	3,676,300	AA-
Corporate bonds	6,358,985	A+	2,282,704	A+
Corporate bonds	12,943,063	A	19,578,663	A
Corporate bonds	19,428,837	A-	18,235,123	A-
Corporate bonds	58,554,399	BBB+	50,671,235	BBB+
Corporate bonds	19,646,231	BBB	20,181,342	BBB
Corporate bonds	4,593,676	BBB-	7,082,412	BBB-
Corporate bonds	531,000	BB+	513,750	BB+
Corporate bonds	2,388,209	N/A	5,351,377	N/A
Corporate asset backed bonds	331,033	AAA	1,355,261	AAA
Corporate asset backed bonds	1,575,146	A	1,625,285	A
Corporate asset backed bonds	910,788	A-	863,640	A-
Corporate asset backed bonds	449,294	BBB	431,359	BBB
Corporate asset backed bonds	1,637,236	N/A	1,705,977	N/A
Municipal bonds	485,145	AA+	2,967,190	AA+
Municipal bonds	4,290,180	AA	2,442,799	AA
Municipal bonds	2,173,005	AA-	2,142,535	AA-
Municipal bonds	924,920	A+	1,721,932	A+
Municipal bonds	2,391,954	A	-	A
Municipal bonds	1,832,120	BBB+	-	BBB+
Municipal bonds	376,194	N/A	1,319,953	N/A
U.S. government treasury bills	8,897,185	AA+	9,681,804	AA+
Open end mutual funds	<u>99,246,772</u>	N/A	<u>88,855,508</u>	N/A
Total long-term and board-designated investments	<u>277,899,018</u>		<u>256,090,497</u>	
Total cash, cash equivalents and investments, excluding restricted investments	<u>\$ 313,920,072</u>		<u>\$ 301,949,631</u>	

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Notes to Financial Statements

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The following is a summary of the Authority's restricted investments at December 31, 2023 and 2022 with average credit ratings based on S&P ratings or equivalent:

	2023		2022	
	Investments	S & P Rating	Investments	S & P Rating
Bond proceeds restricted as provided in bond agreements				
Cash equivalents	\$ 7,170,536	N/A	\$ 1,433,302	N/A
U.S. government treasury bills *	-	AA+	17,910,765	AA+
Guaranteed investment contract	12,800,600	A	-	N/A
	<u>\$ 19,971,136</u>		<u>\$ 19,344,067</u>	

* Investment is based on fair value at December 31, 2022 and is measured at Level 1 within the fair value hierarchy

Interest Rate Risk

The Authority's investment policy manages exposure to market value losses arising from rising interest rates in several ways. The duration of total assets must be less than six years. As of December 31, 2023, approximately \$20,805,000, or 6.63%, of total long-term investments were in corporate asset-backed bonds and government mortgage-backed securities. As of December 31, 2022, approximately \$15,850,000, or 5.25%, of total long-term investments were in these types of securities. The following is a summary of the duration, average weighted maturity of the portfolio, and average weighted effective maturity as of December 31, 2023 and 2022:

Portfolio Component	Par Value	Duration	Average Weighted Maturity (Years)	Average Weighted Effective Maturity (Years)
December 31, 2023				
Working capital account	\$ 142,939,217	2.54	4.62	4.23
Focused alpha bond fund	7,587,389	1.03	2.66	1.09
Commerce intermediate	73,425,419	6.01	12.15	9.71
Other reserve account	389,827	1.55	1.64	1.64
Medical malpractice reserve account	5,993,382	1.93	2.91	2.89
Total components	<u>\$ 230,335,234</u>	<u>3.66</u>	<u>7.00</u>	<u>5.96</u>

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Notes to Financial Statements
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Portfolio Component	Par Value	Duration	Average Weighted Maturity (Years)	Average Weighted Effective Maturity (Years)
December 31, 2022				
Working capital account	\$ 128,290,152	2.47	3.94	3.92
Focused alpha bond fund	9,441,184	1.42	1.51	1.51
Commerce intermediate	87,245,642	5.55	11.43	8.00
Other reserve account	373,119	2.40	2.60	2.60
Medical malpractice reserve account	<u>5,808,743</u>	<u>2.85</u>	<u>4.10</u>	<u>3.19</u>
Total components	<u>\$ 231,158,840</u>	<u>3.65</u>	<u>6.84</u>	<u>5.48</u>

Concentration of Credit Risk

The Authority's investment policy requires diversification of the portfolio to limit credit risk and states as follows:

Diversification: The investments shall be diversified by:

- i) Limiting investments to avoid over concentration in securities from a specific issuer or business.
- ii) Limiting investments in securities that have higher credit risks.
- iii) Investing in securities with varying maturities.
- iv) Continuously investing a portion of the portfolio in readily available funds, such as money market accounts, repurchase agreements, local government investment pools, and bank account sweep programs, to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.
- v) No single financial institution will hold more than 5% of the Authority's portfolio value, excluding U.S. government or U.S. government agency securities. As of December 31, 2023, the Authority owned \$13.2 million (4.20% of the portfolio) of Citigroup Inc. bonds, \$9.8 million (3.13% of the portfolio) of Jeffries Financial Group Inc. bonds, \$7.3 million (2.32% of the portfolio) of Goldman Sachs bonds, \$7.1 million (2.27% of the portfolio) of Nomura Holdings, Inc. bonds, and \$5.2 million (1.67% of the portfolio) of Bank of America bonds.
- vi) The following maximum limits, by investment type, are established for the Authority's total investments portfolio, including cash and cash equivalents. The investment policy statement limits outlined below take into consideration the Plan investments. It is the intent of the Authority to invest in the following investment categories. The percentage stated is a "not to exceed" limitation. Investments are not required in every investment type. For example, it is permitted to own 80% in agency securities and 20% in repurchase agreements and own no other securities.

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December 31, 2023 and 2022

Investment Type	Maximum Percentage of Portfolio
Repurchase agreements	25%
Collateralized certificates of deposit	25%
U.S. Treasury notes and bills	100%
U.S. government agency securities	90%
U.S. government CMOs	20%
Bankers acceptances	10%
Commercial paper	50%
Money market funds/Local Government Investment Pools	30%
State and local government bonds	50%
Corporate bonds	75%
Commercial asset-backed securities	25%
Plus Sector Funds	5%
Long Term Growth Portfolio (Mutual Funds)	25%

- vii) Additional investments established for bond proceeds include the above investment contracts, and flexible repurchase agreements (Flex Repos), which can be up to 100% of bond proceeds.

In the event that an allocation percentage is exceeded, such event is disclosed to the Finance Committee of the Board of Directors and corrected as soon as possible. The portfolio was in compliance with the allocation percentages as of December 31, 2023 and 2022.

Note 5: Disclosures About Fair Value of Assets and Liabilities (Excluding Fiduciary Funds)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

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Notes to Financial Statements

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Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying financial statements, long-term investments and board-designated investments, measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2023 and 2022:

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2023				
Long-term investments				
Mortgage-backed securities	\$ 15,901,123	\$ -	\$ 15,901,123	\$ -
U.S. government agency notes	1,798,687	-	1,798,687	-
Corporate bonds	134,678,234	-	134,678,234	-
Corporate asset-backed bonds	4,903,497	-	4,903,497	-
Municipal bonds	12,473,518	-	12,473,518	-
U.S. government treasury bills	8,897,188	8,897,188	-	-
Mutual funds				
Global equity fund	11,471,640	11,471,640	-	-
Commodity and commodity futures fund	3,829,194	3,829,194	-	-
Debt fund	44,604,980	44,604,980	-	-
Domestic equity fund	22,248,405	22,248,405	-	-
International equity fund	2,683,422	2,683,422	-	-
Alternative funds	14,409,131	14,409,131	-	-
	<u>\$ 277,899,019</u>	<u>\$ 108,143,960</u>	<u>\$ 169,755,059</u>	<u>\$ -</u>

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2022				
Long-term investments				
Mortgage-backed securities	\$ 9,868,119	\$ -	\$ 9,868,119	\$ -
Corporate bonds	131,109,135	-	131,109,135	-
Corporate asset-backed bonds	5,981,522	-	5,981,522	-
Municipal bonds	10,594,409	-	10,594,409	-
U.S. government treasury bills	9,681,804	9,681,804	-	-
Mutual funds				
Global equity fund	10,004,027	10,004,027	-	-
Commodity and commodity futures fund	4,077,062	4,077,062	-	-
Debt fund	39,972,040	39,972,040	-	-
Domestic equity fund	20,487,535	20,487,535	-	-
International equity fund	1,193,110	1,193,110	-	-
Alternative funds	13,121,734	13,121,734	-	-
	<u>\$ 256,090,497</u>	<u>\$ 98,537,312</u>	<u>\$ 157,553,185</u>	<u>\$ -</u>

Denver Health and Hospital Authority

Notes to Financial Statements

December 31, 2023 and 2022

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Authority does not carry any Level 3 investments.

Note 6: Capital, Leased, and Subscription Assets

Capital, leased, and subscription assets, by major category, at December 31, 2023 and 2022 are as follows. The presentation of capital assets has changed to incorporate subscription assets as per the implementation of GASB 96 reporting requirements effective January 1, 2022.

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Notes to Financial Statements
December 31, 2023 and 2022

December 31, 2023	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 43,383,777	\$ -	\$ (263,875)	\$ 43,119,902
Construction in progress	<u>15,771,531</u>	<u>24,171,681</u>	<u>(31,327,337)</u>	<u>8,615,875</u>
Total capital assets, not being depreciated	<u>59,155,308</u>	<u>24,171,681</u>	<u>(31,591,212)</u>	<u>51,735,777</u>
Capital assets, being depreciated				
Buildings and improvements	900,470,168	11,322,257	(303,561)	911,488,864
Equipment and software	<u>307,847,964</u>	<u>23,641,994</u>	<u>(394,865)</u>	<u>331,095,093</u>
Total capital assets, being depreciated	<u>1,208,318,132</u>	<u>34,964,251</u>	<u>(698,426)</u>	<u>1,242,583,957</u>
Less accumulated depreciation				
Buildings and improvements	414,984,612	31,952,904	-	446,937,516
Equipment and software	<u>235,577,414</u>	<u>23,540,736</u>	<u>-</u>	<u>259,118,150</u>
Total accumulated depreciation	<u>650,562,026</u>	<u>55,493,640</u>	<u>-</u>	<u>706,055,666</u>
Total capital assets, being depreciated, net	<u>557,756,106</u>	<u>(20,529,389)</u>	<u>(698,426)</u>	<u>536,528,291</u>
Leased asset - building	29,576,047	440,879	(403,523)	29,613,403
Leased asset - equipment	3,893,622	-	(517,994)	3,375,628
Less accumulated amortization				
Leased asset - building	8,045,234	3,976,708	(403,523)	11,618,419
Leased asset - equipment	<u>1,694,873</u>	<u>836,473</u>	<u>(517,994)</u>	<u>2,013,352</u>
Right to use leased assets, net	<u>23,729,562</u>	<u>(4,372,302)</u>	<u>-</u>	<u>19,357,260</u>
Subscription asset - software	30,759,551	9,270,009	(892,726)	39,136,834
Less accumulated amortization - software	<u>8,469,496</u>	<u>10,271,706</u>	<u>(892,726)</u>	<u>17,848,476</u>
Right to use subscription assets, net	<u>22,290,055</u>	<u>(1,001,697)</u>	<u>-</u>	<u>21,288,358</u>
Capital, leased, and subscription assets, net	<u>\$ 662,931,031</u>	<u>\$ (1,731,707)</u>	<u>\$ (32,289,638)</u>	<u>\$ 628,909,686</u>

Denver Health and Hospital Authority
Notes to Financial Statements
December 31, 2023 and 2022

December 31, 2022 *	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 43,324,527	\$ 59,250	\$ -	\$ 43,383,777
Construction in progress	13,715,591	2,055,940	-	15,771,531
Total capital assets, not being depreciated	<u>57,040,118</u>	<u>2,115,190</u>	<u>-</u>	<u>59,155,308</u>
Capital assets, being depreciated				
Buildings and improvements	896,434,402	6,009,452	(1,973,686)	900,470,168
Equipment and software	414,570,586	13,394,591	(120,117,213)	307,847,964
Total capital assets, being depreciated	<u>1,311,004,988</u>	<u>19,404,043</u>	<u>(122,090,899)</u>	<u>1,208,318,132</u>
Less accumulated depreciation				
Buildings and improvements	384,887,662	32,070,636	(1,973,686)	414,984,612
Equipment and software	327,469,356	28,225,271	(120,117,213)	235,577,414
Total accumulated depreciation	<u>712,357,018</u>	<u>60,295,907</u>	<u>(122,090,899)</u>	<u>650,562,026</u>
Total capital assets, being depreciated, net	<u>598,647,970</u>	<u>(40,891,864)</u>	<u>-</u>	<u>557,756,106</u>
Leased asset - building	29,576,047	-	-	29,576,047
Leased asset - equipment	3,893,622	-	-	3,893,622
Less accumulated amortization				
Leased asset - building	4,022,617	4,022,617	-	8,045,234
Leased asset - equipment	959,373	735,500	-	1,694,873
Right to use leased assets, net	<u>28,487,679</u>	<u>(4,758,117)</u>	<u>-</u>	<u>23,729,562</u>
Subscription asset - software	26,935,287	3,824,264	-	30,759,551
Less accumulated amortization - software	-	8,469,496	-	8,469,496
Right to use subscription assets, net	<u>26,935,287</u>	<u>(4,645,232)</u>	<u>-</u>	<u>22,290,055</u>
Capital, leased, and subscription assets, net	<u>\$ 711,111,054</u>	<u>\$ (43,534,791)</u>	<u>\$ -</u>	<u>\$ 662,931,031</u>

* Restated for Implementation of GASB 96

Denver Health and Hospital Authority

Notes to Financial Statements

December 31, 2023 and 2022

Note 7: Concentrations of Credit Risk – Patient Accounts Receivable and Due from Other Governmental Entities

The Authority grants credit without collateral to its patients, most of whom are residents of the City and, except for the patient self-pay category, are generally insured under third-party payor agreements. Expected credit losses are provided for in the allowance for estimated uncollectibles. Net patient accounts receivable by payor category at December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Medicare	\$ 26,154,974	\$ 22,015,482
Medicaid	40,822,450	28,438,867
Commercial insurance carriers	46,390,180	42,228,423
Patient self-pay	<u>13,127,596</u>	<u>8,539,406</u>
Total	<u>\$ 126,495,200</u>	<u>\$ 101,222,178</u>

Receivables from the Medicare and Medicaid programs represent a concentrated credit risk for the Authority. At December 31, 2023, due from Other Governmental Entities of approximately \$42 million in 2023 consists of \$26 million from Federal and State Grants and \$16 million from Safety Net and other programs, which includes \$5.2 million in physician certification, \$4.2 million in primary care funds, \$2.4 million from the Medicare OPSS 340B remedy, \$1.3 million in Medicaid Graduate Medical Education (GME), \$1.3 million in ambulance UPL and \$1.2 million from a HCPF enrollment services contract. At December 31, 2022, due from Other Governmental Entities of approximately \$42 million in 2022 consists of \$32 million from Federal and State Grants and \$11 million from Safety Net and other programs, which includes \$4.5 million in physician certification, \$2.0 million in primary care funds, \$1.1 million in Medicaid GME, \$1.9 million in ambulance UPL and \$1.3 million from a HCPF enrollment services contract. Management does not believe that there is a significant risk of loss associated with these programs. Management believes various other payors, subject to differing economic conditions, do not represent significant concentrated credit risks to the Authority.

Note 8: Long-term Debt and Other Long-term Liabilities

2017 and 2019 Revenue Bonds

In August 2017, the Authority issued \$93,435,000 of Healthcare Revenue Bonds Series 2017A bearing interest from 4.0% to 5.0%. The net proceeds of the bonds were used by the Authority to purchase and cancel \$104,700,000 of the Authority's Healthcare Revenue Bonds, 2007A Bonds, and to pay the costs of issuance. This purchase and cancel included \$2,741,000 of principal payments related to the 2007A Bonds. Principal payments on the 2017A Bonds began in 2018 and continue through 2038 in amounts ranging from \$3,550,000 to \$12,305,000. For the years ended 2023 and 2022 principal payments were made of \$4,530,000 and \$4,315,000, respectively. Interest is payable semiannually and payments were approximately \$3,449,000 and \$3,665,000 for the years ended December 31, 2023 and 2022, respectively.

Denver Health and Hospital Authority

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The 2017 defeasance resulted in a difference between the reacquisition price and the carrying value (\$101,959,000) of the defeased debt of \$167,000, which was expensed. The difference between the present value of the old debt service on the debt refunded in 2017 and the new debt service resulted in an economic gain of approximately \$10,300,000.

In September 2019, the Authority refunded the Series 2007B Bonds (including termination of the related swap agreement), 2009A Bonds, and 2015 COP with the net proceeds of the Series 2019A and 2019B Bonds. The 2019A Healthcare Revenue Bonds Series was issued for \$83,280,000 with a premium of \$14,525,798 and the 2019B privately placed series for \$48,995,000. The 2019A Bonds bear interest of 4.00% to 5.00% and the 2019B Bonds bear interest of 1.99%. The net proceeds were used by the Authority to purchase and cancel the above mentioned debt and provide funding of \$24,000,000 for construction projects on campus.

The advanced refunding resulted in a difference between the reacquisition prices and the net carrying amount of the old debt of approximately \$14,132,000. This difference is reported in the accompanying financial statements as a deferred outflow of resources and is amortized through December 2033. The Authority completed the refinancing to restructure its overall debt portfolio to create a lower maximum annual debt service beginning in 2023 and to reduce its overall principal and interest payments. The difference between the present value of the old debt service and the new debt service resulted in an economic gain of approximately \$4,800,000. Principal payments on the 2019A Bonds will begin in 2030 and continue through 2040 in amounts ranging from \$190,000 to \$12,885,000. During 2023 and 2022, the Authority made interest payments of approximately \$3,671,000. Principal payments on the 2019B Bonds began in 2020 and will continue through 2029 in amounts ranging from \$2,810,000 to \$7,645,000. Principal payments were approximately \$5,925,000 and \$5,805,000 for the years ended December 31, 2023 and 2022, respectively. Interest is payable semiannually and payments were approximately \$635,000 and \$751,000 for the years ended December 31, 2023 and 2022, respectively. At December 31, 2023 and 2022, the unamortized net deferred loss, which includes the 2007 deferred loss and 2009 deferred gain noted above, was approximately \$11,852,000 and \$13,212,000, respectively.

2014 Revenue Bonds

In May 2014, the Authority issued \$67,870,000 of Healthcare Revenue Bonds Series 2014A. These bonds had a net premium of approximately \$1,146,000 which will be amortized over the life of the debt. The net proceeds of the bonds were used to renovate the Authority's inpatient care areas and improve and construct facilities at the main healthcare campus in accordance with master facilities planning. The 2014A Bonds bear interest rates from 4.00% to 5.25%, with principal payments beginning in 2027 through 2045 ranging from \$2,000,000 to \$5,470,000. During 2023 and 2022, the Authority made interest payments of approximately \$3,334,000.

In May 2014, the Authority issued \$16,945,000 of Healthcare Revenue Bonds Taxable Services 2014B Bonds. The net proceeds of the bonds were used by the Authority to make a loan to an investment fund created by a tax credit investor. The investor used the proceeds of the loan, and also contributed \$7,300,000, in order to facilitate the financing of the construction of an outpatient and urgent care clinic in Southwest Denver. The 2014B Bonds bear interest from 1.70% to 5.15%, with principal payments beginning in 2016 and continuing through 2026 in amounts ranging from \$845,000 to \$2,255,000. For the years ended 2023 and 2022, principal payments were made of \$1,455,000 and \$1,410,000, respectively. During 2023 and 2022, the Authority made interest payments of approximately \$276,000 and \$338,000, respectively.

Denver Health and Hospital Authority

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2022 Revenue Bonds

In June 2022, the Authority issued Healthcare Revenue Bonds, Series 2022 (the Bonds) in order to provide funds to finance certain energy efficiency improvement and upgrades to the Authority's facilities and pay certain costs associated with the bond issuance. The Bonds were issued as a draw down bond with at stated aggregate principal amount not to exceed \$12,900,000 and principal amount due thereon to be only such amount as has been drawn down by the Authority. The Bonds bear interest at a rate of 3.33% with principal payments beginning in 2024 through 2031 ranging from \$1,435,000 to \$1,805,000. During 2023 and 2022, the Authority had drawn approximately \$8,063,000 and \$4,657,000, respectively, and made interest payments of approximately \$228,000 and \$51,000, respectively.

Notes from Direct Borrowings and Direct Placements

The Authority's outstanding notes from direct borrowings and direct placements as of December 31, 2023 and 2022 include series 2017A bonds, Series 2019B bonds, Series 2022 bonds and other long-term debt totaling approximately \$108,010,000 and \$108,767,000, respectively. These items contain provisions that in an event of default, outstanding amounts become immediately due if the Authority is unable to make payment and the Authority had pledged its revenue as part of its master trust indenture agreement. No other assets are assigned as collateral.

Debt Covenants

Per the Master Trust Indentures, the Authority's long-term debt service coverage ratio, calculated at the end of each fiscal year, cannot be less than 1.15 for the 2014, 2017 and 2019 Bonds. The Authority believes it is in compliance with these requirements.

Other Long-term Debt

In September 2007, the Authority entered into an agreement with the City to enable its acquisition of property for use in the construction and operation of a clinic providing healthcare services. The amount of the loan is \$1,200,000 due in one payment on January 1, 2026 and does not bear interest.

On February 8, 2008, the Authority signed a promissory note with the City's Office of Economic Development, as the borrower of \$4,300,000, advanced by the City, pursuant to a Loan Agreement between the Authority and the City dated December 18, 2007, in which the City received funds from the Housing and Urban Development (HUD) in connection with the Northeast Park Hill Urban Redevelopment Plan. Interest is paid quarterly at a variable interest rate on the unpaid principal balance on the first day of January, April, July and October. Beginning July 1, 2009, and on each July 1 thereafter, the Authority will make, in addition to quarterly payments of interest, payments of principal sufficient to repay amounts due under the Section 108 note. The entire unpaid balance of the principal and accrued interest will be due and payable on or before July 1, 2025. As of December 31, 2021 and 2020, the Authority has received \$4,070,181 from the City under this loan. During 2023 and 2022, the Authority paid \$345,000 and \$325,000, respectively, in principal payments to HUD. Interest and HUD fees paid on this loan for 2023 and 2022 totaled approximately \$44,400 and \$10,700, respectively. During 2023 and 2022, \$356,000 and \$82,600, respectively, was reimbursed as a capital contribution by the City.

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In September 2018, the Authority received a \$5,000,000 loan. The loan proceeds were used to renovate the Eastside clinic. The loan bears interest of 3.0% with monthly principal payments beginning December 1, 2018 through November 1, 2023 ranging from \$64,000 to \$90,000. During 2023 and 2022, the Authority made principal payments of approximately \$977,000 and \$1,035,000, respectively. During 2023 and 2022, the Authority made interest payments of approximately \$16,000 and \$47,000, respectively. This loan has been paid in full as of December 31, 2023.

In September 2018, the Authority created a Colorado nonprofit corporation, 550 Acoma Inc. in order to obtain financing for a parking garage adjacent to the Authority's main campus. 550 Acoma Inc. issued \$37,815,000 in a public offering. This financing was issued as a certificate of participation (COP). These COPs had a net premium of \$3,012,526 which will be amortized over the life of the debt. The COPs bear interest from 4.00% to 5.00% with principal payments beginning December 1, 2020 through December 1, 2048 ranging from \$320,000 to \$2,350,000. During 2023 and 2022, the Authority made interest payments of approximately \$1,740,000 and \$1,774,000, respectively.

Lease and Subscription Liability

Refer to Note 10 for GASB 87 and GASB 96.

Denver Health and Hospital Authority
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Year-end Debt Balances

Long-term debt (including lease liability) at December 31 consisted of the following:

	December 31,	
	2023	2022 *
Revenue Bonds, Series 2014, due in increasing annual installments beginning 2016 through 2045 (net of unamortized bond premium of \$798,317 and \$834,604 at December 31, 2023 and 2022, respectively)	\$ 72,848,317	\$ 74,339,604
Revenue Bonds Series 2017A, due in increasing annual installments beginning 2018 through 2036 (net of unamortized bond premium of \$5,869,392 and \$6,320,884 as of December 31, 2023 and 2022, respectively).	75,154,392	80,135,884
Revenue Bonds, Series 2019A and Series 2019B, due in increasing annual installments beginning 2020 through 2040 (net of unamortized bond premium of \$11,575,245 and \$12,256,142 as of December 31, 2023 and 2022, respectively)	120,860,245	127,466,142
Revenue Bonds, Series 2022, due in increasing installments beginning 2024 through 2031	12,720,046	4,657,166
550 Acoma Inc. notes payable, net of unamortized bond premium of \$2,482,851 and \$2,582,165 as of December 31, 2023 and 2022, respectively)	37,892,851	38,722,165
Other long-term debt	1,700,181	3,021,937
Subscription liability	21,171,442	22,455,317
Lease liability	21,573,969	25,367,098
	<hr/>	<hr/>
Total current and long-term debt	363,921,443	376,165,313
Less current portion	(25,739,901)	(28,712,560)
	<hr/>	<hr/>
Total long-term debt	<u>\$ 338,181,542</u>	<u>\$ 347,452,753</u>

* Restated for Implementation of GASB 96

Denver Health and Hospital Authority
Notes to Financial Statements
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Changes in Long-term Debt and Other Long-term Liabilities

Changes in long-term debt and other long-term liabilities for the years ended December 31 are as follows:

December 31, 2023	Date of Issuance	Beginning Balance	Additions and Premium Amortization	Principal Payments or Reductions	Ending Balance	Due Within One Year
Series 2014A and B, net of premium	May 2014	\$ 74,339,604	\$ (36,287)	\$ (1,455,000)	\$ 72,848,317	\$ 1,510,000
Series 2017A, net of premium	August 2017	80,135,884	(451,492)	(4,530,000)	75,154,392	4,760,000
Series 2019A and B, net of premium	September 2019	127,466,142	(680,897)	(5,925,000)	120,860,245	5,730,000
Series 2022	June 2022	4,657,166	8,062,880	-	12,720,046	1,435,000
550 Acoma Inc. notes payable, net of premium	September 2019	38,722,165	(99,314)	(730,000)	37,892,851	765,000
Other long-term debt	Various	3,021,937	-	(1,321,756)	1,700,181	365,000
Lease liability	Various	25,367,098	440,879	(4,234,008)	21,573,969	4,059,228
Subscription liability	Various	22,455,317	9,270,009	(10,553,884)	21,171,442	7,115,673
Compensated absences liability		41,039,615	-	(2,558,527)	38,481,088	38,365,012
Postemployment benefits		3,337,059	4,404,846	-	7,741,905	-
Total		<u>\$ 420,541,987</u>	<u>\$ 20,910,624</u>	<u>\$ (31,308,175)</u>	<u>\$ 410,144,436</u>	<u>\$ 64,104,913</u>

December 31, 2022 *	Date of Issuance	Beginning Balance	Additions and Premium Amortization	Principal Payments or Reductions	Ending Balance	Due Within One Year
Series 2014A and B, net of premium	May 2014	\$ 75,785,891	\$ (36,287)	\$ (1,410,000)	\$ 74,339,604	\$ 1,455,000
Series 2017A, net of premium	August 2017	84,902,376	(451,492)	(4,315,000)	80,135,884	4,530,000
Series 2019A and B, net of premium	September 2019	133,952,038	(680,896)	(5,805,000)	127,466,142	5,925,000
Series 2022	June 2022	-	4,657,166	-	4,657,166	-
550 Acoma Inc. notes payable, net of premium	September 2019	39,516,479	(99,314)	(695,000)	38,722,165	730,000
Other long-term debt	Various	5,128,106	-	(2,106,169)	3,021,937	1,321,756
Lease liability	Various	29,511,888	-	(4,144,790)	25,367,098	4,196,919
Subscription liability	Various	26,935,287	3,824,264	(8,304,234)	22,455,317	10,553,885
Compensated absences liability		40,694,945	344,670	-	41,039,615	40,923,538
Postemployment benefits		4,147,787	-	(810,728)	3,337,059	-
Total		<u>\$ 440,574,797</u>	<u>\$ 7,558,111</u>	<u>\$ (27,590,921)</u>	<u>\$ 420,541,987</u>	<u>\$ 69,636,098</u>

* Restated for Implementation of GASB 96

Denver Health and Hospital Authority
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Debt Service Requirements

Annual debt service requirements to maturity for the healthcare revenue bonds and other long-term debt are as follows at December 31:

Year Ending December 31,	Total Debt		Direct Borrowing and Placement	
	Principal	Interest	Principal	Interest
2024	\$ 14,565,000	\$ 11,377,937	\$ 11,925,000	\$ 4,162,262
2025	12,050,181	10,904,644	9,285,000	3,764,115
2026	13,605,000	10,458,129	10,720,000	3,409,162
2027	12,880,000	10,022,907	9,995,000	3,017,457
2028	13,395,000	9,637,134	10,385,000	2,631,684
2029-2033	71,470,046	40,123,284	20,290,046	9,276,472
2034-2038	83,270,000	24,284,113	35,410,000	2,986,900
2039-2043	57,865,000	8,102,013	-	-
2044-2048	21,350,000	847,088	-	-
Total long-term debt payments	<u>300,450,227</u>	<u>\$ 125,757,249</u>	<u>\$ 108,010,046</u>	<u>\$ 29,248,052</u>
Unamortized premium on 2014A Bonds, 2017A Bonds, 2019A Bonds and 550 Acoma notes payable	<u>20,725,805</u>			
Total carrying amount of long-term debt	<u>\$ 321,176,032</u>			

Note 9: Managed Care Initiatives

DH Medicaid Choice

Effective May 1, 2004, the Authority entered into a prepaid provider contract with state of Colorado HCPF, to provide healthcare to Medicaid members enrolled in the state's Primary Care Provider (PCP) program, and formerly capitated with the Authority through Rocky Mountain Health Maintenance Organization (HMO). This program is known as Denver Health Medicaid Choice (DHMC) and started in 2004. This program is a prepaid provider contract, not an HMO. Effective September 1, 2018, the responsibility of the DHMC contract shifted from the Authority to the Plan. As of December 31, 2023, there was no liability recorded for unpaid claims and claim adjustment expenses.

Denver Health and Hospital Authority

Notes to Financial Statements

December 31, 2023 and 2022

Denver Health Medical Plan, Inc. – Discretely Presented Component Unit

The Plan is a Colorado HMO whose enrollment includes, Exchange, Medicare, Medicaid and Child Health Plan Plus (CHP+) participants. In 2006, the Plan became licensed as a Special Needs Medicare Advantage Prescription Drug Plan provided to residents of Denver County, Colorado. On September 1, 2018, the DH Medicaid Choice Plan was moved to the Plan. At December 31, 2023 and 2022, there were 104,931 and 133,198 members enrolled in the Plan, respectively. Approximately 9% of Plan enrollment originated through the Authority employee enrollment in 2023 and 2022. The Plan is presented as a discretely presented component unit. There have been no eliminations of 2023 and 2022 financial transactions between the Plan and the Authority on either the Authority's statements of net position or the Authority's statements of revenues, expenses and changes in net position.

The Plan recognizes premiums from subscribing groups as revenue in the period to which healthcare coverage relates. Premiums earned include premiums from the Authority for the years ended December 31, 2022 of approximately \$81,462,000. Such premiums are included in the accompanying statements of operations and changes in net assets as premiums earned. For the year ended 2023, salaries and benefits includes administrative fees from the Authority of \$6,405,000. Excess risk insurance is maintained by the Plan for inpatient claims in excess of \$250,000 for Medicaid and CHP+, \$450,000 for Medicare and \$1,000,000 for exchange in 2023. In 2022, the thresholds were \$250,000 for Medicaid, \$350,000 for Medicare and CHP+, \$400,000 for capitated and non-capitated commercial, and \$400,000 for exchange.

A significant portion of healthcare services are provided by the Authority, for which the Authority is reimbursed on a capitated or fee-for-service basis, depending on the healthcare network chosen by the member. For the years ended December 31, 2023 and 2022, respectively, the Plan incurred capitation expense to the Authority totaling approximately \$20,848,000 and \$121,523,000, and fee-for-service claims of approximately \$164,478,000 and \$97,000,000. In 2022, the Medicaid plan changed from a capitated to a fee-for-service contract thus the numbers have changed respectively.

At December 31, 2023 and 2022, the Plan has an original capital contribution from the Authority of \$500,000, which was restricted and invested in a long-term investment held jointly by the Plan and the Colorado Division of Insurance. This contribution is included in the Authority's receivable from the Plan, which when combined with other amounts due, totals approximately \$3,454,000 and \$6,200,000 as of December 31, 2023 and 2022, respectively. The Plan has no employees and is managed by employees leased from the Authority. In addition, the Plan pays the Authority certain other administrative expenses. The amounts paid by the Plan to the Authority for management services and other expenses totaled approximately \$26,035,000 for 2023 and \$20,195,000 for 2022.

Denver Health and Hospital Authority
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The Plan establishes liabilities for both reported and unreported medical and Authority expenses, which includes estimates of both future payments of claims and related claim adjustment expenses. Changes in the aggregate liability during the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Unpaid claims and claim adjustment expenses, net of reinsurance, beginning of year	\$ 45,172,956	\$ 32,447,261
Incurred claims and claim adjustment expenses, net of reinsurance recoveries		
Provision for insured events of the current year	386,838,830	423,041,170
Increase (decrease) in provision for insured events of prior years	<u>(3,736,671)</u>	<u>4,859,880</u>
Total incurred claims and claim adjustment expenses, net of reinsurance recoveries	<u>383,102,159</u>	<u>427,901,050</u>
Payments, net of reinsurance recoveries		
Claims and claim adjustment expenses attributable to insured events of the current year	343,389,933	377,836,669
Claims and claim adjustment expenses attributable to insured events of prior year	<u>38,127,250</u>	<u>37,338,686</u>
Total payments, net of reinsurance recoveries	<u>381,517,183</u>	<u>415,175,355</u>
Unpaid claims and claim adjustment expenses, net of reinsurance, end of year	<u>\$ 46,757,932</u>	<u>\$ 45,172,956</u>

Denver Health and Hospital Authority

Notes to Financial Statements

December 31, 2023 and 2022

Note 10: Leases and Subscriptions

Lessee – Liability

The Authority leases equipment and office space, the terms of which expire in various years through 2039. The leases were measured based upon the discount rate at lease commencement. Variable payments based upon the use of the underlying asset are not included in the lease liability because they are not fixed in substance.

The following is a schedule by year of payments under the leases as of December 31, 2023:

Year Ending December 31,	Principal	Interest	Total
2024	\$ 4,059,228	\$ 479,063	\$ 4,538,291
2025	4,357,120	390,708	4,747,828
2026	4,115,467	291,825	4,407,292
2027	5,208,044	198,292	5,406,336
2028	886,104	85,490	971,594
2029-2033	1,158,902	296,427	1,455,329
2034-2038	1,278,514	117,766	1,396,280
2039	510,590	1,235	511,825
	<u>\$ 21,573,969</u>	<u>\$ 1,860,806</u>	<u>\$ 23,434,775</u>

Lessor – Lease Receivable

A lease is a contract that conveys control of the right to use another entity's nonfinancial asset in the contract for a period of time in an exchange or exchange-like transaction. Nonfinancial assets include buildings and a cell tower. Lease receivables result from lessor contracts measured at the present value of the lease payments expected to be received during the lease term. The Authority has recognized lease receivable for five building leases and one cell tower with varying lease dates ending from 2030 to 2050. Lease receivables amount to \$6,883,821 and \$6,884,531 for December 31, 2023 and 2022, respectively, and are recorded within other long-term assets in the accompanying financial statements. Total lease revenue received for December 31, 2023 and 2022 was \$446,818 and \$432,380, respectively. Total interest revenue received for December 31, 2023 and 2022 was \$209,949 and \$215,378, respectively. During the year ended December 31, 2023, the Authority recognized \$60,400 of rental income for variable payments not previously included in the measurement of the lease receivable.

Subscription Liability

The Authority has various subscription-based information technology arrangements (SBITAs), the terms of which expire in various years through 2029. Variable payments of certain subscriptions are based upon the Consumer Price Index (Index). The subscriptions were measured based upon the Index at commencement of the SBITA term. Variable payments based upon the use of the underlying asset are not included in the subscription liability because they are not fixed in substance.

Denver Health and Hospital Authority
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The following is a schedule by year of payments under the SBITAs as of December 31, 2023:

Year Ending December 31,	Principal	Interest	Total
2024	\$ 7,115,673	\$ 939,592	\$ 8,055,265
2025	6,672,916	488,589	7,161,505
2026	3,956,651	173,568	4,130,219
2027	1,976,411	59,199	2,035,610
2028	1,203,122	10,745	1,213,867
2029	246,669	604	247,273
	<u>\$ 21,171,442</u>	<u>\$ 1,672,297</u>	<u>\$ 22,843,739</u>

Note 11: Pension Plan

The Authority participates in two pension plans: DERP and DERP RBA (see Note 12). A summary of the pension items as of and for years ended December 31, 2023 and 2022 are as follows:

Year Ended December 31, 2023	DERP	DERP RBA	Total
Pension liability	\$ 143,762,075	\$ 5,765,935	\$ 149,528,010
Deferred outflows of resources	60,669,682	1,750,404	62,420,086
Deferred inflows of resources	3,303,600	2,471,629	5,775,229
Expense	30,608,412	223,881	30,832,293
Year Ended December 31, 2022	DERP	DERP RBA	Total
Pension liability	\$ 52,303,284	\$ 8,859,310	\$ 61,162,594
Deferred outflows of resources	6,136,150	2,428,430	8,564,580
Deferred inflows of resources	15,349,458	-	15,349,458
Expense (contra-expense)	(13,448,218)	4,197,346	(9,250,872)

DERP Plan Description

Certain employees of the Authority as well as other nonuniformed employees of the City and certain related agencies, including employees leased to the Authority, participate in DERP. DERP is a cost-sharing multiple-employer defined benefit pension plan established by the City to provide pension benefits for its employees. DERP is no longer available to Authority employees hired January 1, 2001 or later. As a result, the Authority established an Enhanced Defined Contribution Plan. Authority employees hired prior to January 1, 2001 have the option to elect to drop their DERP participation and join the Enhanced Defined Contribution Plan, which is described in Note 15. Sections 18.401 through 18.430.7 of the City's Revised Municipal Code establish the plan and provide complete information on DERP. DERP issues a publicly available financial report that includes financial statements and required supplementary information. That report is available by either contacting DERP at 777 Pearl Street, Denver, Colorado 80203 or on the Internet at www.derp.org.

Denver Health and Hospital Authority

Notes to Financial Statements

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Benefits Provided

DERP provides retirement benefits plus death and disability benefits for its members and their beneficiaries. Participants who retire at or after age 65 or age 55 if the sum of age plus credited service is 75 or more (rule of 75) are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to as much as 2% of their final average salary, for each year of credited service. Final average salary is the average salary based on the employee's highest salary in a 36-consecutive month period of credited service. Employees with five years of credited service may retire at or after age 55 and receive a reduced retirement benefit. Benefit and contribution provisions are determined annually by an independent actuary, recommended by DERP's board, and enacted into ordinance by the Denver City Council.

Contributions

During 2023, combined employer and employees' contributions to DERP were 26.4% (17.95% employer and 8.45% employees) of applicable salaries, of which 25.33% was for pension benefits and 1.07% was for health benefits. During 2022, combined employer and employees' contributions to DERP were 25.6% (16.75% employer and 8.85% employees) of applicable salaries, of which 24.39% was for pension benefits and 1.21% was for health benefits.

Effective January 1, 2001 and until October 1, 2003, active members of DERP who were eligible for a normal or rule of 75 retirement could choose to enter the Deferred Retirement Option Plan (DROP) for a maximum of four years. While participating in DROP, the member continues to work for the employer, earning a regular salary. The member's monthly retirement benefits are deposited into a DROP account maintained by DERP. The balance in a member's DROP account earns interest at a rate equal to the actuarial assumed rate of return. Sections 18-422 through 18-429 of the Revised Municipal Code of the City and County of Denver should be referred to for more complete information on DROP. Upon retirement, members have access to the funds accumulated during their participation in DROP.

Employer-made Contributions Based on the Legally Required Rates

Total annual employee and employer contributions to DERP by the Authority in 2023 and 2022 were approximately \$8,099,000 and \$6,137,000, respectively, covering both pension and OPEB (Note 13). This represents 1.15% in 2023 and 0.92% in 2022 of the Authority's total payroll of all employees. Authority contributions (employer only) to DERP for the years ended December 31, 2023 and 2022 were approximately \$5,974,000 and \$4,172,000, respectively. Allocation ratio between Pension and DERP for 2023 and 2022 approximates 96:4. The Authority's total payroll for all employees was approximately \$703,615,000 and \$663,865,000 for 2023 and 2022, respectively.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2023 and 2022, the Authority reported a liability of approximately \$143,762,000 and \$52,303,000, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022 and 2021 and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of January 1, 2022 and 2021, respectively, rolled forward to December 31, 2022 and 2021, respectively. During 2022, the

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proportionate shares for the DHHA and the non-DHHA employers in aggregate are determined based on their relative shares of the Unfunded Actuarial Liability (UAL) from the prior actuarial valuation. The proportionate shares for each participating Non-DHHA employer are then determined based on the ratio of each participating employer's actual contribution to the Plan during the measurement year to the sum of the actual contributions for all participating Non-DHHA employers, multiplied by the total Non-DHHA proportionate share. At December 31, 2022, the Authority's proportion was 8.30%, which was an increase of 4.45% from its proportion measured as of December 31, 2020. For the year ended December 31, 2021, the Authority's proportion of the net pension liability was based on actual contributions of the Authority to the pension plan relative to the actual contributions of all participating employers for the measurement period. At December 31, 2021, the Authority's proportion was 3.85%, which was a decrease of 0.56% from its proportion measured as of December 31, 2020.

For the years ended December 31, 2023 and 2022, the Authority recognized pension expense (contra-expense) of approximately \$30,608,000 and (\$13,448,000), respectively. At December 31, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Year Ended December 31, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 725,078	\$ 594,611
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	14,396,573	-
Changes in proportion and differences between the Authority's contributions and the proportionate share of contributions	39,819,021	2,708,989
Authority's contributions made subsequent to the measurement date	5,729,010	-
Total	\$ 60,669,682	\$ 3,303,600

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Year Ended December 31, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,237,848	\$ -
Changes of assumptions	926,604	-
Net difference between projected and actual earnings on pension plan investments	-	7,481,237
Changes in proportion and differences between the Authority's contributions and the proportionate share of contributions	-	7,868,221
Authority's contributions made subsequent to the measurement date	<u>3,971,698</u>	<u>-</u>
Total	<u><u>\$ 6,136,150</u></u>	<u><u>15,349,458</u></u>

At December 31, 2023 and 2022, the Authority reported approximately \$5,729,000 and \$3,972,000, respectively, as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the years ending December 31, 2024 and 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2023, related to pensions will be recognized in pension expense as follows:

Year Ended	
2024	\$ 18,527,041
2025	22,713,125
2026	3,328,183
2027	<u>7,068,723</u>
	<u><u>\$ 51,637,072</u></u>

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Actuarial Assumptions

The total pension liability in the January 1, 2022 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

2022		
Inflation	2.50%	
Salary increases	3.00%	Average, including inflation
Investment rate of return	7.25%	Net of pension plan investment expense, including inflation

The total pension liability in the January 1, 2021 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

2021		
Inflation	2.50%	
Salary increases	3.00%	Average, including inflation
Investment rate of return	7.25%	Net of pension plan investment expense, including inflation

Mortality rates used in the January 1, 2022 valuation were based on the RP-2014 Combined Mortality Table for Males and Females projected with the Ultimate MP Scale with a multiplier of 110% male and 105% female. The disabled mortality tables were based on the RP-2014 Disabled Life Mortality Table for Males and Females projected with the Ultimate MP Scale.

Mortality rates used in the January 1, 2021 valuation were based on the RP-2014 Combined Mortality Table for Males and Females projected with the Ultimate MP Scale with a multiplier of 110% male and 105% female. The disabled mortality tables were based on the RP-2014 Disabled Life Mortality Table for Males and Females projected with the Ultimate MP Scale.

The actuarial assumptions used in the January 1, 2022 valuations were based on the results of an actuarial experience study in 2018 covering the 5-year period of January 1, 2013 to December 31, 2017.

The actuarial assumptions used in the December 31, 2021 valuations were based on the results of an actuarial experience study in 2018 covering the 5-year period of January 1, 2013 to December 31, 2017.

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The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are 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 by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public Equity	44.00%	
U.S. Equity		
U.S. Large Cap	18.00%	7.80%
U.S. Small Cap	4.00%	8.70%
International Equity		
Developed Markets	14.00%	10.10%
Emerging Markets	8.00%	10.30%
Fixed Income	23.50%	
Core Fixed Income	15.00%	4.80%
Private Debt		
Private Debt	4.00%	8.50%
Distress Debt	2.50%	10.80%
Emerging Market Debt	2.00%	6.40%
Real Estate	10.00%	4.30%
Absolute Return	7.00%	5.40%
MLPs	3.00%	7.80%
Alternatives	12.50%	
Private Equity	9.00%	9.70%
Natural Resources	3.50%	9.80%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.25% for the years ended December 31, 2023 and 2022. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that participating employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The Authority's proportionate share of the net pension liability at December 31, 2023 has been calculated using a discount rate of 7.25%. The following presents the Authority's proportionate share of the net pension liability calculated using a discount rate 1% higher and 1% lower than the current rate.

December 31, 2023	1% Decrease	Current Discount Rate	1% Increase
Authorities proportionate share of the net pension liability	\$ 180,816,232	\$ 143,762,075	\$ 112,671,756

The Authority's proportionate share of the net pension liability at December 31, 2022 has been calculated using a discount rate of 7.25%. The following presents the Authority's proportionate share of the net pension liability calculated using a discount rate 1% higher and 1% lower than the current rate.

December 31, 2022	1% Decrease	Current Discount Rate	1% Increase
Authorities proportionate share of the net pension liability	\$ 69,322,214	\$ 52,303,284	\$ 38,030,204

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued DERP financial report.

Note 12: DERP RBA Pension Liability

Plan Description

A Qualified Replacement Benefit Arrangement (RBA) was established for DERP members to receive benefits in excess of certain IRS benefit payment limits. The RBA was established in 2006 but was not administratively enacted until 2020. Eligibility for the RBA occurs when the calculated benefit payments at the time of retirement exceeds the maximum benefit payable under the pension plan. The difference between calculated benefit payments and maximum benefit payable under the pension is paid from the RBA.

Prior to 2020 this plan was not administered by DERP in accordance with the plan documents. Thus 2020 is the first year the Authority is recording the liability and making contributions.

In 2023 and 2022 there are a total of 9 and 10 inactive employees, respectively, currently receiving benefit payments.

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Contributions

During 2023 and 2022, the Authority contributed approximately \$167,000 and \$282,000, respectively, based on amounts determined by the board to be necessary to pay benefits and reasonable and necessary expenses.

For contributions related to prior years, the Authority is working with DERP to fund.

Employer-made Contributions Based on the Legally Required Rates

Total annual employer contributions to DERP by the Authority in 2023 and 2022 were approximately \$167,000 and \$282,000, respectively. This represents 0.02% in 2023 and 0.04% in 2022 of the Authority's total payroll of all employees.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2023 and 2022, the Authority reported a liability of \$5,766,000 and \$8,859,000, respectively. The net pension liability was measured as of December 31, 2022 and 2021 and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of January 1, 2022 and 2021, respectively, rolled forward to December 31, 2022 and 2021.

For the years ended December 31, 2023 and 2022, the Authority recognized pension expense of approximately \$224,000 and \$4,197,000, respectively. At December 31, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Year Ended December 31, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes between expected and actual experience	\$ 1,239,253	\$ 1,830,370
Assumption changes	343,657	641,259
Authority's contributions subsequent to the measurement date	167,494	-
Total	\$ 1,750,404	\$ 2,471,629

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Year Ended December 31, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes between expected and actual experience	\$ 1,726,769	\$ -
Assumption changes	419,412	-
Authority's contributions subsequent to the measurement date	282,355	-
Total	\$ 2,428,536	\$ -

At December 31, 2023 and 2022, the Authority reported approximately \$167,000 and \$282,000, respectively as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the years ending December 31, 2024 and 2023, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2023, related to pensions will be recognized in pension expense as follows:

Year Ended	
2024	\$ 2,889
2025	48,904
2026	(334,109)
2027	(606,403)
	\$ (888,719)

Actuarial Assumptions

The total pension liability in the January 1, 2022 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

2022		
Inflation	2.50%	
Salary increases	3.00%	Average, including inflation
Investment rate of return	7.25%	Net of pension plan investment expense, including inflation

The total pension liability in the January 1, 2021 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

2021		
Inflation	2.50%	
Salary increases	3.00%	Average, including inflation
Investment rate of return	7.25%	Net of pension plan investment expense, including inflation

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Mortality rates used in the January 1, 2022 valuation were based on the RP-2014 Combined Mortality Table for Males and Females projected with the Ultimate MP Scale with a multiplier of 110% male and 105% female. The disabled mortality tables were based on the RP-2014 Disabled Life Mortality Table for Males and Females projected with the Ultimate MP Scale.

Mortality rates used in the January 1, 2021 valuation were based on the RP-2014 Combined Mortality Table for Males and Females projected with the Ultimate MP Scale with a multiplier of 110% male and 105% female. The disabled mortality tables were based on the RP-2014 Disabled Life Mortality Table for Males and Females projected with the Ultimate MP Scale.

The actuarial assumptions used in the January 1, 2022 valuations were based on the results of an actuarial experience study in 2018 covering the 5-year period of January 1, 2013 to December 31, 2017.

The actuarial assumptions used in the January 1, 2021 valuations were based on the results of an actuarial experience study in 2018 covering the 5-year period of January 1, 2013 to December 31, 2017.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are 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 by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public Equity	44.00%	
U.S. Equity		
U.S. Large Cap	18.00%	7.80%
U.S. Small Cap	4.00%	8.70%
International Equity		
Developed Markets	14.00%	10.10%
Emerging Markets	8.00%	10.30%
Fixed Income	23.50%	
Core Fixed Income	15.00%	4.80%
Private Debt		
Private Debt	4.00%	8.50%
Distress Debt	2.50%	10.80%
Emerging Market Debt	2.00%	6.40%
Real Estate	10.00%	4.30%
Absolute Return	7.00%	5.40%
Infrastructure	3.00%	7.80%
Alternatives	12.50%	
Private Equity	9.00%	9.70%
Natural Resources	3.50%	9.80%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 3.72% and 2.06%, respectively, for the years ended December 31, 2023 and 2022. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that participating employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The Authority's proportionate share of the net pension liability at December 31, 2023 has been calculated using a discount rate of 3.72%. The following presents the Authority's proportionate share of the net pension liability calculated using a discount rate 1% higher and 1% lower than the current rate.

December 31, 2023	1% Decrease	Current Discount Rate	1% Increase
Total RBA Pension Liability	\$ 6,200,385	\$ 5,765,935	\$ 5,369,248

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The Authority's proportionate share of the net pension liability at December 31, 2022 has been calculated using a discount rate of 2.06%. The following presents the Authority's proportionate share of the net pension liability calculated using a discount rate 1% higher and 1% lower than the current rate.

	December 31, 2022	1% Decrease	Current Discount Rate	1% Increase
Total RBA Pension Liability	\$ 9,567,428	\$ 8,859,310	\$ 8,859,310	\$ 8,215,288

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued DERP financial report.

Note 13: Postemployment Benefits Other Than Pensions

The Authority participates in a defined benefit other postemployment benefits plan: OPEB benefits under DERP.

A summary of the OPEB items as of and for the years ended December 31, 2023 and 2022 are as follows:

	December 31, 2023	DERP
OPEB liability	\$ 7,741,905	7,741,905
Deferred outflows of resources		3,708,982
Deferred inflows of resources		819,082
Expense		1,169,831
	December 31, 2022	DERP
OPEB liability	\$ 3,337,059	3,337,059
Deferred outflows of resources		304,595
Deferred inflows of resources		895,145
Expense (contra-expense)		(483,645)

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OPEB Benefits Under DERP

Plan Description

Certain employees of the Authority as well as other nonuniformed employees of the City and certain related agencies, including employees leased to the Authority, participate in DERP. DERP is a cost-sharing multiple-employer defined benefit pension plan established by the City to provide pension benefits for its employees. These benefits include health benefits and are considered an OPEB benefit. DERP is no longer available to Authority employees hired January 1, 2001 or later. Authority employees hired prior to January 1, 2001 have the option to elect to drop their DERP participation and join the Enhanced Defined Contribution Plan, which is described in Note 15. Sections 18.401 through 18.430.7 of the City's Revised Municipal Code establish the plan and provide complete information on DERP. DERP issues a publicly available financial report that includes financial statements and required supplementary information. That report is available by either contacting DERP at 777 Pearl Street, Denver, Colorado 80203 or on the Internet at www.derp.org.

Benefits Provided

The health benefits' account was established by City Ordinance in 1991 to provide, beginning January 1, 1992, postemployment healthcare benefits in the form of a premium supplement to retired members, their spouses and dependents, spouses and dependents of deceased active and retired members, and members of the Plan awaiting approval of retirement applications. During 2023 and 2022, the monthly health insurance premium supplement was \$12.50 per year of service for retired participants under the age of 65, and \$6.25 per year of service for retirees aged 65 and older. The health insurance premium supplement can be applied to the payment of medical, dental, and/or vision insurance premiums. The benefit recipient pays any remaining portion of the premiums.

Before consideration of the premium supplement or premiums paid by the employer, the premiums charged to retirees are the same as charged to active employees for the same coverage. This results in an implicit rate subsidy, which is considered another postemployment benefit (OPEB).

Employer-made Contributions Based on the Legally Required Rates

Total annual contributions to DERP by the Authority for postemployment healthcare benefits were approximately \$245,000 and \$200,000 for 2023 and 2022, respectively. This represents 0.03% of the Authority's total payroll for 2023 and 2022.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2023 and 2022, the Authority reported a liability of approximately \$7,742,000 and \$3,337,000, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2022 and 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022 and 2021, rolled forward to December 31, 2022 and 2021, respectively. During 2022, the proportionate shares for the DHHA and the non-DHHA employers in aggregate are determined based on their relative shares of the Unfunded Actuarial Liability (UAL) from the prior actuarial valuation. The proportionate shares for each participating Non-DHHA employer are then determined based on the ratio of each

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participating employer's actual contribution to the Plan during the measurement year to the sum of the actual contributions for all participating Non-DHHA employers, multiplied by the total Non-DHHA proportionate share. At December 31, 2022, the Authority's proportion was 8.41%, which was an increase of 4.51% from its proportion measured as of December 31, 2021. The Authority's proportion of the net OPEB liability was based on actual contributions of the Authority to the OPEB plan relative to the actual contributions of all participating employers for the measurement period. At December 31, 2021, the Authority's proportion was 3.9%, which was a decrease of 0.4% from its proportion measured as of December 31, 2020.

For the years ended December 31, 2023 and 2022, the Authority recognized OPEB expense (contra-expense) of approximately \$1,170,000 and \$(484,000), respectively. At December 31, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Year Ended December 31, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 517,445
Changes of assumptions	81,591	-
Net difference between projected and actual earnings on OPEB plan investments	466,455	-
Changes in proportion and differences between the Authority's contributions and the proportionate share of contributions	2,915,501	301,637
Authority's contributions made subsequent to the measurement date	245,435	-
Total	\$ 3,708,982	\$ 819,082
<hr/>		
Year Ended December 31, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,152	\$ 159,362
Changes of assumptions	102,453	-
Net difference between projected and actual earnings on OPEB plan investments	-	236,889
Changes in proportion and differences between the Authority's contributions and the proportionate share of contributions	-	498,894
Authority's contributions made subsequent to the measurement date	199,990	-
Total	\$ 304,595	\$ 895,145

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At December 31, 2023 and 2022, the Authority reported approximately \$245,000 and \$200,000, respectively, as deferred outflows of resources related to the DERP OPEB resulting from Authority contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the years ending December 31, 2024 and 2023, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2023, related to the DERP OPEB will be recognized in expense as follows:

Year Ended		
2024	\$	652,838
2025		802,524
2026		961,220
2027		227,883
	\$	2,644,465

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued DERP financial report.

Actuarial Assumptions

The total OPEB liability in the January 1, 2022 and 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

2022		
Inflation	2.50%	
Salary increases	3.00%	Plus merit component based on years of service
Investment rate of return	7.25%	Net of OPEB plan investment expense, including inflation
Experience study		Conducted in 2018 covering the 5-year period of January 1, 2013 to December 31, 2017
2021		
Inflation	2.50%	
Salary increases	3.00%	Plus merit component based on years of service
Investment rate of return	7.25%	Net of OPEB plan investment expense, including inflation
Experience study		Conducted in 2018 covering the 5-year period of January 1, 2013 to December 31, 2017

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Mortality rates used in the January 1, 2022 and 2021, valuation were based on the RP-2014 Combined Mortality Table for Males and Females projected with the Ultimate MP Scale with a multiplier of 110% male and 105% female.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are 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 by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public Equity	44.00%	
U.S. Equity		
U.S. Large Cap	18.00%	7.80%
U.S. Small Cap	4.00%	8.70%
International Equity		
Developed Markets	14.00%	10.10%
Emerging Markets	8.00%	10.30%
Fixed Income	23.50%	
Core Fixed Income	15.00%	4.80%
Private Debt		
Private Debt	4.00%	8.50%
Distress Debt	2.50%	10.80%
Emerging Market Debt	2.00%	6.40%
Real Estate	10.00%	4.30%
Absolute Return	7.00%	5.40%
Infrastructure	3.00%	7.80%
Alternatives	12.50%	
Private Equity	9.00%	9.70%
Natural Resources	3.50%	9.80%
Total	100.00%	

Discount Rate

The discount rate used to measure the total net OPEB liability was 7.25% for the years ended December 31, 2023 and 2022. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that participating employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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Sensitivity of the Authority’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The Authority’s proportionate share of the net OPEB liability at December 31, 2023 has been calculated using a discount rate of 7.25%. The following presents the Authority’s proportionate share of the net OPEB liability calculated using a discount rate 1% higher and 1% lower than the current rate.

December 31, 2023	1% Decrease	Current Discount Rate	1% Increase
Authorities proportionate share of the net OPEB liability	\$ 9,136,986	\$ 7,741,905	\$ 6,559,003

The Authority’s proportionate share of the net OPEB liability at December 31, 2022 has been calculated using a discount rate of 7.25%. The following presents the Authority’s proportionate share of the net OPEB liability calculated using a discount rate 1% higher and 1% lower than the current rate.

December 31, 2022	1% Decrease	Current Discount Rate	1% Increase
Authorities proportionate share of the net OPEB liability	\$ 3,999,368	\$ 3,337,059	\$ 27,752,230

As this plan is paid at a fixed dollar value, there is not an actuarially adjusted value for healthcare costs and thus Healthcare Cost Trend Rates are not applicable to this plan.

Note 14: Deferred Compensation Plan

The Authority offers their employees deferred compensation plans created in accordance with Code Section 457. The plans are available to all Authority employees and permit employees to defer a portion of their salary until future years. The deferred compensation is not available to employees or their beneficiaries until termination, retirement, death, or approval for hardship cases. Employee contributions in 2023, 2022 and 2021 were approximately \$49,562,000, \$43,473,000 and \$39,020,000, respectively.

The Authority’s plan is administered and operated by the Authority through a Board Retirement Plan Committee. An agreement was established between the Authority and a third party to invest the plan assets and for assistance in administering the plan.

Under the provisions of GASB 84, the Authority has determined that its 457(b) plan meets the criteria for inclusion in its financial statements as an other fiduciary activity because, among other required characteristics, it controls the assets of the plan and it is the trustee of the plan’s assets.

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Note 15: Defined Contribution Plan and Enhanced Defined Contribution Plan

The Denver Health and Hospital Authority 401(a) Defined Contribution Plan (Defined Contribution Plan) was established to extend benefits to employees in lieu of those benefits provided by the Social Security Act, as allowed by Colorado Revised Statutes Section 24-54-101. The plan was created in accordance with Code Sections 401 and 501. Benefits are not available to employees or their beneficiaries until retirement or death. Employees are required to contribute 6.2% of base compensation to the Defined Contribution Plan. The Authority has elected to contribute 3% of base compensation as a matching contribution. The contributions are not to exceed the maximum permissible amounts of the social security tax.

Because employees hired subsequent to January 1, 2001 are not eligible to participate in DERP, the Enhanced Defined Contribution Plan was established as a benefit to these Authority employees. Authority employees hired prior to January 1, 2001 may exercise an option to drop DERP participation and join the Enhanced Defined Contribution Plan.

Through August 23, 2015, the Authority elected to contribute 6.0% of eligible compensation up to the maximum compensation allowable by the Internal Revenue Service as an enhanced additional contribution. Effective August 23, 2015, the Authority amended the Enhanced Defined Contribution Plan to change the 6.0% enhanced contribution as follows:

- For employees hired after August 23, 2015, to contribute a 3.0% enhanced contribution that is subject to a three year vesting period.
- To contribute up to an additional 3.5% enhanced contribution, also subject to a three year vesting period, that is matched 100% to the percent of eligible wages the employee voluntarily defers and contributes to the Authority's 457 Deferred Compensation Plan.
- Employees hired on or before August 23, 2015 continue to be immediately vested in all employee and employer contributed balances.

Total annual contributions to the Defined Contribution Plan and the Enhanced Defined Contribution Plan by the Authority in 2023, 2022 and 2021 were approximately \$58,310,000, \$54,327,000 and \$51,572,000, respectively. Employee contributions in 2023, 2022 and 2021 were approximately \$42,532,000, \$39,909,000 and \$37,883,000, respectively.

An agreement was established between the Authority and a third party to invest plan assets and to assist in administering the plans.

Under the provisions of GASB 84, the Authority has determined that its 401(a) plan meets the criteria for inclusion in its financial statements as an other fiduciary activity because, among other required characteristics, it controls the assets of the plan and it is the trustee of the plan's assets.

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Note 16: Supplemental Executive Retirement Plan

In 2014, the Authority created a Supplemental Executive Retirement Plan (SERP Plan) for the purpose of providing deferred compensation for a select group of executive managers. The SERP Plan is an unfunded, non-qualified deferred compensation arrangement under Section 457(f) of the Internal Revenue Code. The effective date of the SERP Plan was January 1, 2014. Participants become vested to the contribution three calendar years after the contribution, or the year in which they turn 65 years of age, whichever is sooner. Distributions are made annually in February of each year to vested participants. Executive managers participating in DERP are not eligible to be included in the SERP Plan.

Note 17: Risk Management

The Authority is exposed to various risks and losses related to torts, theft, damage or destruction of assets, errors and omissions, natural disasters, property damage, workers' compensation, auto liability and unemployment.

The Authority is covered under the limits of the Colorado Governmental Immunity Act. As of January 1, 2023, in tort litigation covered by the Colorado Governmental Immunity Act, injury to one person in any single occurrence is limited to the amount of \$424,000, and for injury to two or more persons in a single occurrence, the limitation is \$1,195,000 with the stated limitation that no person may recover in excess of \$424,000. With respect to malpractice liability, the Authority carries excess healthcare professional and general liability coverage with limits of \$1,000,000 per occurrence and \$3,000,000 in the aggregate with a self-insured retention amount of \$250,000. In addition, the Authority carries an umbrella policy with limits of \$5,000,000 per occurrence and \$5,000,000 in the aggregate.

The estimated amount of medical malpractice and other liability was approximately \$8,405,000 and \$7,955,000 for the years ended December 31, 2023 and 2022, respectively. The Authority relied upon an actuarial estimate of the medical malpractice to record IBNR losses and loss adjustment expenses. A discount rate of 3.0% was applied to the actuarially determined liability as of December 31, 2023 and 2022.

Changes in the reported liability for the years ended December 31, 2023 and 2022 are as follows:

	Beginning Balance	Provision and Changes in Estimates	Claims Paid/ Refunded	Ending Balance
2022	\$ 7,209,198	\$ 1,386,695	\$ (641,290)	\$ 7,954,603
2023	\$ 7,954,603	\$ 1,002,788	\$ (552,732)	\$ 8,404,659

The Authority carries a separate healthcare professional and general liability policy to cover the Authority's healthcare services provided in the City's jail medical facilities. This policy provides coverage in the amount of \$1,000,000 per occurrence and \$3,000,000 in the aggregate with a self-insured retention of \$250,000.

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For other types of risk, the Authority generally carries commercial policies with deductibles ranging from \$50,000 to \$600,000 and limits of \$1,000,000 to \$10,000,000. Property coverage is limited to \$750,000 and flood losses to \$100,000,000.

On January 1, 2002, the Authority was issued a “self-insurance permit” by the Colorado Department of Labor and Employment, Division of Workers’ Compensation, which allows the Authority to be its own insurance carrier for workers’ compensation risk. The Authority carries an excess workers’ compensation insurance policy with a self-insured retention limit of \$600,000. At December 31, 2023 and 2022, the estimated amount of workers’ compensation liability was approximately \$4,649,000 and \$4,483,000, respectively. This liability is based on actuarial estimates of the workers’ compensation to record IBNR losses and loss adjustment expenses. Changes in the reported liability for the years ended December 31, 2023 and 2022 are as follows:

	Beginning Balance	Provision and Changes in Estimates	Claims Paid/ Refunded	Ending Balance
2022	\$ 4,187,835	\$ 1,860,112	\$ (1,564,589)	\$ 4,483,358
2023	\$ 4,483,358	\$ 2,036,043	\$ (1,870,117)	\$ 4,649,284

There were no significant reductions in insurance coverage from the prior year. There have been no claim settlements in excess of insurance coverage in the last three years. In the opinion of the Authority’s legal counsel and management, resolution of actions relating to the Authority will not have a material effect on the Authority’s financial position or results of operations.

Employee Health Claims

On January 1, 2023, the Authority became self-insured for health claims of participating employees and dependents up to an annual aggregate amount of \$600,000. Commercial stop-loss insurance coverage is purchased for claims in excess of the aggregate annual amount. Processing of the employee health claims is administered by DHMP.

A provision is accrued for self-insured employee health claims including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims and other economic and social factors. It is reasonably possible that the Authority’s estimate could change by a material amount in the near term.

Note 18: Contingencies

Cost Report

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures. Such audits could lead to reimbursement to the grantor agencies. The Authority has recorded all known and estimable liabilities related to such issues. Management believes unrecorded disallowances, if any, will not be significant.

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Taxpayer Bill of Rights

The Authority believes it is exempt from the provisions of Article X, Section 20 of the Colorado Constitution Taxpayer Bill of Rights (TABOR) because the Authority is not a “district” within the meaning of Section 2(b) of TABOR. In addition, the Authority believes it is exempt from TABOR because the Authority meets the definition of an “enterprise,” as defined by Section 2(d) of TABOR.

Litigation

In the normal course of operations, the Authority is at times involved in litigation related to claims made under insurance contracts, employee liability, and general liability. In the opinion of management, all known material liabilities have been recorded, and the resolution of these matters is not expected to have a material effect on the Authority’s financial position, results of operations, or liquidity.

Investments

The Authority invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of net position.

Note 19: Commitments

The Authority entered into multiple construction contracts to remodel existing buildings and to construct new buildings during 2023 and prior. Under these contracts, the Authority has committed to pay contractors approximately \$13,553,000 in future periods.

Note 20: Fiduciary Funds

The Authority has two plans making up the Fiduciary Funds. One is the Deferred Compensation Plan created under Code Section 457 (see Note 14). The second is the Defined Contribution Plan and Enhanced Defined Contribution Plan created in accordance with section 401 (see Note 15). The combining fiduciary net position as of December 31, 2023 and 2022 are as follows:

	December 31, 2023		
	401(a)	457(b)	Total
Assets			
Investments, at fair value	\$ 1,158,841,671	\$ 397,104,169	\$ 1,555,945,840
Participant loans	16,686,839	4,983,174	21,670,013
Total assets	<u>1,175,528,510</u>	<u>402,087,343</u>	<u>1,577,615,853</u>
Plan net position	<u>\$ 1,175,528,510</u>	<u>\$ 402,087,343</u>	<u>\$ 1,577,615,853</u>

Denver Health and Hospital Authority

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	December 31, 2022		
	401(a)	457(b)	Total
Assets			
Investments, at fair value	\$ 949,018,428	\$ 310,975,359	\$ 1,259,993,787
Participant loans	15,772,954	4,232,119	20,005,073
Total assets	964,791,382	315,207,478	1,279,998,860
Plan net position	\$ 964,791,382	\$ 315,207,478	\$ 1,279,998,860

The combining statements of changes in fiduciary net position for years ended December 31, 2023 and 2022 are as follows:

	Year Ended December 31, 2023		
	401(a)	457(b)	Total
Additions			
Contributions			
Participant	\$ 47,089,983	\$ 46,078,151	\$ 93,168,134
Employer	54,134,529	-	54,134,529
Rollover	2,092,698	8,181,004	10,273,702
Total contributions	103,317,210	54,259,155	157,576,365
Investment earnings			
Net increase in fair value of investments	173,281,454	57,857,088	231,138,542
Interest, dividends and other	10,830,352	6,343,560	17,173,912
Total investment earnings	184,111,806	64,200,648	248,312,454
Total additions	287,429,016	118,459,803	405,888,819
Reductions			
Benefits paid to participants	75,647,521	31,445,816	107,093,337
Administrative income	1,044,367	134,122	1,178,489
Total reductions	76,691,888	31,579,938	108,271,826
Net Increase in Fiduciary Net Position	210,737,128	86,879,865	297,616,993
Net Position, Beginning of Year	964,791,382	315,207,478	1,279,998,860
Net Position, End of Year	\$ 1,175,528,510	\$ 402,087,343	\$ 1,577,615,853

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	Year Ended December 31, 2022		
	401(a)	457(b)	Total
Additions			
Contributions			
Participant	\$ 44,613,279	\$ 40,188,324	\$ 84,801,603
Employer	51,540,964	-	51,540,964
Rollover	1,459,877	7,873,431	9,333,308
	97,614,120	48,061,755	145,675,875
Total contributions			
Investment earnings (losses)			
Net decrease in fair value of investments	(213,544,555)	(64,081,081)	(277,625,636)
Interest, dividends and other	9,060,237	864,465	9,924,702
	(204,484,318)	(63,216,616)	(267,700,934)
Total investment earnings (losses)			
Total reductions	(106,870,198)	(15,154,861)	(122,025,059)
Reductions			
Benefits paid to participants	72,928,249	29,700,291	102,628,540
Administrative income	1,059,375	192,227	1,251,602
	73,987,624	29,892,518	103,880,142
Total reductions			
Net Decrease in Fiduciary Net Position	(180,857,822)	(45,047,379)	(225,905,201)
Net Position, Beginning of Year	1,145,649,204	360,254,857	1,505,904,061
Net Position, End of Year	\$ 964,791,382	\$ 315,207,478	\$ 1,279,998,860

Investments

The Plans may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest to a limited extent in corporate bonds and equity securities.

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At December 31, 2023 and 2022, the Plans had the following investments and maturities:

December 31, 2023					
Investment Type	Fair Value	Less than 1 year	1 - 5 years	6 - 10 years	10 + years
Fixed Income Mutual Funds					
Fidelity Spartan U.S. Bond Index	\$ 29,756,407	\$ 800,447	\$ 10,980,114	\$ 12,467,935	\$ 5,507,911
MetWest Total Return	21,031,798	(1,812,941)	7,619,820	10,644,193	4,580,726
Gilliard Stable	18,934,834	2,961,118	11,454,214	4,513,821	5,681
Money market mutual funds	28,624,071	28,624,071	-	-	-
Other	10,447,814	10,447,814	-	-	-
		<u>\$ 41,020,509</u>	<u>\$ 30,054,148</u>	<u>\$ 27,625,949</u>	<u>\$ 10,094,318</u>
Real estate funds	6,953,491				
Target date portfolios	1,026,218,948				
Mutual funds	413,978,477				
	<u>\$ 1,555,945,840</u>				
December 31, 2022					
Investment Type	Fair Value	Less than 1 year	1 - 5 years	6 - 10 years	10 + years
Fixed Income Mutual Funds					
Fidelity Spartan U.S. Bond Index	\$ 23,526,109	\$ 529,337	\$ 8,925,806	\$ 9,295,166	\$ 4,775,800
MetWest Total Return	21,903,569	(2,764,279)	8,646,668	9,705,453	6,315,727
Gilliard Stable	22,923,770	3,780,130	13,602,965	5,318,314	222,361
Money market mutual funds	26,682,008	26,682,008	-	-	-
Other	6,391,440	6,391,440	-	-	-
		<u>\$ 34,618,636</u>	<u>\$ 31,175,439</u>	<u>\$ 24,318,933</u>	<u>\$ 11,313,888</u>
Real estate funds	6,894,587				
Target date portfolios	825,667,775				
Mutual funds	326,004,529				
	<u>\$ 1,259,993,787</u>				

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Plans investment policy limits duration of total assets to be less than six years. As of December 31, 2023, approximately \$37,720,000, or 2.42%, of total assets were in U.S. Treasury obligations, corporate bonds and other types with maturity dates six years or longer. As of December 31, 2022, approximately \$35,633,000, or 2.83%, of total assets were in U.S. Treasury obligations, corporate bonds and other types with maturity dates six years or longer. The money market mutual funds are presented as an investment with a maturity of less than one year because the average maturity of the funds is less than one year.

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Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Plans investment policy applies the prudent person standard and is applied in the context of managing an overall portfolio. Each participant is responsible for determining the risks and commensurate returns of his or her portfolio. The Plans fixed income investments were rated based on the average quality of the fixed income investments as noted below:

December 31, 2023							
	MetWest		Wells Fargo		Fidelity Spartan		Total
	Total Return		Stable Return		U.S. Bond Index		Investments
AAA	71.90%	\$ 15,123,966	66.73%	\$ 12,635,594	71.39%	\$ 21,243,099	\$ 49,002,659
AA	5.73%	1,205,122	5.63%	1,066,063	4.75%	1,413,429	3,684,614
A	11.51%	2,420,760	13.39%	2,535,450	12.24%	3,642,184	8,598,394
BBB	13.25%	2,786,713	10.20%	1,931,411	10.81%	3,216,668	7,934,792
BB / B	4.31%	906,470	0.06%	11,361	0.00%	-	917,831
Below B	4.26%	895,955	0.00%	-	0.01%	2,976	898,931
Cash and other	-10.96%	(2,307,188)	3.99%	754,955	0.80%	238,051	(1,314,182)
Total	<u>100.00%</u>	<u>\$ 21,031,798</u>	<u>100.00%</u>	<u>\$ 18,934,834</u>	<u>100.00%</u>	<u>\$ 29,756,407</u>	<u>\$ 69,723,039</u>

December 31, 2022							
	MetWest		Wells Fargo		Fidelity Spartan		Total
	Total Return		Stable Return		U.S. Bond Index		Investments
AAA	69.33%	\$ 15,185,745	62.30%	\$ 14,281,508	74.39%	\$ 17,501,072	\$ 46,968,325
AA	6.06%	1,326,465	6.52%	1,494,630	4.37%	1,028,090	3,849,185
A	13.33%	2,919,493	15.04%	3,447,735	10.73%	2,524,352	8,891,580
BBB	17.33%	3,795,440	10.88%	2,494,106	10.18%	2,394,958	8,684,504
BB / B	5.05%	1,106,130	0.05%	11,462	0.00%	-	1,117,592
Below B	3.97%	870,353	0.00%	-	0.00%	-	870,353
Cash and other	-15.07%	(3,300,057)	5.21%	1,194,329	0.33%	77,637	(2,028,091)
Total	<u>100.00%</u>	<u>\$ 21,903,569</u>	<u>100.00%</u>	<u>\$ 22,923,770</u>	<u>100.00%</u>	<u>\$ 23,526,109</u>	<u>\$ 68,353,448</u>

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the Plans deposits are fully insured by FDIC insurance or collateralized with securities held by the Plan or the Plans agent in the Plans name. Therefore the Plan is not exposed to custodial credit risk.

Concentration of Credit Risk

The Plans investment options are all mutual funds; thus, no concentration risk exists at December 31, 2023 and 2022.

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Foreign Currency Risk

This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Plans diversified selection of mutual funds encourages the investment advisors to employ diversification, asset allocation, and quality strategies to minimize risks. Each participant is responsible for determining the risks and commensurate returns of his or her portfolio.

The Plans exposure to foreign currency risk is limited to four mutual funds that invest in international equities for a total of approximately \$65,111,000, or 4.13%, of total assets at December 31, 2023, and \$54,709,000, or 4.27%, of total assets at December 31, 2022.

Disclosures About Fair Value of Assets and Liabilities

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2023 and 2022:

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2023				
Investments - Mutual Funds				
Fixed Income	\$ 69,723,039	\$ 69,723,039	\$ -	\$ -
Money Market	28,624,071	28,624,071	-	-
Equity and Target Date Portfolio	<u>1,457,598,730</u>	<u>1,457,598,730</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 1,555,945,840</u>	<u>\$ 1,555,945,840</u>	<u>\$ -</u>	<u>\$ -</u>

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2022				
Investments - Mutual Funds				
Fixed Income	\$ 68,353,448	\$ 68,353,448	\$ -	\$ -
Money Market	26,682,008	26,682,008	-	-
Equity and Target Date Portfolio	<u>1,164,958,331</u>	<u>1,164,958,331</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 1,259,993,787</u>	<u>\$ 1,259,993,787</u>	<u>\$ -</u>	<u>\$ -</u>

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Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Note 21: Condensed Combining Financial Information

The following tables include condensed combining statements of net position information for the Authority and its blended component units as of December 31, 2023 and 2022.

	December 31, 2023			
	Total Authority	CCPPS	550 Acoma Inc.	Total
Condensed Statement of Net Position				
Current assets	\$ 286,723,219	\$ (1,153,953)	\$ 2,895,176	\$ 288,464,442
Noncurrent Assets				
Capital, leased, and subscription assets, net of accumulated depreciation and amortization	603,989,067	-	24,920,619	628,909,686
Other long-term assets	325,013,835	-	610	325,014,445
Total noncurrent assets	929,002,902	-	24,921,229	953,924,131
Total assets	1,215,726,121	(1,153,953)	27,816,405	1,242,388,573
Deferred Outflows of Resources	77,980,860	-	-	77,980,860
Total assets and deferred outflows of resources	<u>\$ 1,293,706,981</u>	<u>\$ (1,153,953)</u>	<u>\$ 27,816,405</u>	<u>\$ 1,320,369,433</u>
Liabilities				
Current liabilities	\$ 190,018,796	\$ (131,897)	\$ 906,924	\$ 190,793,823
Long-term liabilities	464,154,072	-	37,127,851	501,281,923
Total liabilities	654,172,868	(131,897)	38,034,775	692,075,746
Deferred Inflows of Resources	12,956,981	-	-	12,956,981
Total liabilities and deferred inflows of resources	667,129,849	(131,897)	38,034,775	705,032,727
Net Position				
Net investment in capital assets	278,784,845	-	-	278,784,845
Unrestricted	347,792,287	(1,022,056)	(10,218,370)	336,551,861
Total net position	626,577,132	(1,022,056)	(10,218,370)	615,336,706
Total liabilities and net position	<u>\$ 1,293,706,981</u>	<u>\$ (1,153,953)</u>	<u>\$ 27,816,405</u>	<u>\$ 1,320,369,433</u>

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	December 31, 2022 *			
	Total Authority	CCPPS	550 Acoma Inc.	Total
Condensed Statement of Net Position				
Current assets	\$ 250,165,717	\$ (1,259,085)	\$ 2,865,591	\$ 251,772,223
Noncurrent Assets				
Capital, leased, and subscription assets, net of accumulated depreciation and amortization	636,848,232	-	26,082,799	662,931,031
Other long-term assets	305,575,978	-	3,683	305,579,661
Total noncurrent assets	942,424,210	-	26,086,482	968,510,692
Total assets	1,192,589,927	(1,259,085)	28,952,073	1,220,282,915
Deferred Outflows of Resources	22,080,734	-	-	22,080,734
Total assets and deferred outflows of resources	<u>\$ 1,214,670,661</u>	<u>\$ (1,259,085)</u>	<u>\$ 28,952,073</u>	<u>\$ 1,242,363,649</u>
Liabilities				
Current liabilities	\$ 195,579,950	\$ (92,838)	\$ 874,967	\$ 196,362,079
Long-term liabilities	380,573,285	-	37,992,165	418,565,450
Total liabilities	576,153,235	(92,838)	38,867,132	614,927,529
Deferred Inflows of Resources	22,904,724	-	-	22,904,724
Total liabilities and deferred inflows of resources	<u>599,057,959</u>	<u>(92,838)</u>	<u>38,867,132</u>	<u>637,832,253</u>
Net Position				
Net investment in capital assets	300,641,126	-	-	300,641,126
Unrestricted	314,971,576	(1,166,247)	(9,915,059)	303,890,270
Total net position	<u>615,612,702</u>	<u>(1,166,247)</u>	<u>(9,915,059)</u>	<u>604,531,396</u>
Total liabilities and net position	<u>\$ 1,214,670,661</u>	<u>\$ (1,259,085)</u>	<u>\$ 28,952,073</u>	<u>\$ 1,242,363,649</u>

* Restated for Implementation of GASB 96

Denver Health and Hospital Authority

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The following tables include condensed combining statements of revenues, expenses and changes in net position information for the Authority and its blended component units for the years ended December 31, 2023 and 2022.

	Year Ended December 31, 2023			
	Total Authority	CCPPS	550 Acoma Inc.	Total
Operating Revenues				
Net patient service revenue	\$ 969,866,999	\$ -	\$ -	\$ 969,866,999
Capitation earned net of reinsurance expense	1,366,220	-	-	1,366,220
Medicaid disproportionate share and other safety net reimbursement	163,097,427	-	-	163,097,427
City and County of Denver payment for patient care services	32,577,300	-	-	32,577,300
Federal, state and other grants	122,658,114	-	-	122,658,114
City and County of Denver purchased services	30,887,402	-	-	30,887,402
Poison and drug center contracts	20,369,961	-	-	20,369,961
Other operating revenue	56,734,592	282,936	-	57,017,528
	<u>1,397,558,015</u>	<u>282,936</u>	<u>-</u>	<u>1,397,840,951</u>
Operating Expenses				
Salaries and benefits	848,333,192	-	-	848,333,192
Contracted services and nonmedical supplies	265,915,351	138,745	(2,469,600)	263,584,496
Medical supplies and pharmaceuticals	217,406,805	-	-	217,406,805
Depreciation and amortization	70,425,826	-	1,162,180	71,588,006
	<u>1,402,081,174</u>	<u>138,745</u>	<u>(1,307,420)</u>	<u>1,400,912,499</u>
Total operating revenues	<u>1,397,558,015</u>	<u>282,936</u>	<u>-</u>	<u>1,397,840,951</u>
Total operating expenses	<u>1,402,081,174</u>	<u>138,745</u>	<u>(1,307,420)</u>	<u>1,400,912,499</u>
Operating income (loss)	<u>(4,523,159)</u>	<u>144,191</u>	<u>1,307,420</u>	<u>(3,071,548)</u>
Nonoperating Revenues (Expenses)				
Increase in equity in joint venture	64,056	-	-	64,056
Nonoperating grant revenue (FEMA)	3,283,928	-	-	3,283,928
Interest income	11,934,888	-	26,513	11,961,401
Interest expense	(12,889,655)	-	(1,637,244)	(14,526,899)
Net increase in fair value of investments	9,363,579	-	-	9,363,579
Gain on disposition of capital assets	831,197	-	-	831,197
	<u>12,587,993</u>	<u>-</u>	<u>(1,610,731)</u>	<u>10,977,262</u>
Total nonoperating revenues (expenses)	<u>12,587,993</u>	<u>-</u>	<u>(1,610,731)</u>	<u>10,977,262</u>
Income (loss) before capital contributions	8,064,834	144,191	(303,311)	7,905,714
Contributions Restricted for Capital Assets	<u>2,899,596</u>	<u>-</u>	<u>-</u>	<u>2,899,596</u>
Increase (decrease) in net position	<u>10,964,430</u>	<u>144,191</u>	<u>(303,311)</u>	<u>10,805,310</u>
Total Net Position, Beginning of Year	<u>615,612,702</u>	<u>(1,166,247)</u>	<u>(9,915,059)</u>	<u>604,531,396</u>
Total Net Position, End of Year	<u>\$ 626,577,132</u>	<u>\$ (1,022,056)</u>	<u>\$ (10,218,370)</u>	<u>\$ 615,336,706</u>

Denver Health and Hospital Authority
Notes to Financial Statements
December 31, 2023 and 2022

	Year Ended December 31, 2022 *			
	Total Authority	CCPPS	550 Acoma Inc.	Total
Operating Revenues				
Net patient service revenue	\$ 901,027,279	\$ -	\$ -	\$ 901,027,279
Capitation earned net of reinsurance expense	2,502,535	-	-	2,502,535
Medicaid disproportionate share and other safety net reimbursement	148,120,716	-	-	148,120,716
City and County of Denver payment for patient care services	29,700,000	-	-	29,700,000
Federal, state and other grants	99,509,389	-	-	99,509,389
City and County of Denver purchased services	30,007,576	-	-	30,007,576
Poison and drug center contracts	20,478,071	-	-	20,478,071
Other operating revenue	52,277,355	137,147	-	52,414,502
	<u>1,283,622,921</u>	<u>137,147</u>	<u>-</u>	<u>1,283,760,068</u>
Operating Expenses				
Salaries and benefits	773,970,366	-	-	773,970,366
Contracted services and nonmedical supplies	267,996,932	44,967	(2,469,350)	265,572,549
Medical supplies and pharmaceuticals	194,269,667	-	-	194,269,667
Depreciation and amortization	72,513,640	-	1,162,180	73,675,820
	<u>1,308,750,605</u>	<u>44,967</u>	<u>(1,307,170)</u>	<u>1,307,488,402</u>
Total operating revenues	<u>1,283,622,921</u>	<u>137,147</u>	<u>-</u>	<u>1,283,760,068</u>
Total operating expenses	<u>1,308,750,605</u>	<u>44,967</u>	<u>(1,307,170)</u>	<u>1,307,488,402</u>
Operating income (loss)	<u>(25,127,684)</u>	<u>92,180</u>	<u>1,307,170</u>	<u>(23,728,334)</u>
Nonoperating Revenues (Expenses)				
Decrease in equity in joint venture	(62,454)	-	-	(62,454)
Nonoperating grant revenue (FEMA)	6,089,020	-	-	6,089,020
Interest income	10,187,584	-	10,017	10,197,601
Interest expense	(12,927,161)	-	(1,672,140)	(14,599,301)
Net decrease in fair value of investments	(36,563,351)	-	-	(36,563,351)
Gain on disposition of capital assets	3,734	-	-	3,734
	<u>(33,272,628)</u>	<u>-</u>	<u>(1,662,123)</u>	<u>(34,934,751)</u>
Total nonoperating revenues (expenses)	<u>(33,272,628)</u>	<u>-</u>	<u>(1,662,123)</u>	<u>(34,934,751)</u>
Income (loss) before capital contributions	<u>(58,400,312)</u>	<u>92,180</u>	<u>(354,953)</u>	<u>(58,663,085)</u>
Contributions Restricted for Capital Assets	<u>1,485,231</u>	<u>-</u>	<u>-</u>	<u>1,485,231</u>
Increase (decrease) in net position	<u>(56,915,081)</u>	<u>92,180</u>	<u>(354,953)</u>	<u>(57,177,854)</u>
Total Net Position, Beginning of Year	<u>672,527,783</u>	<u>(1,258,427)</u>	<u>(9,560,106)</u>	<u>661,709,250</u>
Total Net Position, End of Year	<u>\$ 615,612,702</u>	<u>\$ (1,166,247)</u>	<u>\$ (9,915,059)</u>	<u>\$ 604,531,396</u>

* Restated for Implementation of GASB 96

Denver Health and Hospital Authority

Notes to Financial Statements

December 31, 2023 and 2022

The following tables include condensed combining statements of cash flows information for the Authority and its blended component units for the years ended December 31, 2023 and 2022.

	Year Ended December 31, 2023			
	Total Authority	CCPPS	550 Acoma Inc.	Total
Condensed Statement of Cash Flows				
Net cash provided by (used in) operating activities	\$ 50,615,926	\$ 49,496	\$ -	\$ 50,665,422
Net cash used in capital and related financing activities	(59,020,257)	-	-	(59,020,257)
Net cash used in investing activities	<u>(1,483,245)</u>	<u>-</u>	<u>-</u>	<u>(1,483,245)</u>
Net decrease in cash and cash equivalents	(9,887,576)	49,496	-	(9,838,080)
Cash and Cash Equivalents, Beginning of Year	<u>45,502,466</u>	<u>356,668</u>	<u>-</u>	<u>45,859,134</u>
Cash and Cash Equivalents, End of Year	<u>\$ 35,614,890</u>	<u>\$ 406,164</u>	<u>\$ -</u>	<u>\$ 36,021,054</u>
	Year Ended December 31, 2022 *			
	Total Authority	CCPPS	550 Acoma Inc.	Total
Condensed Statement of Cash Flows				
Net cash used in operating activities	\$ 4,373,083	\$ (134,734)	\$ -	\$ 4,238,349
Net cash used in capital and related financing activities	(56,551,650)	-	-	(56,551,650)
Net cash provided by investing activities	<u>63,408,283</u>	<u>-</u>	<u>-</u>	<u>63,408,283</u>
Net increase in cash and cash equivalents	11,229,716	(134,734)	-	11,094,982
Cash and Cash Equivalents, Beginning of Year	<u>34,272,750</u>	<u>491,402</u>	<u>-</u>	<u>34,764,152</u>
Cash and Cash Equivalents, End of Year	<u>\$ 45,502,466</u>	<u>\$ 356,668</u>	<u>\$ -</u>	<u>\$ 45,859,134</u>

* Restated for Implementation of GASB 96

Note 22: Subsequent Events

Subsequent events have been evaluated through April 24, 2024, which is the date the financial statements were available to be issued.

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Required Supplementary Information

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Denver Health and Hospital Authority

Schedules of Required Supplementary Information

Schedule of the Authority's Proportionate Share of the Net Pension Liability – DERP Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability	8.30%	3.85%	4.41%	4.94%	7.67%	9.00%	9.84%	10.17%	10.79%
Authority's proportionate share of the net pension liability	\$ 143,762,075	\$ 52,303,284	\$ 68,575,108	\$ 71,839,623	\$ 115,717,505	\$ 105,588,100	\$ 120,035,324	\$ 119,914,669	\$ 94,527,507
Authority's covered payroll	22,767,248	23,106,406	23,713,746	29,664,541	31,969,649	34,303,697	38,910,745	40,906,565	42,015,157
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	631.44%	226.36%	289.18%	242.17%	361.96%	307.80%	308.49%	293.14%	224.98%
Plan fiduciary net position as a percentage of the total pension liability	57.31%	66.25%	60.32%	60.82%	57.76%	65.49%	62.26%	62.26%	70.12%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available. Information presented in this schedule has been determined as of the Authority's measurement date (December 31 immediately preceding the Authority's most recent fiscal year-end) of the collective net pension liability in accordance with GASB 68.

The discount rate used was 7.25% for 2022 through 2020, 7.50% for 2019 through 2017, 7.75% for 2016 and 2015, and 8.00% for 2014.

Denver Health and Hospital Authority

Schedules of Required Supplementary Information

Schedule of the Authority's Pension Contributions – DERP RBA

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 5,729,010	\$ 3,971,698	\$ 4,275,913	\$ 4,663,901	\$ 4,318,106	\$ 6,392,749	\$ 6,482,903	\$ 6,778,008	\$ 6,471,773
Contributions in relation to the contractually required contribution	5,729,010	3,971,698	4,275,913	4,701,940	4,318,106	6,392,749	6,482,903	6,778,008	6,471,773
Contribution deficiency (excess)	-	-	-	(38,039)	-	-	-	-	-
Authority's covered-employee payroll	25,650,483	22,767,248	23,106,406	23,713,746	29,664,541	31,969,649	34,303,697	38,910,745	40,906,565
Contributions as a percentage of covered-employee payroll	22.33%	17.44%	18.51%	19.83%	14.56%	20.00%	18.90%	17.42%	15.82%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available. Information presented in this schedule has been determined as of the Authority's most recent fiscal year-end (December 31, 2023) in accordance with GASB 68.

Denver Health and Hospital Authority

Schedules of Required Supplementary Information

Schedule of the Authority's Pension Contributions – DERP RBA

Funding Valuation Date	January 1, 2022	January 1, 2021
Notes	Actuarially determined contribution rates are calculate as of December 31 of each year and are applicable for the follow calendar (fiscal) year.	Actuarially determined contribution rates are calculated as of December 31 of each year and are applicable for the follow calendar (fiscal) year.
Methods and Assumptions		
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	UAL amortized over a closed 20-year period	UAL amortized over a closed 20- year period
Remaining Amortization Period	20	20 years
Asset Valuation Method	Market Value of asset less unrecognized investment gains or losses from the prior five years	Market Value of asset less unrecognized investment gains or losses from the prior five years
Inflation	2.50%	2.50%
Salary Increase	3.00% plus merit component based on years of service.	3.00% plus merit component based on years of service.
Investment Rate of Return	7.25%	7.25%
Retirement Age	Experience-based table of rate that are specific to the type of eligibility condition last updated for the 2018 valuation pursuant to an experience study of the period 2013-2017.	Experience-based table of rate that are specific to the type of eligibility condition last updated for the 2018 valuation pursuant to an experience study of the period 2013-2017.
Mortality	RP-2014 Combined Mortality Table (gener-specific) projected with the Ultimate rates from the MP-2014 Scale (changed in 2018 from RP-2000 Combined Mortality Projected with Scale AA to 2020).	RP-2014 Combined Mortality Table (gener-specific) projected with the Ultimate MP Scale with a multiplicator of 110% male and 105% female.
Other information		
Notes	There were no benefit changes during the year. Discount Rate kept constant at 7.25%	There were no benefit changes during the year.
	The latest experience study was conducted in 2018 covering the 5-year period of January 1, 2013 to December 31, 2017. At that time, the recommended mortality table was expected to produce a margin of 10% on the retired male mortality experience and 5% on the retired female experience [Denver Employees Retirement Plan 2018 Actuarial Experience Study for the period ended December 31, 2017 Page 15]	The latest experience study was conducted in 2018 covering the 5-year period of January 1, 2013 to December 31, 2017. At that time, the recommended mortality table was expected to produce a margin of 10% on the retired male mortality experience and 5% on the retired female experience [Denver Employees Retirement Plan 2018 Actuarial Experience Study for the year ended December 31, 2017 see Page 15].
Funding Valuation Date	January 1, 2020	January 1, 2019
Notes	Actuarially determined contribution rates are calculated as of December 31 of each year and are applicable for the follow calendar (fiscal) year.	Actuarially determined contribution rates are calculated as of December 31 of each year and are applicable for the follow calendar (fiscal) year.
Methods and Assumptions		
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	UAL amortized over a closed 20- year period	UAL amortized over a closed 20- year period
Remaining Amortization Period	20 years	20 years
Asset Valuation Method	Market Value of asset less unrecognized investment gains or losses from the prior five years	Market Value of asset less unrecognized investment gains or losses from the prior five years
Inflation	2.50%	2.50%
Salary Increase	3.00% plus merit component based on years of service.	3.00% plus merit component based on years of service.
Investment Rate of Return	7.25%	7.50%
Retirement Age	Experience-based table of rate that are specific to the type of eligibility condition last updated for the 2018 valuation pursuant to an experience study of the period 2013-2017.	Experience-based table of rate that are specific to the type of eligibility condition last updated for the 2018 valuation pursuant to an experience study of the period 2013-2017.
Mortality	RP-2014 Combined Mortality Table (gener-specific) projected with the Ultimate MP Scale with a multiplicator of 110% male and 105% female.	RP-2014 Combined Mortality Table (gener-specific) projected with the Ultimate MP Scale with a multiplicator of 110% male and 105% female.
Other information		
Notes	There were no benefit changes during the year. Discount Rate was lowered from 7.5% to 7.25%	There were no benefit changes during the year. As of October 1, 2017, the valuation interest rate was lowered from 7.75% to 7.50%.
	The latest experience study was conducted in 2018 covering the 5-year period of January 1, 2013 to December 31, 2017. At that time, the recommended mortality table was expected to produce a margin of 10% on the retired male mortality experience and 5% on the retired female experience [Denver Employees Retirement Plan 2018 Actuarial Experience Study for the year ended December 31, 2017 see Page 15].	The latest experience study was conducted in 2018 covering the 5-year period of January 1, 2013 to December 31, 2017. At that time, the recommended mortality table was expected to produce a margin of 10% on the retired male mortality experience and 5% on the retired female experience [Denver Employees Retirement Plan 2018 Actuarial Experience Study for the year ended December 31, 2017 see Page 15].

Denver Health and Hospital Authority

Schedules of Required Supplementary Information

Schedule of the Authority's Pension Contributions – DERP RBA

Funding Valuation Date	January 1, 2018	January 1, 2017
Notes	Actuarially determined contribution rates are calculated as of December 31 of each year and are applicable for the follow calendar (fiscal) year.	Actuarially determined contribution rates are calculated as of December 31 of each year and are applicable for the follow calendar (fiscal) year.
Methods and Assumptions		
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Annually Established 30-Year Close Basis	Level Percentage of Payroll, Annually Established 30-Year Close Basis
Remaining Amortization Period	Approximately 27 years	Approximately 27 years
Asset Valuation Method	Smoothed market	Smoothed market
Inflation	2.50%	2.50%
Salary Increase	3.00% to 7.25%	3.00% to 7.25%
Investment Rate of Return	7.50%	7.50%
Retirement Age	Experience-based table of rate that are specific to the type of eligibility condition last updated for the 2013 valuation pursuant to an experience study of the period 2008-2012.	Experience-based table of rate that are specific to the type of eligibility condition last updated for the 2013 valuation pursuant to an experience study of the period 2008-2012.
Mortality	RP-2000 Combined Mortality Table Projected Via Scale AA to 2020. With Multiplies Specific to General and Payment Status of Employee.	RP-2000 Combined Mortality Table Projected Via Scale AA to 2020. With Multiplies Specific to General and Payment Status of Employee.
Other information		
Notes	There were no benefit changes during the year. As of October 1, 2017, the valuation interest rate was lowered from 7.75% to 7.50%.	There were no benefit changes during the year. As of October 1, 2017, the valuation interest rate was lowered from 7.75% to 7.50%.
	The latest experience study was conducted in 2018 covering the 5-year period of January 1, 2013 to December 31, 2017. At that time, the recommended mortality table was expected to product a margin of 10% on the retired male mortality experience and 5% on the retired female experience [Denver Employees Retirement Plan 2018 Actuarial Experience Study for the year ended December 31, 2017 see Page 15].	The latest experience study was conducted in 2013 covering the 5-year period of January 1, 2008 to December 31, 2012. At that time, the recommended mortality table was expected to product a margin of 8% on the retired male mortality experience and 7% on the retired female experience [Denver Employees Retirement Plan 2013 Actuarial Experience Study for the year ended December 31, 2012 Page 24, 25].
Funding Valuation Date	January 1, 2016	January 1, 2015
Notes	Actuarially determined contribution rates are calculated as of December 31 of each year and are applicable for the follow calendar (fiscal) year.	Actuarially determined contribution rates are calculated as of December 31 of each year and are applicable for the follow calendar (fiscal) year.
Methods and Assumptions		
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Annually Established 30-Year Close Basis	Level Percentage of Payroll, Annually Established 30-Year Close Basis
Remaining Amortization Period	Approximately 27 years	Approximately 28 years
Asset Valuation Method	Smoothed market	Smoothed market
Inflation	2.50%	2.75%
Salary Increase	3.25% to 7.25%	3.25% to 7.25%
Investment Rate of Return	7.75%	7.75%
Retirement Age	Experience-based table of rate that are specific to the type of eligibility condition last updated for the 2013 valuation pursuant to an experience study of the period 2008-2012.	Experience-based table of rate that are specific to the type of eligibility condition last updated for the 2013 valuation pursuant to an experience study of the period 2008-2012.
Mortality	RP-2000 Combined Mortality Table Projected Via Scale AA to 2020. With Multiplies Specific to General and Payment Status of Employee.	RP-2000 Combined Mortality Table Projected Via Scale AA to 2020. With Multiplies Specific to General and Payment Status of Employee.
Other information		
Notes	There were no benefit changes during the year. As of October 1, 2015, the valuation interest rate was lowered from 8.00% to 7.75%.	There were no benefit changes during the year. As of October, 1, 2015, the valuation interest rate was lowered from 8% to 7.75%.
	The latest experience study was conducted in 2013 covering the 5-year period of January 1, 2008 to December 31, 2012. At that time, the recommended mortality table was expected to product a margin of 8% on the retired male mortality experience and 7% on the retired female experience [Denver Employees Retirement Plan 2013 Actuarial Experience Study for the period ended December 31, 2012 Page 24, 25].	The latest experience study was conducted in 2013 covering the 5-year period of January 1, 2008 to December 31, 2012. At that time, the recommended mortality table was expected to product a margin of 8% on the retired male mortality experience and 7% on the retired female experience [Denver Employees Retirement Plan 2013 Actuarial Experience Study for the period ended December 31, 2012 Page 24, 25].

Denver Health and Hospital Authority

Schedules of Required Supplementary Information

Schedule of the Authority's Pension Contributions – DERP RBA

Funding Valuation Date January 1, 2014

Notes Actuarially determined contribution rates are calculated as of December 31 of each year and are applicable for the follow calendar (fiscal) year.

Methods and Assumptions

Actuarial Cost Method Entry Age Normal

Amortization Method Level Percentage of Payroll, Annually Established 30-Year Close Basis

Remaining Amortization Period Approximately 29 years

Asset Valuation Method Smoothed market

Inflation 2.75%

Salary Increase 3.25% to 7.25%

Investment Rate of Return 8.00%

Retirement Age Experience-based table of rate that are specific to the type of eligibility condition last updated for the 2013 valuation pursuant to an experience study of the period 2008-2012.

Mortality RP-2000 Combined Mortality Table Projected Via Scale AA to 2020. With Multiplies Specific to General and Payment Status of Employee.

Other information

Notes There were no benefit changes during the year.

The latest experience study was conducted in 2013 covering the 5-year period of January 1, 2008 to December 31, 2012. At that time, the recommended mortality table was expected to product a margin of 8% on the retired male mortality experience and 7% on the retired female experience [Denver Employees Retirement Plan 2013 Actuarial Experience Study for the period ended December 31, 2012 Page 24, 25].

Denver Health and Hospital Authority
Schedules of Required Supplementary Information
Schedule of the Authority’s Proportionate Share of the Net OPEB Liability – DERP
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017
Authority's proportion of the net OPEB liability	8.41%	3.88%	4.30%	4.62%	5.70%	6.33%
Authority's proportionate share of the net OPEB liability	\$ 7,741,905	\$ 3,337,059	\$ 4,147,787	\$ 4,540,571	\$ 5,959,778	\$ 5,816,322
Authority's covered payroll	\$ 22,767,248	\$ 23,106,406	\$ 23,713,746	\$ 29,664,541	\$ 31,969,649	\$ 34,303,697
Authority's proportionate share of the net OPEB liability as a percentage of its covered payroll	34.00%	14.44%	17.49%	15.31%	18.64%	16.95%
Plan fiduciary net position as a percentage of the total OPEB liability	44.54%	49.63%	43.59%	42.16%	39.18%	45.98%

This schedule is presented as of the measurement date for the fiscal year.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available. Information presented in this schedule has been determined as of the Authority’s most recent fiscal year-end (December 31 immediately preceding the Authority’s most recent fiscal year-end) in accordance with GASB 75.

Denver Health and Hospital Authority
Schedules of Required Supplementary Information
Schedule of the Authority's OPEB Contributions – DERP
Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018
Statutorily required contribution	\$ 245,435	\$ 199,990	\$ 222,557	\$ 293,191	\$ 234,744	\$ 289,933
Contributions in relation to the statutorily required contribution	\$ 245,435	\$ 199,990	\$ 222,557	\$ 255,563	\$ 234,744	\$ 289,933
Contribution deficiency	\$ -	\$ -	\$ -	\$ 37,628	\$ -	\$ -
Authority's covered payroll	\$ 25,650,483	\$ 22,767,248	\$ 23,106,406	\$ 23,713,746	\$ 29,664,541	\$ 31,969,649
Contributions as a percentage of covered payroll	0.96%	0.88%	0.96%	1.08%	0.79%	0.91%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available. Information presented in this schedule has been determined as of the Authority's most recent fiscal year-end (December 31, 2023) in accordance with GASB 75.

Denver Health and Hospital Authority

Schedules of Required Supplementary Information

Schedule of the Authority's OPEB Contributions – DERP

Last Ten Fiscal Years

Funding Valuation Date	January 1, 2022	January 1, 2021
Notes	Actuarially determined contribution rates are calculated as of December 31 of each year and are applicable for the following calendar (fiscal) year.	Actuarially determined contribution rates are calculated as of December 31 of each year and are applicable for the follow calendar (fiscal) year.
Methods and Assumptions		
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Asset Valuation Method	The market value of assets less any unrecognized investment gains or losses from the prior five years (with 20% of each year's gains/losses recognized annually). In the initial year, only the unrecognized loss from the prior year (2018) is reflected. In prior years, the asset valuation method was a smoothed market value. As of the 2019 actuarial valuation, the UAL as of January 1, 2019 is amortized over a closed 20-year period as a level percentage of payroll, with future changes in the UAL amortized over a new closed 20-year layers. In prior years, the ADC was determined using fixed 30-year layers.	The market value of assets less any unrecognized investment gains or losses from the prior five years (with 20% of each year's gains/losses recognized annually). In the initial year, only the unrecognized loss from the prior year (2018) is reflected. In prior years, the asset valuation method was a smoothed market value. As of the 2019 actuarial valuation, the UAL as of January 1, 2019 is amortized over a closed 20-year period as a level percentage of payroll, with future changes in the UAL amortized over a new closed 20-year layers. In prior years, the ADC was determined using fixed 30-year layers.
Amortization Method		
Investment Rate of Return	7.25%	7.25%
Amortization Growth Rate	3.00%	3.00%
Inflation	2.50%	2.50%
Salary Increase	3.00% plus merit component based on years of service.	3.00% plus merit component based on years of service.
Mortality	Adjusted RP-2014 Mortality Tables, with generational projections using Ultimate MP Scale (changed in 2018 from RP-2000 Combined Mortality Projected with Scale AA to 2020).	Adjusted RP-2014 Mortality Tables, with generational projections using Ultimate MP Scale (changed in 2018 from RP-2000 Combined Mortality Projected with Scale AA to 2020).
Funding Valuation Date	January 1, 2020	January 1, 2019
Notes	Actuarially determined contribution rates are calculated as of December 31 of each year and are applicable for the follow calendar (fiscal) year.	Actuarially determined contribution rates are calculated as of December 31 of each year and are applicable for the follow calendar (fiscal) year.
Methods and Assumptions		
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Asset Valuation Method	The market value of assets less any unrecognized investment gains or losses from the prior five years (with 20% of each year's gains/losses recognized annually). In the initial year, only the unrecognized loss from the prior year (2018) is reflected. In prior years, the asset valuation method was a smoothed market value. As of the 2019 actuarial valuation, the UAL as of January 1, 2019 is amortized over a closed 20-year period as a level percentage of payroll, with future changes in the UAL amortized over a new closed 20-year layers. In prior years, the ADC was determined using fixed 30-year layers.	In the 2019 actuarial valuation, the asset valuation method was changed to the market value of assets less any unrecognized investment gains or losses from the prior five years (with 20% of each year's gains/losses recognized annually). In the initial year, only the unrecognized loss from the prior year (2018) is reflected. In prior years, the asset valuation method was a smoothed market value. As of the 2019 actuarial valuation, the UAL as of January 1, 2019 is amortized over a closed 20-year period as a level percentage of payroll, with future changes in the UAL amortized over a new closed 20-year layers. In prior years, the ADC was determined using fixed 30-year layers.
Amortization Method		
Investment Rate of Return	7.25%	7.50%
Amortization Growth Rate	3.00%	3.00%
Inflation	2.50%	2.50%
Salary Increase	3.00% plus merit component based on years of service.	3.00% plus merit component based on years of service.
Mortality	Adjusted RP-2014 Mortality Tables, with generational projections using Ultimate MP Scale (changed in 2018 from RP-2000 Combined Mortality Projected with Scale AA to 2020).	Adjusted RP-2014 Mortality Tables, with generational projections using Ultimate MP Scale (changed in 2018 from RP-2000 Combined Mortality Projected with Scale AA to 2020).

Denver Health and Hospital Authority

Schedules of Required Supplementary Information

Schedule of the Authority's OPEB Contributions – DERP

Last Ten Fiscal Years

Funding Valuation Date	January 1, 2018	January 1, 2017
Notes	Actuarially determined contribution rates are calculated as of December 31 of each year and are applicable for the follow calendar (fiscal) year.	Actuarially determined contribution rates are calculated as of December 31 of each year and are applicable for the follow calendar (fiscal) year.
Methods and Assumptions		
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Smoothed market value	Smoothed market value
Amortization Method	Fixed 30-Year closed periods as of January 1, 2013; level percentage of payroll	Fixed 30-Year closed periods as of January 1, 2013; level percentage of payroll
Investment Rate of Return	7.50%	7.50%
Amortization Growth Rate	3.00%	3.00%
Inflation	2.50%	2.50%
Salary Increase	3.00% plus merit component based on years of service.	3.00% plus merit component based on years of service.
Mortality	RP-2014 Combined Mortality Table (gender specific) projected with the Ultimate MP Scale with a multiplier of 110% male and 105% female.	RP-2000 Combined Healthy Mortality Projected with Scale AA to 2020

Denver Health and Hospital Authority
Schedules of Required Supplementary Information
Schedule of Changes in the Authority's Qualified Replacement
Benefit Plan and Related Ratios – DERP RBA
Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018 *</u>
Total Pension Liability					
Service cost	\$ 40,964	\$ 53,350	\$ 48,281	\$ 24,466	\$ 35,474
Interest	180,030	159,449	173,792	240,039	219,101
Differences between expected and actual experience	(2,287,962)	1,321,090	1,040,488	91,211	-
Changes of assumptions or other inputs	(744,051)	40,375	330,597	561,579	(276,108)
Benefit payments	<u>(282,356)</u>	<u>(417,029)</u>	<u>(416,924)</u>	<u>(463,231)</u>	<u>(512,312)</u>
Net Change in Total Pension Liability	(3,093,375)	1,157,235	1,176,234	454,064	(533,845)
Authority's Total Pension Liability - Beginning	<u>8,859,310</u>	<u>7,702,075</u>	<u>6,525,841</u>	<u>6,071,777</u>	<u>6,605,622</u>
Authority's Total Pension Liability - Ending	<u>\$ 5,765,935</u>	<u>\$ 8,859,310</u>	<u>\$ 7,702,075</u>	<u>\$ 6,525,841</u>	<u>\$ 6,071,777</u>
Covered Payroll	\$ 22,071,135	\$ 25,200,000	\$ 33,055,269	\$ 38,231,689	\$ 57,501,912
Authority's Total Pension Liability as a Percentage of Covered Payroll	26.1%	35.20%	23.30%	17.07%	10.56%

This schedule is presented as of the measurement date for the fiscal year.

The discount rate was changed from 4.10% for 2018, to 2.74% for 2019, to 2.12% for 2020, to 2.06% for 2021, to 3.72% for 2022.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available. Information presented in this schedule has been determined as of the Authority's most recent fiscal year-end (December 31 immediately preceding the Authority's most recent fiscal year-end) in accordance with GASB 73.

* 2018 information is for informational purposes only. Prior to December 31, 2020, this plan was not administered in accordance with plan documents, therefore the Authority recorded the liability and contribution in the current year.

Supplementary Information

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Denver Health and Hospital Authority

Consolidating Schedule – Statement of Net Position Information

December 31, 2023

	The Authority						Total
	Denver Health Medical Center	City Fund	RMDS	Restricted Fund	Total Authority	550 Acoma Inc.	
Assets and Deferred Outflows of Resources							
Current Assets							
Cash and cash equivalents	\$ 35,614,890	-	-	-	\$ 35,614,890	\$ 406,164	\$ 36,021,054
Patient accounts receivable, net	126,495,200	-	-	-	126,495,200	-	126,495,200
Due from other governmental entities	15,664,199	-	-	26,351,054	42,015,253	-	42,015,253
Due from City and County of Denver	6,923,563	3,102,048	8,075	-	10,033,686	-	10,033,686
Other receivables	4,466,707	115,671	2,266,219	13,816,774	20,665,371	55,599	20,720,970
Interest receivable	1,875,925	-	-	-	1,875,925	-	1,875,925
Due from (to) other funds and investment in discretely presented component units	1,831,558	940,664	28,115,521	(24,566,465)	6,321,278	(1,615,716)	7,600,738
Inventories	22,390,235	-	-	-	22,390,235	-	22,390,235
Prepaid expenses and other assets	20,410,440	-	829,496	71,445	21,311,381	-	21,311,381
Total current assets	235,672,717	4,158,383	31,219,311	15,672,808	286,723,219	(1,153,953)	288,464,442
Noncurrent Assets							
Notes receivable	14,957,348	-	-	-	14,957,348	-	14,957,348
Estimated third-party payor settlements receivable	1,893,030	-	-	-	1,893,030	-	1,893,030
Equity interest in joint venture	651,014	-	-	-	651,014	-	651,014
Restricted investments	19,970,526	-	-	-	19,970,526	610	19,971,136
Capital, leased, and subscription assets, net of accumulated depreciation and amortization	603,813,611	203,846	-	(28,390)	603,989,067	-	628,909,686
Long-term investments	277,899,018	-	-	-	277,899,018	-	277,899,018
Other long-term assets	8,437,072	1,205,827	-	-	9,642,899	-	9,642,899
Total noncurrent assets	927,621,619	1,409,673	-	(28,390)	929,002,902	-	933,924,131
Total assets	1,163,294,336	5,568,056	31,219,311	15,644,418	1,243,726,121	(1,153,953)	1,242,388,573
Deferred Outflows of Resources							
Deferred outflows of resources related to pension benefits	62,420,086	-	-	-	62,420,086	-	62,420,086
Deferred outflows of resources related to other postemployment benefits	3,708,982	-	-	-	3,708,982	-	3,708,982
Loss on refunding of debt	11,851,792	-	-	-	11,851,792	-	11,851,792
Total deferred outflows of resources	77,980,860	-	-	-	77,980,860	-	77,980,860
Total assets and deferred outflows of resources	\$ 1,241,275,196	\$ 5,568,056	\$ 31,219,311	\$ 15,644,418	\$ 1,293,706,981	\$ (1,153,953)	\$ 1,320,369,433

Denver Health and Hospital Authority

Consolidating Schedule – Statement of Net Position Information

December 31, 2023

	The Authority						Total
	Denver Health Medical Center	City Fund	RMDS	Restricted Fund	Total Authority	550 Acoma Inc.	
Liabilities, Deferred Inflows of Resources and Net Position							
Current Liabilities							
Current maturities of bonds payable	\$ 13,435,000	-	-	-	\$ 13,435,000	-	\$ 13,435,000
Current maturities of leases and subscriptions	11,174,901	-	-	-	11,174,901	-	11,174,901
Current maturities of notes payable	365,000	-	-	-	365,000	765,000	1,130,000
Medical malpractice liability	8,654,659	-	-	-	8,654,659	-	8,654,659
Accounts payable and accrued expenses	39,516,968	-	1,167,317	17,759	40,702,044	141,924	40,712,071
Accrued salaries, wages and employee benefits	47,556,645	-	-	-	47,556,645	-	47,556,645
Accrued compensated absences	38,365,012	-	-	-	38,365,012	-	38,365,012
Unearned revenue	23,944,022	-	310,730	5,510,783	29,765,535	-	29,765,535
Total current liabilities	183,012,207	-	1,478,047	5,528,542	190,018,796	906,924	190,793,823
Long-term Liabilities							
Long-term portion of liability for estimated third-party settlements	5,714,390	-	-	-	5,714,390	-	5,714,390
Long-term portion of compensated absences	116,076	-	-	-	116,076	-	116,076
Bonds payable, less current maturities	268,148,000	-	-	-	268,148,000	-	268,148,000
Lease and subscriptions liability, less current maturities	31,570,510	-	-	-	31,570,510	-	31,570,510
Notes payable, less current maturities	1,335,181	-	-	-	1,335,181	37,127,851	38,463,032
Net pension liability	149,528,010	-	-	-	149,528,010	-	149,528,010
Postemployment benefits	7,741,905	-	-	-	7,741,905	-	7,741,905
Total long-term liabilities	464,154,072	-	-	-	464,154,072	37,127,851	501,281,923
Total liabilities	647,166,279	-	1,478,047	5,528,542	654,172,868	38,034,775	692,075,746
Deferred Inflows of Resources							
Deferred inflows of resources related to pension benefits	5,775,229	-	-	-	5,775,229	-	5,775,229
Deferred inflows of resources related to other postemployment benefits	819,082	-	-	-	819,082	-	819,082
Deferred inflows of resources related to leases	6,362,670	-	-	-	6,362,670	-	6,362,670
Total deferred inflows of resources	12,956,981	-	-	-	12,956,981	-	12,956,981
Total liabilities and deferred inflows of resources	660,123,260	-	1,478,047	5,528,542	667,129,849	38,034,775	705,032,727
Net Position							
Net investment in capital assets	278,609,389	203,846	-	(28,390)	278,784,845	-	278,784,845
Unrestricted	302,542,547	5,364,210	29,741,264	10,144,266	347,792,287	(10,218,370)	336,551,861
Total net position	581,151,936	5,568,056	29,741,264	10,115,876	626,577,132	(10,218,370)	615,336,706
Total liabilities, deferred inflows of resources and net position	1,241,275,196	5,568,056	31,219,311	15,644,418	1,293,706,981	27,816,405	1,320,369,433

Denver Health and Hospital Authority

Consolidating Schedule – Statement of Net Position Information

December 31, 2022 *

	The Authority						Total
	Denver Health Medical Center	City Fund	RMDS	Restricted Fund	Total Authority	550 Acoma Inc.	
Assets and Deferred Outflows of Resources							
Current Assets							
Cash and cash equivalents	\$ 45,503,528	\$ -	\$ -	\$ (1,062)	\$ 45,502,466	\$ -	\$ 45,859,134
Patient accounts receivable, net	101,222,178	-	-	-	101,222,178	-	101,222,178
Due from other governmental entities	10,975,114	-	-	31,753,466	42,728,580	-	42,728,580
Due from City and County of Denver	3,765,396	1,878,923	40,375	14,326	5,699,020	-	5,699,020
Other receivables	6,369,170	68,567	2,552,884	(1,455,621)	7,535,000	(37)	7,534,963
Interest receivable	1,503,291	-	-	-	1,503,291	-	1,503,291
Due from (to) investment in discretely presented component units	1,944,786	(1,425,614)	28,796,462	(19,744,438)	9,571,196	2,865,591	10,821,071
Inventories	18,903,095	-	-	-	18,903,095	-	18,903,095
Prepaid expenses and other assets	16,810,242	-	637,233	53,416	17,500,891	-	17,500,891
Total current assets	206,996,800	521,876	32,026,954	10,620,087	250,165,717	(2,865,591)	251,772,223
Noncurrent Assets							
Notes receivable	14,957,348	-	-	-	14,957,348	-	14,957,348
Estimated third-party payor settlements receivable	3,865,767	-	-	-	3,865,767	-	3,865,767
Equity interest in joint venture	586,958	-	-	-	586,958	-	586,958
Restricted investments	19,340,384	-	-	-	19,340,384	3,683	19,344,067
Capital, leased, and subscription assets, net of accumulated depreciation and amortization	636,547,558	329,064	-	(28,390)	636,848,232	-	662,931,031
Long-term investments	254,290,496	-	-	-	254,290,496	-	254,290,496
Board-designated investments	1,800,001	-	-	-	1,800,001	-	1,800,001
Other long-term assets	9,528,856	1,206,168	-	-	10,735,024	-	10,735,024
Total noncurrent assets	940,917,368	1,535,232	-	(28,390)	942,424,210	-	968,510,692
Total assets	1,147,914,168	2,057,108	32,026,954	10,591,697	1,192,589,927	(1,259,085)	1,220,282,915
Deferred Outflows of Resources							
Deferred outflows of resources related to pension benefits	8,564,580	-	-	-	8,564,580	-	8,564,580
Deferred outflows of resources related to other postemployment benefits	304,595	-	-	-	304,595	-	304,595
Loss on refunding of debt	13,211,559	-	-	-	13,211,559	-	13,211,559
Total deferred outflows of resources	22,080,734	-	-	-	22,080,734	-	22,080,734
Total assets and deferred outflows of resources	\$ 1,169,994,902	\$ 2,057,108	\$ 32,026,954	\$ 10,591,697	\$ 1,214,670,661	\$ (1,259,085)	\$ 1,242,363,649

* Restated for Implementation of GASB 96

Denver Health and Hospital Authority

Consolidating Schedule – Statement of Net Position Information

December 31, 2022 *

		The Authority						
Denver Health Medical Center	City Fund	RMDS	Restricted Fund	Total Authority	CCPPS	550 Acoma Inc.	Total	
Liabilities, Deferred Inflows of Resources and Net Position								
Current Liabilities								
Current maturities of bonds payable	\$	-	-	-	-	-	-	
Current maturities of leases	14,750,804	-	-	14,750,804	-	-	14,750,804	
Current maturities of notes payable	1,321,757	-	-	1,321,757	-	730,000	2,051,757	
Medical malpractice liability	8,204,603	-	-	8,204,603	-	-	8,204,603	
Accounts payable and accrued expenses	46,359,904	(13,290)	17,760	48,434,939	(92,838)	144,967	48,487,068	
Accrued salaries, wages and employee benefits	34,649,173	-	-	34,649,173	-	-	34,649,173	
Accrued compensated absences	40,923,538	-	-	40,923,538	-	-	40,923,538	
Unearned revenue	30,520,317	-	3,840,889	35,385,137	-	-	35,385,137	
Total current liabilities	188,670,095	(13,290)	3,858,649	195,579,950	(92,838)	874,967	196,362,079	
Long-term Liabilities								
Long-term portion of liability for estimated third-party settlements	6,496,967	-	-	6,496,967	-	-	6,496,967	
Long-term portion of compensated absences	116,077	-	-	116,077	-	-	116,077	
Bonds payable, less current maturities	274,688,796	-	-	274,688,796	-	-	274,688,796	
Lease liability, less current maturities	33,071,611	-	-	33,071,611	-	-	33,071,611	
Notes payable, less current maturities	1,700,181	-	-	1,700,181	-	37,992,165	39,692,346	
Net pension liability	61,162,594	-	-	61,162,594	-	-	61,162,594	
Postemployment benefits	3,337,059	-	-	3,337,059	-	-	3,337,059	
Total long-term liabilities	380,573,285	-	-	380,573,285	-	37,992,165	418,565,450	
Total liabilities	569,243,380	(13,290)	3,858,649	576,153,235	(92,838)	38,867,132	614,927,529	
Deferred Inflows of Resources								
Deferred inflows of resources related to pension benefits to other postemployment benefits	15,349,458	-	-	15,349,458	-	-	15,349,458	
Deferred inflow of resources related to leases	895,145	-	-	895,145	-	-	895,145	
Total deferred inflows of resources	6,660,121	-	-	6,660,121	-	-	6,660,121	
Total liabilities and deferred inflows of resources	592,148,104	(13,290)	3,858,649	599,057,959	(92,838)	38,867,132	637,832,253	
Net Position								
Net investment in capital assets	300,340,452	-	-	300,340,452	-	-	300,340,452	
Unrestricted	277,506,346	1,741,334	6,761,438	314,971,576	(1,166,247)	(9,915,059)	303,890,270	
Total net position	577,846,798	2,070,398	6,733,048	615,612,702	(1,166,247)	(9,915,059)	604,531,396	
Total liabilities, deferred inflows of resources and net position	\$	2,057,108	\$	10,591,697	\$	28,952,073	\$	
Total	\$	1,169,994,902	\$	32,026,954	\$	1,242,363,649	\$	

* Restated for Implementation of GASB 96

Denver Health and Hospital Authority

Consolidating Schedule – Revenue and Expenses Information

Year Ended December 31, 2023

		The Authority						
Denver Health Medical Center	City Fund	RMDS	Restricted Fund	Total Authority	CCPPS	550 Acoma Inc.	Total	
Operating Revenues								
Net patient service revenue	\$ 975,984,972	\$ 3,563,755	\$ 318,272	\$ (10,000,000)	\$ 969,866,999	\$ -	\$ 969,866,999	
Capitation earned net of reinsurance expense	1,366,220	-	-	-	1,366,220	-	1,366,220	
Medicaid disproportionate share and other safety net reimbursement	163,097,427	-	-	-	163,097,427	-	163,097,427	
City and County of Denver payment for patient care services	32,577,300	-	-	-	32,577,300	-	32,577,300	
Federal, state and other grants	46,452	-	122,611,662	122,658,114	-	-	122,658,114	
City and County of Denver purchased services	10,251,596	20,538,906	96,900	-	30,887,402	-	30,887,402	
Poison and drug center contracts	-	20,369,961	-	-	20,369,961	-	20,369,961	
Other operating revenue	53,703,615	3,010,110	20,867	-	56,734,592	-	57,017,528	
Total operating revenues	1,237,027,582	27,112,771	20,785,133	112,632,529	1,397,558,015	-	1,397,840,951	
Operating Expenses								
Salaries and benefits	735,163,675	20,272,897	12,294,433	80,602,187	848,333,192	-	848,333,192	
Contracted services and nonmedical supplies	227,604,543	2,857,450	7,714,082	27,739,276	265,915,351	(2,469,600)	263,584,496	
Medical supplies and pharmaceuticals	214,048,566	760,658	139	2,597,442	217,406,805	-	217,406,805	
Depreciation and amortization	70,300,608	125,218	-	-	70,425,826	-	71,588,006	
Total operating expenses	1,247,117,392	24,016,223	20,008,654	110,938,905	1,402,081,174	(1,307,420)	1,400,912,499	
Operating income (loss)	(10,089,810)	3,096,548	776,479	1,693,624	(4,523,159)	1,307,420	(3,071,548)	
Nonoperating Revenues (Expenses)								
Increase in equity in joint venture	64,056	-	-	-	64,056	-	64,056	
Nonoperating grant revenue (FEMA)	488,248	-	-	2,795,680	3,283,928	-	3,283,928	
Interdepartmental transfers	(520,747)	-	2,327	518,420	-	-	-	
Grant funded capital expenditures	1,624,896	-	-	(1,624,896)	-	-	-	
Interest income	11,934,888	-	-	-	11,934,888	-	11,961,401	
Interest expense	(12,889,655)	-	-	-	(12,889,655)	26,513	(14,526,899)	
Net increase in fair value of investments	9,363,579	-	-	-	9,363,579	(1,637,244)	9,363,579	
Gain on disposition of capital assets	831,197	-	-	-	831,197	-	831,197	
Total nonoperating revenues (expenses)	10,896,462	-	2,327	1,689,204	12,587,993	(1,610,731)	10,977,262	
Income (loss) before capital contributions	806,652	3,096,548	778,806	3,382,828	8,064,834	(303,311)	7,905,714	
Contributions Restricted for Capital Assets								
Increase (decrease) in net position	2,498,486	401,110	-	-	2,899,596	-	2,899,596	
	\$ 3,305,138	\$ 3,497,658	\$ 778,806	\$ 3,382,828	\$ 10,964,430	\$ (303,311)	\$ 10,805,310	

Denver Health and Hospital Authority

Consolidating Schedule – Revenue and Expenses Information

Year Ended December 31, 2022 *

	The Authority						Total
	Denver Health Medical Center	City Fund	RMDS	Restricted Fund	Total Authority	CCPPS	
Operating Revenues							
Net patient service revenue	\$ 898,674,838	\$ 2,117,659	\$ 234,782	\$ -	\$ 901,027,279	\$ -	\$ 901,027,279
Capitation earned net of reinsurance expense	2,502,535	-	-	-	2,502,535	-	2,502,535
Medicaid disproportionate share and other safety net reimbursement	148,120,716	-	-	-	148,120,716	-	148,120,716
City and County of Denver payment for patient care services	29,700,000	-	-	-	29,700,000	-	29,700,000
Federal, state and other grants	(34,714)	-	-	99,544,103	99,509,389	-	99,509,389
City and County of Denver purchased services	8,392,471	21,518,205	96,900	-	30,007,576	-	30,007,576
Poison and drug center contracts	-	-	20,478,071	-	20,478,071	-	20,478,071
Other operating revenue	51,867,910	(680,176)	-	1,089,621	52,277,355	137,147	52,414,502
Total operating revenues	1,139,223,756	22,955,688	20,809,753	100,633,724	1,283,622,921	137,147	1,283,760,068
Operating Expenses							
Salaries and benefits	669,001,488	19,818,073	11,572,147	73,578,658	773,970,366	-	773,970,366
Contracted services and nonmedical supplies	235,007,137	2,339,651	8,531,016	22,119,128	267,996,932	44,967	265,572,549
Medical supplies and pharmaceuticals	185,724,433	830,933	438	7,713,863	194,269,667	-	194,269,667
Depreciation and amortization	72,326,531	187,109	-	-	72,513,640	-	73,675,820
Total operating expenses	1,162,059,589	23,175,766	20,103,601	103,411,649	1,308,750,605	44,967	1,307,488,402
Operating income (loss)	(22,835,833)	(220,078)	706,152	(2,777,925)	(25,127,684)	92,180	(23,728,334)
Nonoperating Revenues (Expenses)							
Decrease in equity in joint venture	(62,454)	-	-	-	(62,454)	-	(62,454)
Nonoperating grant revenue (FEMA)	-	-	-	6,089,020	6,089,020	-	6,089,020
Interdepartmental transfers	(243,920)	-	62,272	181,648	-	-	-
Grant funded capital expenditures	1,047,660	-	-	(1,047,660)	-	-	-
Interest income	10,187,584	-	-	-	10,187,584	-	10,187,601
Interest expense	(12,927,161)	-	-	-	(12,927,161)	-	(14,599,301)
Net decrease in fair value of investments	(36,563,351)	-	-	-	(36,563,351)	-	(36,563,351)
Gain on disposition of capital assets	3,734	-	-	-	3,734	-	3,734
Total nonoperating revenues (expenses)	(38,557,908)	-	62,272	5,223,008	(33,272,628)	-	(34,934,751)
Income (loss) before capital contributions	(61,393,741)	(220,078)	768,424	2,445,083	(58,400,312)	92,180	(58,663,085)
Contributions Restricted for Capital Assets	1,224,570	260,661	-	-	1,485,231	-	1,485,231
Increase (decrease) in net position	(60,169,171)	40,583	768,424	2,445,083	(56,915,081)	92,180	(57,177,854)

* Restated for Implementation of GASB 96

Denver Health and Hospital Authority
Supplementary Budget to Actual Information
Year Ended December 31, 2023

	Actual	Budget	Variance- Favorable (Unfavorable)
Operating Revenues			
Net patient service revenue	\$ 969,866,999	\$ 945,242,697	\$ 24,624,302
Capitation earned net of reinsurance expense	1,366,220	-	1,366,220
Medicaid disproportionate share and other safety net reimbursement	163,097,427	156,730,507	6,366,920
City and County of Denver payment for patient care services	32,577,300	30,700,000	1,877,300
Federal, state and other grants	122,658,114	87,955,792	34,702,322
City and County of Denver purchased services	30,887,402	36,333,636	(5,446,234)
Poison and drug center contracts	20,369,961	20,862,550	(492,589)
Other operating revenue	57,017,528	55,860,945	1,156,583
Total operating revenues	1,397,840,951	1,333,686,127	64,154,824
Operating Expenses			
Salaries and benefits	848,333,192	807,921,404	(40,411,788)
Contracted services and nonmedical supplies	263,584,496	260,552,615	(3,031,881)
Medical supplies and pharmaceuticals	217,406,805	196,404,261	(21,002,544)
Depreciation and amortization	71,588,006	60,410,836	(11,177,170)
Total operating expenses	1,400,912,499	1,325,289,116	(75,623,383)
Operating income (loss)	(3,071,548)	8,397,011	(11,468,559)
Nonoperating Revenues (Expenses)			
Increase in equity in joint venture	64,056	-	64,056
Nonoperating grant revenue (FEMA)	3,283,928	5,000,000	(1,716,072)
Interest income	11,961,401	10,455,799	1,505,602
Interest expense	(14,526,899)	(13,357,622)	(1,169,277)
Total nonoperating revenues (expenses)	782,486	2,098,177	(1,315,691)
Reconciliation to Income Before Capital Contributions			
Add:			
Net increase in fair value of investments	9,363,579	-	9,363,579
Income on disposition of capital assets	831,197	-	831,197
Total reconciling items	10,194,776	-	10,194,776
Income (Loss) Before Capital Contributions	\$ 7,905,714	\$ 10,495,188	\$ (2,589,474)