
TRI-COUNTY HEALTH DEPARTMENT

FINANCIAL STATEMENTS

DECEMBER 31, 2016

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Independent Auditors' Report

Board of Health
Tri-County Health Department
Greenwood Village, Colorado

Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Tri-County Health Department (the Department), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Tri-County Health Department as of December 31, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis Of Matter

As discussed in Note 2, the Department adopted the provisions of Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*, effective for the year ended December 31, 2016. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of the Department's proportionate share of the net pension liability and the schedule of the Department's contributions to the pension plan on pages i through xi, page 33, page 34 and page 35, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2017 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

RubinBrown LLP

May 30, 2017



**TRI-COUNTY HEALTH DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016**

This brief report is for the Tri-County Health Department (the "Department") for the year ended December 31, 2016. Management's Discussion and Analysis (MD&A) provides an overview of the financial activities of the Department during 2016. The MD&A should be read in conjunction with the Department's basic financial statements.

Background Information

The Tri-County Health Department was established, in accordance with C.R.S. 25-1-506, to provide local public health services to the 1.4 million residents of Adams, Arapahoe, and Douglas Counties. The Department's mission is to protect, promote, and improve the health, environment and quality of life of the residents of Adams, Arapahoe and Douglas Counties. The Department provides all core public health services identified in the Colorado State Board of Health, Core Public Health Services Rule, these include: Assessment, Planning and Communication; Vital Records and Statistics; Communicable Disease Prevention, Investigation and Control; Prevention and Population Health Promotion; Emergency Preparedness and Response; Environmental Health; Administration and Governance.

Financial Highlights

- The assets and deferred outflows of resources of the Department were less than its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$4,416,912 (*net position*).
- The Department's total net position decreased by \$1,376,887 during fiscal year 2016.
- At the close of the current fiscal year, the Department's governmental fund reported a fund balance of \$19,688,842, an increase of \$166,757 from the prior year. Approximately 37% of this amount, \$7,291,498, is available for spending at the Department's discretion.
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and the *unassigned* components of *fund balance*) was \$19,068,712, or approximately 50% of total general fund expenses.

Overview of the Financial Statements

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



**TRI-COUNTY HEALTH DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016**

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

Government Funds

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

Notes to the Financial Statements

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

Other Information

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



**TRI-COUNTY HEALTH DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016**

Financial Efforts of 2016

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

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

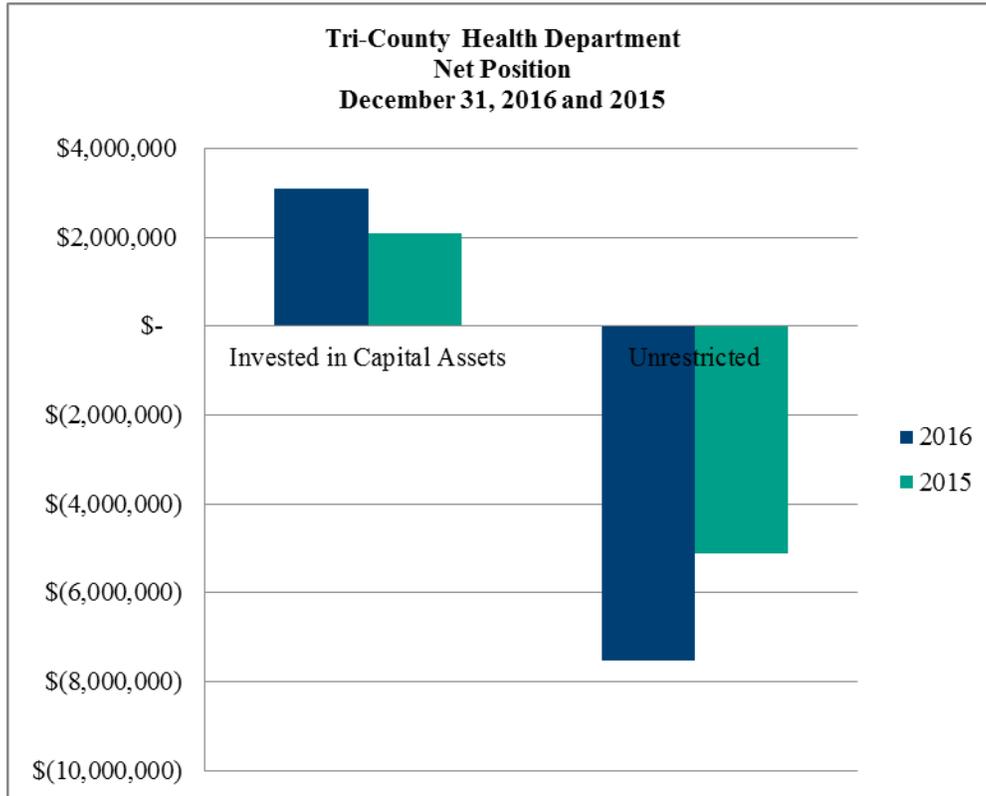
The table below shows the condensed Statement of Net Position as of December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Current Assets	\$ 23,562,073	\$ 22,773,385
Capital Assets	3,099,383	2,079,357
Total Assets	<u>26,661,456</u>	<u>24,852,742</u>
Deferred Outflows of Resources	9,533,055	4,864,681
Total Assets and Deferred Outflows of Resources	<u>\$ 36,194,511</u>	<u>\$ 29,717,423</u>
Current Liabilities	4,090,398	3,359,567
Noncurrent Liabilities	35,886,451	29,392,238
Total Liabilities	<u>39,976,849</u>	<u>32,751,805</u>
Deferred Inflows of Resources	634,574	5,643
Net Position:		
Invested in Capital Assets	3,099,383	2,079,357
Unrestricted	(7,516,295)	(5,119,382)
Total Net Position	<u>(4,416,912)</u>	<u>(3,040,025)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 36,194,511</u>	<u>\$ 29,717,423</u>

Tri-County Health Department implemented GASB 68 in 2015. With the new reporting change, the Department is allocated its proportionate share of the Local Government Public Employees' Retirement Association's net pension asset, deferred outflows of resources, deferred inflows of resources and pension expense. Decisions regarding the allocations are made by the administration of the pension plan.



**TRI-COUNTY HEALTH DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016**





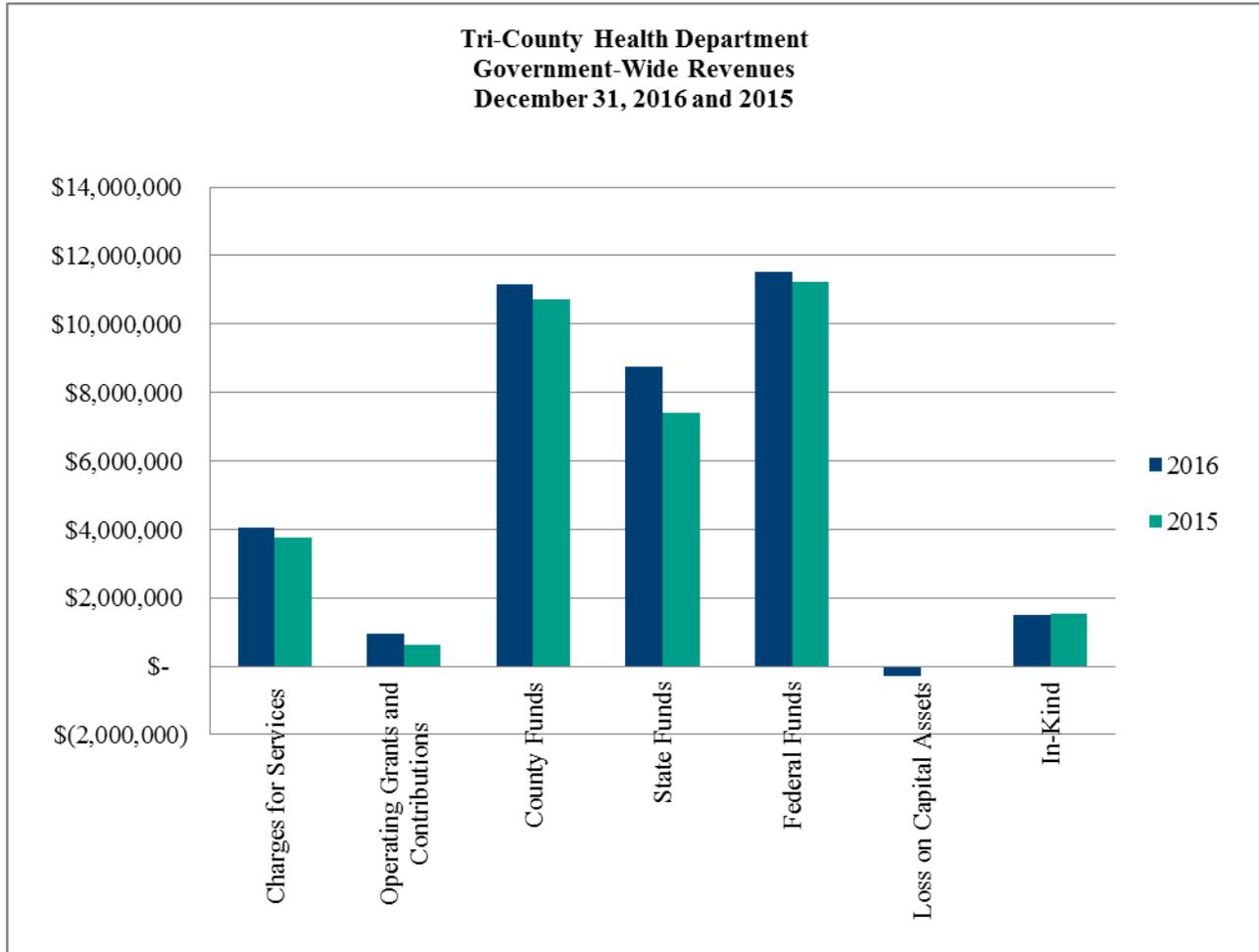
**TRI-COUNTY HEALTH DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016**

The table below shows the condensed Statement of Activities as of December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Program Revenues:		
Charges for Services	\$ 4,048,416	\$ 3,756,908
Operating Grants and Contributions	937,356	638,795
General Revenues:		
County Funds	11,172,892	10,729,494
State Funds	8,766,598	7,407,701
Federal Funds	11,539,388	11,214,320
Loss on Capital Assets	(285,120)	-
In-Kind	1,511,018	1,518,562
Total Revenues	<u>37,690,548</u>	<u>35,265,780</u>
Expenses:		
Public Health and Welfare	39,067,435	36,542,245
Total Expenses	<u>39,067,435</u>	<u>36,542,245</u>
Change in Net Position	<u>\$ (1,376,887)</u>	<u>\$ (1,276,465)</u>



**TRI-COUNTY HEALTH DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016**

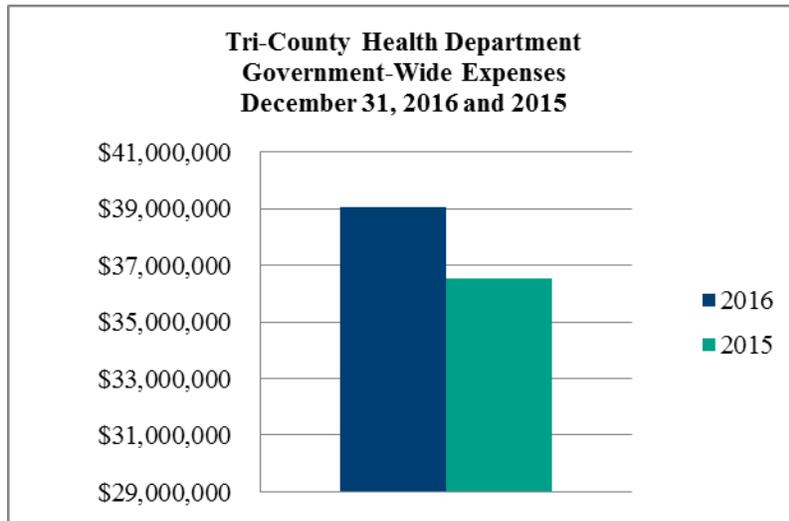


Revenues from state and federal grants increased from the previous year.



**TRI-COUNTY HEALTH DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016**

Total expenses for the Department increased from 2015 to 2016 by approximately \$2.5 million, primarily in personnel costs and capital outlay.



The table below shows the condensed budget comparison for 2016:

	<u>Final Budget</u>	<u>Actual</u>
Revenues		
Contributions from Counties	\$ 11,072,373	\$ 11,172,891
State and Federal Funds	20,602,199	20,254,829
Fees	3,689,195	4,048,415
Grants and Contracts	946,078	937,356
Other	3,524,830	1,562,175
Total Revenues	<u>39,834,675</u>	<u>37,975,666</u>
Expenditures		
Personnel	26,337,260	25,734,580
Operating	9,406,813	8,450,659
Capital Outlay	2,850,440	2,112,654
In-Kind	1,240,162	1,511,018
Total Expenditures	<u>39,834,675</u>	<u>37,808,911</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ 166,755</u>



**TRI-COUNTY HEALTH DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016**

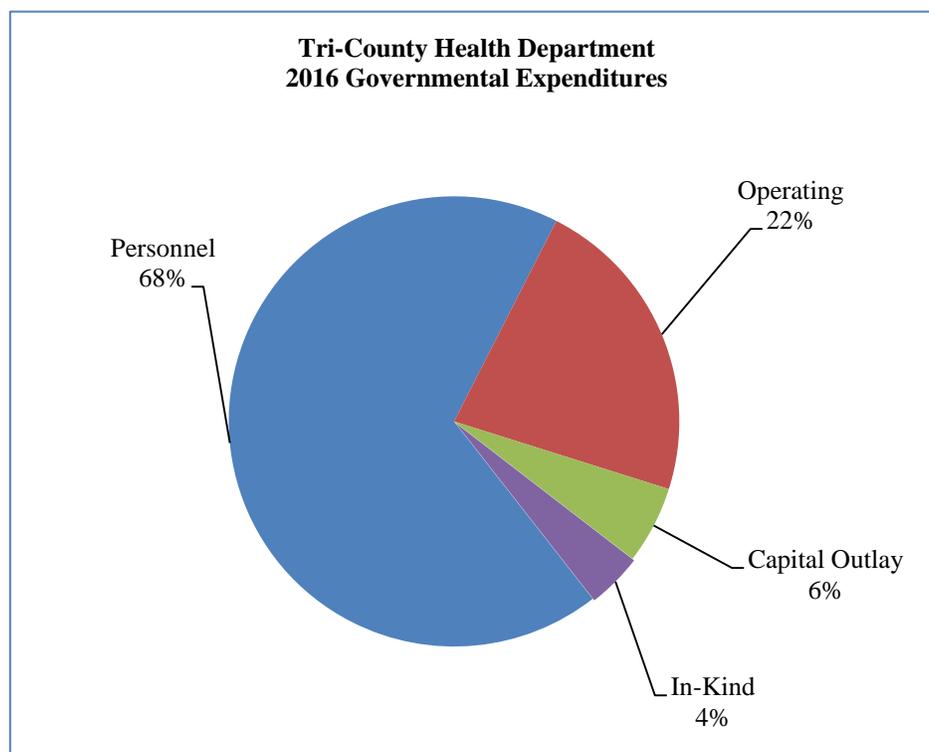
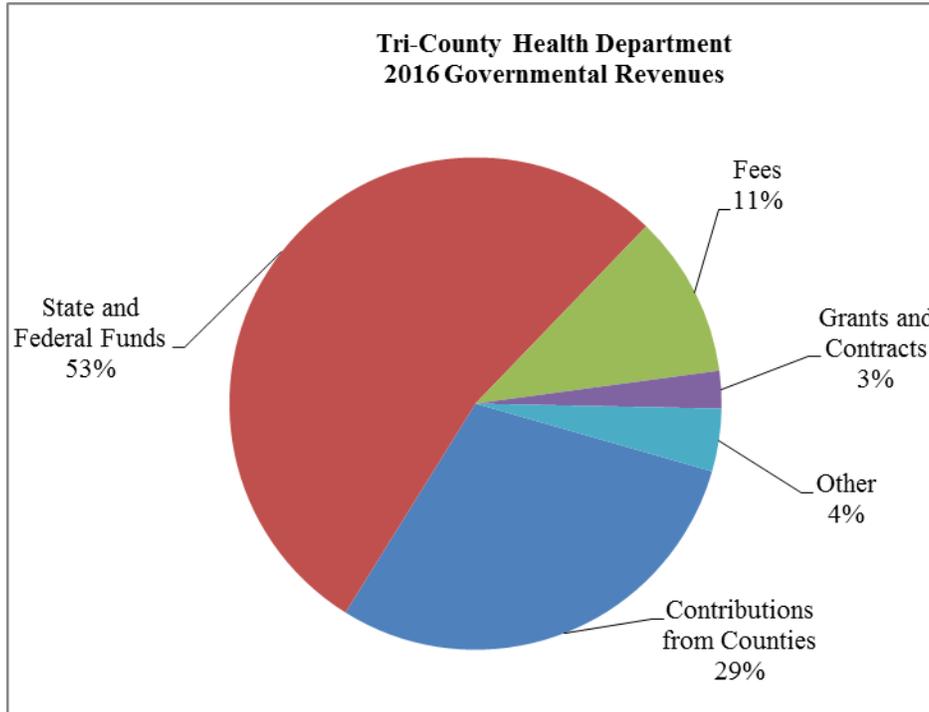
The Department ended the year of 2016 with revenues in excess of expenditures in the amount of \$166,757.

Total revenue was lower than budgeted by \$1,859,009. The majority of this difference relates to the anticipated use of fund balance for software and planned construction costs which did not occur in 2017.

Actual expenditures of \$37,808,911 were under budget by \$2,025,764 for 2016. Factors include the following:

1. Personnel costs were under budget by approximately \$602,000 due primarily to vacancy savings.
2. Operating expenses were under budget by \$956,000.
3. Capital outlays were less than budgeted by approximately \$737,000. Planned construction for a replacement of the Aurora-Iliff location was delayed; therefore most of the costs will be incurred in 2017.

**TRI-COUNTY HEALTH DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016**





**TRI-COUNTY HEALTH DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016**

Capital Assets

The Department's investment in capital assets as of December 31, 2016 amounts to \$3,099,383 (net of accumulated depreciation). The capital assets include computer equipment, computer software, furniture, improvements to buildings, and other equipment with a cost of \$5,000 or more. During 2016 the Department completed remodeling the Westminster location. Also during 2016 a remodeling project was started on a replacement for the Aurora-Iliff location. This project resulted in \$308,488 in construction in progress costs in 2016. These costs will be capitalized as leasehold improvements in 2017 once the project is completed.

The following table shows the capital assets for 2016 and 2015:

	2016	2015
Capital Assets Not Being Depreciated		
Construction in progress	\$ 308,488	\$ 663,395
Depreciable Capital Assets		
Office furniture and equipment	1,265,359	978,749
Computer equipment	1,135,628	920,226
Computer software	164,718	471,018
Leasehold improvements	3,572,382	1,874,084
Total Depreciable Capital Assets	6,138,087	4,244,077
Accumulated depreciation	(3,347,192)	(2,828,115)
Total Capital Assets Being Depreciated, Net	2,790,895	1,415,962
Net Capital Assets	\$ 3,099,383	\$ 2,079,357

Capital additions for 2016 totaled \$2,210,810 and consisted of computer equipment, computer software, office furniture and leasehold improvements.

Summary

Future revenues and expenditures will depend on the economic climate of Adams, Arapahoe, and Douglas Counties, the State of Colorado and the United States. The potential exists for the Department to realize budget and program cuts at the state and federal level or other budgetary/funding mandates outside of the Department's control. These cuts may affect the level of services that the Department will provide in the future.



**TRI-COUNTY HEALTH DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016**

Programs will be evaluated to assure that adequate funding is available to sustain the level of services required and to meet the goal of the Department to be fiscally self-sufficient.

Any questions concerning this report or the financial affairs of the Department can be directed to the Director of Administration and Finance of Tri-County Health Department.

Tri-County Health Department
Administration and Finance Division
Attention: Patty Buckle, Interim Director
6162 South Willow Drive, Suite 100
Greenwood Village, CO 80111
303-220-9200

TRI-COUNTY HEALTH DEPARTMENT

STATEMENT OF NET POSITION

December 31, 2016

Assets

	Governmental Activities
Current Assets	
Cash	\$ 2,747,459
Investments	14,912,659
Accounts receivable	5,208,996
Inventory	433,428
Deposits	144,761
Prepaid items	114,770
Total Current Assets	23,562,073
Capital Assets	
Capital assets, net of accumulated depreciation	3,099,383
Total Assets	26,661,456
Deferred Outflows Of Resources	9,533,055
Total Assets And Deferred Outflows Of Resources	\$ 36,194,511

Liabilities And Net Position

Current Liabilities	
Accounts payable	\$ 850,344
Accrued liabilities	1,628,112
Unearned revenue	1,466,707
Compensated absences, current portion	145,235
Total Current Liabilities	4,090,398
Noncurrent Liabilities	
Net pension liability	34,579,339
Compensated absences	1,307,112
Total Noncurrent Liabilities	35,886,451
Total Liabilities	39,976,849
Deferred Inflows Of Resources	634,574
	Net Position
Net investment in capital assets	3,099,383
Unrestricted	(7,516,295)
Total Net Position	(4,416,912)
Total Liabilities, Deferred Inflows Of Resources And Net Position	\$ 36,194,511

TRI-COUNTY HEALTH DEPARTMENT

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2016

<u>Function/Program</u>	<u>Program Revenues</u>				<u>Changes In Net Position</u>
<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants And Contributions</u>	<u>Capital Grants And Contributions</u>	<u>Primary Governmental Activities</u>	
Governmental Activities					
Public health and welfare	\$ 39,067,435	\$ 4,048,416	\$ 937,356	\$ —	\$ (34,081,663)
		General Revenues			
					11,172,892
					8,766,598
					11,539,388
					(285,120)
					1,511,018
		Total General Revenues			32,704,776
					(1,376,887)
					(3,040,025)
					\$ (4,416,912)

TRI-COUNTY HEALTH DEPARTMENT

BALANCE SHEET - GOVERNMENTAL FUND

December 31, 2016

Assets

	<u>General Fund</u>
Current Assets	
Cash	\$ 2,747,459
Investments	14,912,659
Accounts receivable	5,208,996
Inventory	433,428
Deposits	144,761
Prepaid items	186,702
	<hr/>
Total Assets	\$ 23,634,005

Liabilities And Fund Balance

Liabilities	
Accounts payable	\$ 850,344
Accrued liabilities	1,628,112
Unearned revenue	1,466,707
Total Liabilities	<hr/> 3,945,163

Fund Balance

Nonspendable fund balance:	
Inventory	433,428
Prepays	186,702
Committed fund balance:	
Committed for future employee compensated absences	1,160,782
Emergency operating reserves	8,736,082
Assigned fund balance:	
Facilities master plan	529,100
Information technology	583,387
Capital replacement	767,863
Unassigned fund balance:	
Operating capital	7,291,498
Total Fund Balance	<hr/> 19,688,842
	<hr/>
Total Liabilities And Fund Balance	\$ 23,634,005

TRI-COUNTY HEALTH DEPARTMENT

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION December 31, 2016

Total Governmental Fund Balance	\$ 19,688,842
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,099,383
Abated rent is not due and payable in the current period and, therefore, not reported at the fund level; however, it is reported on the government-wide statement of net position and is included as a prepaid expense.	(71,932)
Compensated absences are liabilities that are not due and payable in the current period and, therefore, are not reported at the fund level; however, they are reported on the government-wide statement of net position.	(1,452,347)
Pension plan accounts, such as deferred outflows/inflows and net pension liability, are not receivable or payable in the current period and, therefore, not reported in the funds.	
Net pension liability	(34,579,339)
Deferred outflows of resources	9,533,055
Deferred inflows of resources	(634,574)
Net Position Of Governmental Activities	<u><u>\$ (4,416,912)</u></u>

TRI-COUNTY HEALTH DEPARTMENT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND For The Year Ended December 31, 2016

	<u>General Fund</u>
Revenues	
County funds	\$ 11,172,892
Grants and contracts	937,356
Fees administration	1,321,137
Nutrition	50,140
Nursing	454,496
Environmental health	2,222,227
Epidemiology planning and communications	416
State funds	8,766,598
Federal funds	11,539,388
In-kind	1,511,018
Total Revenues	<u>37,975,668</u>
Expenditures	
Current:	
Public health and welfare	35,696,257
Capital outlays	2,112,654
Total Expenditures	<u>37,808,911</u>
Change In Fund Balance	166,757
Fund Balance, Beginning Of Year	<u>19,522,085</u>
Fund Balance, End Of Year	<u>\$ 19,688,842</u>

TRI-COUNTY HEALTH DEPARTMENT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES For The Year Ended December 31, 2016

Change In Fund Balance - Total Governmental Fund \$ 166,757

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

Governmental funds report capital outlay as expenditures,
but in the statement of activities, these costs are
allocated over their estimated useful lives as depreciation.

Capital outlay	1,855,903
Depreciation expense	(550,757)
Loss on disposal of asset	(285,120)

Some expenses reported in the statement of activities do not
require the use of current financial resources and, therefore,
are not reported as expenditures in governmental funds. This
amount represents the change in abated rent.

(107,252)

Some expenses reported in the statement of activities
do not require the use of current financial resources
and, therefore, are not reported as expenditures in
governmental funds.

Compensated absences, December 31, 2016	(1,452,347)
Compensated absences, December 31, 2015	1,435,868

Pension expense related to the cost-sharing multiple-employer
defined benefit pension plan are recognized on a government-
wide basis and not included in the fund statements.

(2,439,939)

Change In Net Position - Statement Of Activities \$ (1,376,887)

TRI-COUNTY HEALTH DEPARTMENT

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2016

1. Summary Of Significant Accounting Policies

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

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

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

Reporting Entity

The Department's mission is to protect, promote and improve the health, environment and quality of life of the residents of Adams, Arapahoe and Douglas Counties. The Department provides all core public health services identified in the Colorado State Board of Health, Core Public Health Services Rule. These include: Assessment, Planning and Communication; Vital Records and Statistics; Communicable Disease Prevention, Investigation and Control; Prevention and Population Health Promotion; Emergency Preparedness and Response; Environmental Health; Administration and Governance.

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

For financial reporting purposes, the Department includes all funds and account groups for which it is financially accountable. The Department does not exercise any power over any other entity.

Government-Wide And Fund Financial Statements

Government-Wide Financial Statements

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

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (*Continued*)

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

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

Fund Financial Statements

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

The Department used the following fund during 2016:

Governmental Fund

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

Basis Of Accounting

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

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (*Continued*)

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

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

Cash And Investments

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

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

Investments for the Department are reported at fair value.

Accounts Receivable

Accounts receivable are determined to be fully collectible at December 31, 2016; therefore, an allowance for doubtful accounts is not recorded in the financial statements.

Inventory

Inventory is valued at the lower of cost or market, using the average-cost method. The cost of General Fund inventory is recorded as an expenditure when consumed, rather than when purchased.

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (*Continued*)

Capital Assets

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

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

Compensated Absences

It is the Department's policy to permit employees to accumulate earned but unused vacation benefits (paid time off) up to certain maximum limits. Vacation benefits are expected to be liquidated with available financial resources and are reported as an expenditure and fund liability of the General Fund when amounts are due.

In-Kind Donations

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

Fund Balance

The Department implemented GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in the fiscal year 2011. In the fund financial statements, the governmental fund reports the following classification of fund balance:

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

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

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (*Continued*)

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

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

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

The Tri-County Board of Health has established an emergency operating reserve equivalent to four months of operating expenses. The purpose of this reserve is to provide the Department with sufficient working capital and a margin of safety to address significant and sudden revenue shortfalls or local and regional emergencies or other critical circumstances, as determined by the Tri-County Board of Health. The Board has established that the amount shall be used only after all other efforts have been exhausted to fund unanticipated needs and/or emergencies, such as would occur in the event of a declared regional health emergency, catastrophic loss of property or sudden loss of 10% or more of the current fiscal year's General Fund revenue. If the Emergency Operating Fund balance falls below 10% of the total current fiscal year adopted annual appropriations or half of the prior fiscal year ending balance, then a budgetary plan shall be implemented to return the reserve to a minimum 10% level in no more than a three-year period. The amount for this reserve will be validated and determined on an annual basis after the annual audit has been completed. As of December 31, 2016, the amount of the estimated four-month emergency operating reserve was \$8,736,082, which is included in committed fund balance.

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

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements *(Continued)*

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

Use Of Estimates

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

Budgets And Budgetary Accounting

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

Pensions

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

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements *(Continued)*

Deferred Outflows Of Resources

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

Deferred Inflows Of Resources

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

2. Noncash Federal Vouchers And Supplies

The Department receives noncash vouchers and supplies, which are required to be recorded in the schedule of expenditures of federal awards; however, these amounts are not recorded in the financial statements. The noncash amounts are as follows:

Noncash federal vouchers and supplies received	\$ 16,021,350
Noncash federal vouchers and supplies expenditures	<u>16,021,350</u>
Net	<u><u>\$ —</u></u>

3. Cash And Investments

Deposits

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

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (Continued)

The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must equal at least 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2016, the Department had bank deposits of \$2,805,947 collateralized with securities held by the financial institution's agent but not in the Department's name.

Custodial Credit Risk - This is the risk that, in the event of a bank failure, the Department's deposits may not be returned to it. As of December 31, 2016, the Department's deposits were not exposed to credit risk, as all deposits were insured by the Federal Deposit Insurance Corporation or collateralized in accordance with PDPA.

Investments

The Department has an investment policy which specifies investment instruments including rating, maturity and concentration risk criteria in which the Department may invest. These include:

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

At December 31, 2016, the Department's investments consisted of the following:

<u>Investments</u>	<u>Fair Value</u>	<u>% Of Total</u>
U.S. Treasury notes	\$ 1,526,419	10%
U.S. agency securities	3,584,918	24%
Certificates of deposit	4,946,136	33%
Corporate bonds	754,811	5%
Commercial paper	149,213	1%
Subtotal Investments	10,961,497	73%
Other money market funds	100,290	1%
Local government investment pool	3,850,872	26%
Total Investments	\$ 14,912,659	100%

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (*Continued*)

At December 31, 2016, the Department had the following investments and maturities:

Investment Type	S&P Rating	Fair Value	Investment Maturities (In Years)	
			Less Than 1	1 - 5
U.S. Treasury notes	Aaa/AA+/AAA	\$ 1,526,419	\$ 350,055	\$ 1,176,364
U.S. agency securities	Aaa/AA+/AAA	3,584,918	1,054,958	2,529,960
Certificates of deposit	N/A	4,946,136	3,971,154	974,982
Corporate bonds	Aaa/AA+/AAA	754,811	400,410	354,401
Commercial paper	A-1+	149,213	149,213	—
Total		\$ 10,961,497	\$ 5,925,790	\$ 5,035,707

At December 31, 2016, the Department had an investment held by the Colorado Surplus Asset Fund (CSAFE), which is rated AAAM by Standard & Poor's. These amounts are considered cash equivalents and totaled \$3,850,872 as of December 31, 2016. Separately issued financial statements for CSAFE may be obtained at www.csafe.org.

Authorized securities include U.S. Treasury issues, U.S. agency issues, commercial paper, repurchase agreements and bank deposits (collateralized through PDPA). CSAFE operates similarly to a 2a7-like money market fund, with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. Designated custodial banks provide safekeeping and depository services to CSAFE in connection with direct investment and withdrawal functions. Substantially all securities owned by CSAFE are held by the Federal Reserve Bank in the account maintained for the custodial bank. The State Securities Commission administers and enforces all state statutes for governing CSAFE.

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

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (Continued)

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

Concentration Of Credit Risk - The Department’s investment policy does not limit the amount the Department may invest in one issuer. The Department has investments in U.S. agency securities and corporate bonds greater than 5% of its total portfolio as follows: Federal Home Loan Mortgage Corporation (5.93%), Federal National Mortgage Association (11.89%) and U.S. Treasury notes (10.24%).

Fair Value - The Department categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs and are valued using matrix pricing model. Level 3 inputs are significant unobservable inputs. The Department has the following fair value measurements as of December 31, 2016.

Investments By Fair Value Level	December 31, 2016	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
U.S. Treasury notes	\$ 1,526,419	\$ —	\$ 1,526,419	\$ —
U.S. agency securities	3,584,918	—	3,584,918	—
Certificates of deposit	4,946,136	—	4,946,136	—
Corporate bonds	754,811	—	754,811	—
Commercial paper	149,213	—	149,213	—
Total Investments By Fair Value Level	10,961,497	\$ —	\$ 10,961,497	\$ —
Local government investment pool	3,850,872			
Other money market funds	100,290			
Total Investments	\$ 14,912,659			

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (Continued)

4. Capital Assets

Capital asset activity for the year ended December 31, 2016 was as follows:

	Balance - January 1, 2016	Additions	Retirements	Balance - December 31, 2016
Capital Assets Not Being Depreciated				
Construction in progress	\$ 663,395	\$ 308,488	\$ (663,395)	\$ 308,488
Depreciable Capital Assets				
Office furniture and equipment	978,749	286,610	—	1,265,359
Computer equipment	920,226	215,402	—	1,135,628
Computer software	471,018	10,500	(316,800)	164,718
Leasehold improvements	1,874,084	1,698,298	—	3,572,382
Total Depreciable Capital Assets	4,244,077	2,210,810	(316,800)	6,138,087
Accumulated depreciation	(2,828,115)	(550,757)	31,680	(3,347,192)
Total Capital Assets Being Depreciated, Net	1,415,962	1,660,053	(285,120)	2,790,895
Governmental Activities Capital Assets, Net	\$ 2,079,357	\$ 1,968,541	\$ (948,515)	\$ 3,099,383

Depreciation expense for the year ended December 31, 2016 was \$550,757, all of which related to the Public Health and Welfare function.

5. Operating Leases

The Department leases various operating spaces under noncancelable leases with third parties which expire through 2026. Lease expense for the year ended December 31, 2016 totaled \$1,686,025.

Future minimum rental commitments under operating leases as of December 31, 2016 were as follows:

Year Ending December 31, 2016	Amount
2017	\$ 1,537,291
2018	1,613,559
2019	1,707,526
2020	1,701,601
2021	1,741,025
Thereafter	7,407,371
Total	\$ 15,708,373

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (*Continued*)

6. Changes In Long-Term Obligations

	Balance - January 1, 2016	Additions	Reductions	Balance - December 31, 2016	Amounts Due Within One Year
Compensated absences	\$ 1,435,868	\$ 164,992	\$ (148,513)	\$ 1,452,347	\$ 145,235

7. PERA Of Colorado

Plan Description

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

Benefits Provided

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

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

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

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (*Continued*)

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

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit
- An amount of \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors

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

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

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2%, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2% or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2% or the average CPI-W for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve for LGDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and when it is determined that they meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above, considering a minimum 20 years of service credit, if they are deemed disabled.

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (*Continued*)

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

Contributions

Eligible employees and the Department are required to contribute to LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. Eligible employees are required to contribute 8% of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	For The Year Ended December 31, 2015
Employer contribution rate ¹	10.00%
Amount of employer contribution apportioned to the Health Care Trust Fund (HCTF) as specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02%)
Amount apportioned to LGDTF ¹	8.98%
Amortization equalization disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	2.20%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	1.50%
Total employer contribution rate to LGDTF ¹	12.68%

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

Employer contributions are recognized by LGDTF in the period in which the compensation becomes payable to the member, and the Department is statutorily committed to pay the contributions to LGDTF. Employer contributions recognized by LGDTF from the Department were \$2,367,802 for the year ended December 31, 2016.

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements *(Continued)*

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

At December 31, 2016, the Department reported a liability of \$34,579,339 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The Department's proportion of the net pension liability was based on Department contributions to LGDTF for the calendar year 2015 relative to the total contributions of participating employers to LGDTF.

At December 31, 2015, the Department's portion was 3.1391%, which was an increase of 0.0040% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the Department recognized pension expense of \$2,439,939. At December 31, 2016, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 259,438	\$ 1,201
Changes of assumptions	—	633,373
Net difference between projected and actual earnings on pension plan investments	6,655,327	—
Changes in proportion and differences between contributions and proportionate share of contributions	250,487	—
Contributions subsequent to the measurement date	2,367,803	—
Total	\$ 9,533,055	\$ 634,574

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements *(Continued)*

The amount of \$2,367,802 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For The Year Ended December 31,	
2017	\$ 1,702,968
2018	1,690,531
2019	1,759,074
2020	1,378,105
2021	—
Total	\$ 6,530,678

Actuarial Assumptions

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Price inflation	2.80%
Real wage growth	1.10%
Wage inflation	3.90%
Salary increases, including wage inflation	3.90% - 10.85%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.50%
Future post-retirement benefit increases:	
PERA benefit structure hired prior to January 1, 2007 and DPS benefit structure (automatic)	2.00%
PERA benefit structure hired after December 31, 2006 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Changes to assumptions or other inputs since December 31, 2013 actuarial valuation:

The following programming changes were made:

- Valuation of the full survivor benefit for all eligible years
- Reflection of the employer match on separation benefits for all eligible years
- Reflection of one year of service eligibility for survivor annuity benefit
- Refinement of the 18-month annual increase timing
- Refinements to directly value certain and life, modified cash refund and pop-up benefit forms

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (*Continued*)

The following methodology changes were made:

- Recognition of merit salary increases in the first projection year
- Elimination of the assumption that 35% of future disabled members elect to receive a refund
- Removal of the negative value adjustment for liabilities associated with refunds of future terminating members
- Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back one year, and Females set back two years.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

LGDTF's long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (*Continued*)

As of the most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 15, 2013, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	10-Year Expected Geometric Real Rate Of Return
U.S. equity - large cap	26.76%	5.00%
U.S. equity - small cap	4.40%	5.19%
Non-U.S. equity - developed	22.06%	5.29%
Non-U.S. equity - emerging	6.24%	6.76%
Core fixed income	24.05%	0.98%
High yield	1.53%	2.64%
Long-duration gov't/credit	0.53%	1.57%
Emerging market bonds	0.43%	3.04%
Real estate	7.00%	5.09%
Private equity	7.00%	7.15%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate applied the actuarial method and assumptions discussed above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (*Continued*)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the annual increase reserve (AIR) and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc postretirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on those assumptions, LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements *(Continued)*

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

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	\$ 53,013,652	\$ 34,579,339	\$ 19,289,897

Pension Plan Fiduciary Net Position

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

Postemployment Health Care Benefits

Plan Description

The Department contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer postemployment healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (PERACare) to PERA-participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12, of the C.R.S., as amended, establishes HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for HCTF. That report may be obtained online at www.copera.org/investments/pera-financial-reports.

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (*Continued*)

Funding Policy

The Department is required to contribute at a rate of 1.02% of PERA-included salary for all PERA members, as set by statute. No member contributions are required. The contribution requirements for the Department are established under Title 24, Article 51, Part 4, of the C.R.S., as amended. The apportionment of the contribution to HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending December 31, 2016, 2015 and 2014, the Department's employer contributions to HCTF were \$190,470, \$181,453 and \$173,693, respectively, equal to the Department's required contributions for each year.

Defined Contribution Pension Plan

Plan Description

Employees of the Department that are also members of LGDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 52, Part 14, of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publically available comprehensive annual financial report for the Program. The report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy

The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402, of the C.R.S., as amended. Employees are immediately vested in their contributions and investment earnings. For the year ended December 31, 2016, program members contributed \$760,539.

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (*Continued*)

8. Deferred Compensation Plan

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

9. Risk Management

The Department is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Department has obtained commercial insurance coverage for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. Under the Colorado Governmental Immunity Act, the maximum liability per person, per occurrence, is \$350,000, with a maximum liability per occurrence of \$990,000. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. At December 31, 2016, the Department had no accrued liability under the terms of this self-insurance plan.

10. Contingencies

Grants

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

TRI-COUNTY HEALTH DEPARTMENT

Notes To Basic Financial Statements (*Continued*)

11. Tax Spending And Debt Limitation (TABOR)

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

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

12. Concentrations

The Department received approximately 29% of its revenue from Adams, Arapahoe and Douglas Counties and 53% from state and federal grants for the year ended December 31, 2016.

Required Supplementary Information

TRI-COUNTY HEALTH DEPARTMENT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL - GENERAL FUND For The Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues				
County funds	\$ 11,061,562	\$ 11,072,373	\$ 11,172,892	\$ 100,519
Grants and contracts	857,147	946,078	937,356	(8,722)
Fees administration	1,387,500	1,387,500	1,321,137	(66,363)
Nutrition	55,000	55,000	50,140	(4,860)
Nursing	403,220	403,220	454,496	51,276
Environmental health	1,843,475	1,843,475	2,222,227	378,752
State funds	8,717,473	8,781,087	8,766,598	(14,489)
Federal funds	10,694,801	11,845,162	11,539,388	(305,774)
In-kind	1,240,162	1,240,162	1,511,018	270,856
Other	1,160,617	2,260,619	416	(2,260,203)
Total Revenues	37,420,957	39,834,676	37,975,668	(1,859,008)
Expenditures				
Salaries and wages	19,712,961	20,198,392	19,443,087	(755,305)
Employee benefits	6,013,869	6,013,869	6,142,311	128,442
Operating expenses	4,619,788	4,651,145	4,391,849	(259,296)
Operating supplies	1,252,517	1,606,607	1,332,758	(273,849)
Services	2,833,220	3,274,061	2,875,234	(398,827)
Equipment	1,748,440	2,850,440	2,112,654	(737,786)
In-kind	1,240,162	1,240,162	1,511,018	270,856
Total Expenditures	37,420,957	39,834,676	37,808,911	(2,025,765)
Change In Fund Balance	\$ —	\$ —	166,757	\$ 166,757
Fund Balance - Beginning Of Year			19,522,085	
Fund Balance - End Of Year			\$ 19,688,842	

Notes to Required Supplementary Information

The basis of the budget is the same as GAAP.

This schedule is presented on a GAAP basis.

TRI-COUNTY HEALTH DEPARTMENT

SCHEDULE OF THE DEPARTMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

For The Year Ended December 31, 2015 (Measurement Date)

Employee Pension Plan

Year One⁽¹⁾

	<u>2016</u>	<u>2015</u>
Department's proportion of the net pension liability (asset)	3.1391%	3.1351%
Department's proportionate share of the net pension liability (asset)	\$ 34,579,339	\$ 28,099,957
Department's covered-employee payroll	\$ 17,789,323	\$ 17,028,716
Department's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	194.4%	165.0%
Plan fiduciary net position as a percentage of the total pension liability	76.90%	80.70%

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

TRI-COUNTY HEALTH DEPARTMENT

**SCHEDULE OF THE DEPARTMENT'S CONTRIBUTIONS
TO THE PENSION PLAN
For The Year Ended December 31, 2016
Employee Pension Plan
Year One⁽¹⁾**

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,367,802	\$ 2,255,684
Contributions in relation to the contractually required contribution	<u>(2,367,802)</u>	<u>(2,255,684)</u>
Contribution Deficiency (Excess)	<u>\$ —</u>	<u>\$ —</u>
Department's covered-employee payroll	\$ 18,673,526	\$ 17,789,323
Contributions as a percentage of covered-employee payroll	12.68%	12.68%

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

Single Audit Section

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

Board of Health
Tri-County Health Department
Greenwood Village, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Tri-County Health Department (the Department), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated May 30, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance And Other Matters

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

Purpose Of This Report

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

RubinBrown LLP

May 30, 2017

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

Board of Health
Tri-County Health Department
Greenwood Village, Colorado

Report On Compliance For Each Major Federal Program

We have audited Tri-County Health Department's (the Department) compliance with the types of compliance requirements described in the Office of Management and Budget's (OMB) *OMB Compliance Supplement* that could have a direct and material effect on each of the Department's major federal programs for the year ended December 31, 2016. The Department's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Department's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Department's compliance.

Opinion On Each Major Federal Program

In our opinion, the Department complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Report On Internal Control Over Compliance

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Department's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over compliance.

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

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

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

RubinBrown LLP

May 30, 2017

TRI-COUNTY HEALTH DEPARTMENT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended December 31, 2016**

Section I - Summary Of Auditors' Results

Financial Statements

Type of auditors' report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none noted

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none noted

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

Any audit findings disclosed that are required to be reported in accordance with the 2 CFR 200.516(a)? yes no

Identification of major programs:

CFDA Number(s)	Name Of Federal Program Or Cluster
10.557	U.S. Department of Agriculture - Special Supplemental Nutrition Program for Women, Infants and Children
93.069	U.S. Department of Health and Human Services - Centers for Disease Control and Prevention - Public Health Emergency Preparedness
93.243	U.S. Department of Health and Human Services - Substance Abuse and Mental Health Services

Dollar threshold used to distinguish between Type A and Type B programs: \$797,133

Auditee qualified as low-risk auditee? yes no

TRI-COUNTY HEALTH DEPARTMENT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*)
For The Year Ended December 31, 2016

Section II - Financial Statement Findings

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

Section III - Federal Award Findings And Questioned Costs

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

Section IV - Prior-Year Financial Statement Findings

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

TRI-COUNTY HEALTH DEPARTMENT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For The Year Ended December 31, 2016

Federal Grantor/Pass-Through Grantor/Program Or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures To Subrecipients
Department Of Agriculture				
Passed Through The Colorado Department Of Public Health And Environment				
Special Supplemental Nutrition Program for Women, Infants and Children - ARRA	10.557	AB16L	\$ 5,336,517	\$ —
Special Supplemental Nutrition Program for Women, Infants and Children - ARRA	10.557	AL16L	159,947	—
Special Supplemental Nutrition Program for Women, Infants and Children - In-Kind	10.557		16,021,350	—
Total Department Of Agriculture			21,517,814	—
Environmental Protection Agency				
Passed Through The Colorado Department Of Public Health And Environment				
Capitalization Grants for Drinking Water - State Revolving Funds	66.468	XH11G, XK11G, XT11G	6,115	—
Performance Partnership Grants	66.605		6,616	—
Total Environmental Protection Agency			12,731	—
Department Of Health And Human Services				
Passed Through The Colorado Department Of Public Health And Environment				
Public Health Emergency Preparedness	93.069	HW16J, HW17J, HX17J	1,018,762	—
Hospital Preparedness Program	93.074	HF15J	92,710	—
Well-Integrated Screening and Evaluation for Women Across the Nation	93.094	DP16L	1,567	—
Family Planning Services	93.217	JA16L, JA17L	230,873	—
Immunization Cooperative Agreements	93.268	KA16H, KT16H	374,846	—
Centers for Disease Control and Prevention	93.283	QH16H	62,187	—
Centers for Disease Control and Prevention	93.283	QE16H	67,671	—
National Center for Advancing Translational Services	93.350	ZN16L	4,487	—
Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity	93.521	NQ14H, NQ15H	37,436	—
Affordable Care Act: Capacity Building Assistance to Strengthen Public Health Immunization	93.539	JG16H	15,000	—
ACA - State Innovation Models: Funding for Model Design and Model Testing Assistance	93.624	ZM16L	139,295	26,791
Child Lead Poisoning Prevention Surveillance	93.753	NJ15H	22,267	—
Preventative Health and Health Services Block Grant	93.758	HC15A, HC16A	30,000	—
HIV Care Formula Grants	93.917	YT15H, YT16H	420,918	—
HIV Prevention Activities	93.940	KG16H	63,548	—
Preventive Health Services - In Kind	93.977		27,500	—
Maternal and Child Health Services	93.994	NC16L	560,447	—
Maternal and Child Health Services	93.994	NA16L, NA17L, NB16L, NB17L	502,833	—
Passed Through The Colorado Department Of Human Services				
Substance Abuse and Mental Health Services	93.243		210,534	—
Affordable Care Act: Maternal, Infant And Early Childhood Home Visiting Program	93.505		869,944	—
Passed Through The Denver Health And Hospital Authority				
Centers For Disease Control And Prevention	93.283		76,433	—
Passed Through The National WIC Association				
National Implementation and Dissemination for Chronic Disease Prevention	93.328		211,313	—
Total Department Of Health And Human Services			5,040,571	26,791
Total Federal Assistance			\$ 26,571,116	\$ 26,791

TRI-COUNTY HEALTH DEPARTMENT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2016

1. **Basis Of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Tri-County Health Department (the Department) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. **Other**

Special Supplemental Nutrition Program for Women, Infants, and Children, CFDA No. 10.557, includes \$16,021,350 of food vouchers provided to individuals in the Department's service area, as reported by the Colorado Department of Public Health and Environment.

3. **Indirect Costs**

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