

BOULDER COUNTY PUBLIC HEALTH
Boulder County, Colorado

FINANCIAL STATEMENTS
December 31, 2011 and 2010

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Independent Auditor's Report

The Board of Health
Boulder County Public Health
Boulder County, Colorado

We have audited the accompanying financial statements of the governmental activities and major fund of Boulder County Public Health (Public Health), a component unit of Boulder County, Colorado, as of and for the years ended December 31, 2011 and 2010, which collectively comprise Public Health's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Public Health's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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 Public Health as of December 31, 2011 and 2010, and the respective changes in financial position thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2012 on our consideration of Public Health's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages III through VIII and 22 through 24 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, 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. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Boulder County Public Health basic financial statements. The Schedules of Revenues and Expenditures by Function – General Fund, Schedules of Revenues – Addiction Recovery Division, and Schedules of Expenditures – Addiction Recovery Division, listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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Greenwood Village, Colorado
August 9, 2012

**BOULDER COUNTY PUBLIC HEALTH
Management's Discussion and Analysis
December 31, 2011 and 2010**

As management of Boulder County Public Health (BCPH), we offer readers of BCPH's financial statements this narrative overview and analysis of the financial activities of BCPH for the fiscal years ended December 31, 2011 and 2010.

Financial Highlights

The assets of BCPH exceeded its liabilities for 2011 and 2010 by \$2,933,566 and \$2,749,697, respectively. Of this amount, \$2,564,986 and \$2,493,292 (unrestricted net assets) could be used to meet the government's ongoing obligations to citizens and creditors for 2011 and 2010, respectively.

As of the close of 2011, BCPH's governmental fund reported an ending balance of \$3,332,885, an increase of \$124,721 over the balance at year-end 2010. Approximately 96% of the total amount, \$3,194,157, is available for spending at the government's discretion (unrestricted fund balance). As of the close of 2010, BCPH's governmental fund reported an ending balance of \$3,208,164, an increase of \$418,870 over the balance at year-end 2009. Approximately 97% of the total amount, \$3,098,338, is available for spending at the government's discretion (unrestricted fund balance).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to BCPH's basic financial statements which comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements (Statement of Net Assets and Statement of Activities) are designed to present the financial activities of BCPH.

The statement of net assets presents information on all of BCPH's assets and liabilities, with the difference between the two reported as net assets. The statement of net assets reports all of the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of BCPH is improving or deteriorating.

The statement of activities presents information showing how BCPH's net assets changed during the most recent calendar year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activities of BCPH include general administration, other administrative programs, addiction recovery, family health, community health, environmental health, and communicable disease control programs. BCPH has no business-type activities.

**BOULDER COUNTY PUBLIC HEALTH
Management's Discussion and Analysis
December 31, 2011 and 2010**

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. BCPH, like other state and local government agencies, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The governmental fund is used to account for all of BCPH's activities.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements (Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance) focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating BCPH's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to 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 certain required supplementary information concerning Boulder County Public Health's budgetary comparison schedules for the General Fund, which demonstrates compliance with the annual appropriated budget.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of BCPH, assets exceeded liabilities by \$2,933,566 and \$2,749,697 at the close of years 2011 and 2010 respectively.

Eight percent (8%) and five percent (5%) of department net assets for 2011 and 2010 respectively reflects its investment in capital assets (e.g. equipment). BCPH uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending.

**BOULDER COUNTY PUBLIC HEALTH
Management's Discussion and Analysis
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An additional portion of BCPH's net assets (5% for 2011, and 4% for 2010) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$2,564,986 and \$2,493,292 for 2011 and 2010, respectively, are available to meet the government's ongoing obligations.

At the end of 2011, as in prior years, Boulder County Public Health holds positive balances in all three categories of net assets.

Boulder County Public Health's Net Assets

	Governmental Activities		
	2011	2010	2009
Current and other assets	\$ 4,280,140	\$ 4,356,670	\$ 3,775,595
Capital assets	<u>229,852</u>	<u>146,579</u>	<u>159,292</u>
Total assets	<u>4,509,992</u>	<u>4,503,249</u>	<u>3,934,887</u>
Long-term liabilities outstanding	555,166	520,846	466,501
Other liabilities	<u>1,021,260</u>	<u>1,232,706</u>	<u>1,101,944</u>
Total liabilities	<u>1,576,426</u>	<u>1,753,552</u>	<u>1,568,445</u>
Net assets			
Invested in capital assets	229,852	146,579	159,292
Restricted for emergencies	74,318	55,999	45,054
Restricted for mosquito control	64,410	53,827	46,783
Unrestricted	<u>2,564,986</u>	<u>2,493,292</u>	<u>2,115,313</u>
Total net assets	<u>\$ 2,933,566</u>	<u>\$ 2,749,697</u>	<u>\$ 2,366,442</u>

Governmental Activities

Governmental activities for BCPH increased net assets by \$183,869 for 2011 and \$383,255 for 2010. Key elements of the 2011 increase are increased revenues from higher fee revenues, accompanied by controlled personnel and operating expenses. Key elements of the 2010 are increased revenues from new funding, higher fee revenues, accompanied by controlled personnel and operating expenses.

**BOULDER COUNTY PUBLIC HEALTH
Management's Discussion and Analysis
December 31, 2011 and 2010**

Boulder County Public Health's Activities

	<u>Governmental Activities</u>		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Revenues:			
Program revenues:			
Charges for services	\$ 2,045,013	\$ 1,673,950	\$ 1,373,298
Operating grants and contributions	6,444,676	7,081,222	8,089,696
General revenues:			
Contribution from Boulder County (primary government)	7,145,846	6,982,619	6,073,504
Investment earnings	<u>15,234</u>	<u>13,871</u>	<u>31,862</u>
Total revenues	<u>15,650,769</u>	<u>15,751,662</u>	<u>15,568,360</u>
Expenses:			
General administration	2,286,668	2,212,734	2,216,984
Other administrative programs	865,780	809,149	850,235
Addiction recovery programs	3,202,804	2,933,450	2,941,332
Family health programs	2,630,899	2,659,371	2,794,904
Community health programs	2,260,752	2,246,186	2,273,609
Environmental health programs	2,969,888	2,788,124	2,885,721
Communicable disease programs	<u>1,250,109</u>	<u>1,719,393</u>	<u>1,274,432</u>
Total expenses	<u>15,466,900</u>	<u>15,368,407</u>	<u>15,237,217</u>
Increase in net assets	183,869	383,255	331,143
Net assets, beginning of year	<u>2,749,697</u>	<u>2,366,442</u>	<u>2,035,299</u>
Net assets, end of year	<u>\$ 2,933,566</u>	<u>\$ 2,749,697</u>	<u>\$ 2,366,442</u>

Financial Analysis of BCPH's Fund

As noted earlier, Boulder County Public Health uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of BCPH's governmental fund is to provide information on current year revenue, expenditures, and balances of spendable resources. Such information is useful in assessing BCPH's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of BCPH's net resources available for spending at the end of the fiscal year.

The General Fund is the only governmental fund of Boulder County Public Health. As of December 31, 2011 and 2010, BCPH's General Fund reported an ending balance of \$3,332,885 and \$3,208,164, respectively, an increase of \$124,721 for 2011 compared to 2010, and an increase of \$418,870 for 2010 compared to 2009. Approximately 90% of the total amount for 2011, \$2,994,157, constitutes unrestricted and uncommitted fund balance, which is available for spending at BCPH's discretion. Approximately 91% of the total amount for 2010, \$2,898,338, constitutes unrestricted and uncommitted fund balance, which is available for spending at BCPH's discretion. The remainder of fund balance is not available for new spending because it has already been committed and restricted for emergencies, and restricted for mosquito control.

**BOULDER COUNTY PUBLIC HEALTH
Management's Discussion and Analysis
December 31, 2011 and 2010**

General Fund Budgetary Highlights

The majority of differences between the 2011 final budget approved by the Board of Health and actual expenditures totaled \$463,549 and can be briefly summarized as follows:

\$178,813 actual less than budget for salaries and benefits primarily attributable to vacant positions and lower-than-anticipated termination pay (general administration, family health, and community health).

\$202,412 actual less than budget for general operations primarily attributable to lower than anticipated spending for professional and property services (general administration, addiction recovery, family health, and community health).

\$29,096 actual less than budget for capital expenditures primarily attributable to planned purchases not realized (general administration, addiction recovery and environmental health).

The majority of differences between the 2010 final budget approved by the Board of Health and actual expenditures totaled \$402,139 and can be briefly summarized as follows:

\$128,580 actual less than budget for salaries and benefits primarily attributable to vacant positions (alcohol recovery, family health, community health, environmental health).

\$72,940 actual more than budget for general operations primarily attributable to expanded funding which allowed (and required) for additional spending for supplies, communication equipment/services, and professional/temporary employee services (addiction recovery, family health, communicable disease).

\$50,000 less than budget for capital expenditures primarily attributable to planned purchases not realized (general administration and addiction recovery programs).

Capital Assets

Boulder County Public Health's investment in capital assets for its governmental activities as of December 31, 2011, 2010, and 2009 respectively, equal \$229,852, \$146,579, and \$159,292 (net of accumulated depreciation). This investment in capital assets includes building improvements, internally developed computer software and other equipment.

Capital Assets (net of depreciation)

	Governmental Activities		
	2011	2010	2009
Equipment	\$ 229,852	\$ 146,579	\$ 159,292

The increase in net capital assets from 2010 to 2011 reflects the capitalization of additional costs for the now completed development of the addiction recovery division's client tracking and billing software, offset by depreciation expense. The decrease in net capital assets from 2009 to 2010 reflects depreciation expense.

**BOULDER COUNTY PUBLIC HEALTH
Management's Discussion and Analysis
December 31, 2011 and 2010**

Requests for Information

This financial report is designed to provide a general overview of Boulder County Public Health's finances for all those with an interest in BCPH's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Boulder County Public Health, Director of Administrative Services, 3450 Broadway, Boulder, CO, 80304.

BASIC FINANCIAL STATEMENTS

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of Boulder County, Colorado)
STATEMENTS OF NET ASSETS
GOVERNMENTAL ACTIVITIES
December 31, 2011 and 2010

	2011	2010
ASSETS		
Cash and investments	\$ 1,953,257	\$ 2,310,920
Restricted cash and investments	255,598	179,852
Accounts receivable, net of allowance of \$209,813 and \$0 for 2011 and 2010, respectively	415,415	135,237
Due from other governments	1,615,370	1,724,728
Other assets	40,500	5,933
	4,280,140	4,356,670
 Capital assets, net of accumulated depreciation of \$134,683 and \$161,190 for 2011 and 2010, respectively	 229,852	 146,579
Total assets	4,509,992	4,503,249
 LIABILITIES		
Accounts payable	230,894	570,208
Due to Boulder County	10,923	5,435
Accrued salaries and benefits	222,006	226,813
Escrows payable	191,188	163,319
Unearned revenue	292,244	182,468
Compensated absences:		
Due within one year	74,005	84,463
Due in more than one year	555,166	520,846
Total liabilities	1,576,426	1,753,552
 NET ASSETS		
Invested in capital assets	229,852	146,579
Restricted for emergencies	74,318	55,999
Restricted for Mosquito Control	64,410	53,827
Unrestricted	2,564,986	2,493,292
Total net assets	\$ 2,933,566	\$ 2,749,697

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

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of Boulder County, Colorado)
STATEMENTS OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
Year Ended December 31, 2011

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
Governmental activities:				
General administration	\$ 2,286,668	\$ 219,482	\$ 921,538	\$ (1,145,648)
Other administrative programs	865,780	240,327	45,293	(580,160)
Addiction recovery	3,202,804	819,547	1,383,121	(1,000,136)
Family health	2,630,899	10,218	1,657,778	(962,903)
Community health	2,260,752	156,519	1,260,831	(843,402)
Environmental health	2,969,888	536,843	589,200	(1,843,845)
Communicable disease	1,250,109	62,077	586,915	(601,117)
	<u>\$ 15,466,900</u>	<u>\$ 2,045,013</u>	<u>\$ 6,444,676</u>	<u>(6,977,211)</u>
General revenues:				
Contribution from Boulder County				7,145,846
Investment earnings				15,234
Total general revenues				<u>7,161,080</u>
Change in net assets				183,869
Net assets - Beginning of year				<u>2,749,697</u>
Net assets - End of year				<u>\$ 2,933,566</u>

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

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of Boulder County, Colorado)
STATEMENTS OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
Year Ended December 31, 2010

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
Governmental activities:				
General administration	\$ 2,212,734	\$ 188,791	\$ 910,062	\$ (1,113,881)
Other administrative programs	809,149	203,476	148,013	(457,660)
Addiction recovery	2,933,450	519,847	1,349,172	(1,064,431)
Family health	2,659,371	37,209	1,818,658	(803,504)
Community health	2,246,186	189,877	1,166,523	(889,786)
Environmental health	2,788,124	459,216	506,307	(1,822,601)
Communicable disease	1,719,393	75,534	1,182,487	(461,372)
	<u>\$ 15,368,407</u>	<u>\$ 1,673,950</u>	<u>\$ 7,081,222</u>	<u>(6,613,235)</u>
General revenues:				
Contribution from Boulder County				6,982,619
Investment earnings				13,871
Total general revenues				<u>6,996,490</u>
Change in net assets				383,255
Net assets - Beginning of year				<u>2,366,442</u>
Net assets - End of year				<u>\$ 2,749,697</u>

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

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of Boulder County, Colorado)
BALANCE SHEETS
GOVERNMENTAL FUND - GENERAL FUND
December 31, 2011 and 2010

	2011	2010
ASSETS		
Cash and investments	\$ 1,953,257	\$ 2,310,920
Restricted cash and investments	255,598	179,852
Accounts receivable, net of allowance of \$209,813 and \$0 for 2011 and 2010, respectively	415,415	135,237
Due from other governments	1,615,370	1,724,728
Other assets	40,500	5,933
Total assets	4,280,140	4,356,670
LIABILITIES AND FUND BALANCE		
Accounts payable	230,894	570,208
Due to Boulder County	10,923	5,435
Accrued salaries and benefits	222,006	226,813
Matured compensated absences	-	263
Escrows payable	191,188	163,319
Deferred revenue	292,244	182,468
Total liabilities	947,255	1,148,506
FUND BALANCE		
Restricted:		
Restricted for emergencies	74,318	55,999
Restricted for mosquito control	64,410	53,827
Total restricted fund balance	138,728	109,826
Unrestricted:		
Committed emergency preparedness contingency	200,000	200,000
Assigned	725,813	525,333
Unassigned	2,268,344	2,373,005
Total unrestricted fund balance	3,194,157	3,098,338
Total fund balance	3,332,885	3,208,164
Total liabilities and fund balance	\$ 4,280,140	\$ 4,356,670

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

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of Boulder County, Colorado)
RECONCILIATION OF THE BALANCE SHEETS -
GOVERNMENTAL FUND TO THE STATEMENTS OF NET ASSETS
December 31, 2011 and 2010

	2011	2010
Governmental fund balance	\$ 3,332,885	\$ 3,208,164
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund	229,852	146,579
Long-term liabilities for compensated absences are not due and payable in the current period and, therefore, are not reported in the fund	(629,171)	(605,046)
Net assets of governmental activities	\$ 2,933,566	\$ 2,749,697

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

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of Boulder County, Colorado)
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUND - GENERAL FUND
Years Ended December 31, 2011 and 2010

	2011	2010
REVENUES		
Intergovernmental	\$ 13,167,210	\$ 13,716,397
Charges for services	2,045,013	1,673,950
Contributions	6,287	2,200
Interest and miscellaneous	432,259	359,115
Total revenues	15,650,769	15,751,662
EXPENDITURES		
General administration	2,345,816	2,177,119
Other administrative programs	865,780	809,149
Addiction recovery	3,202,804	2,933,450
Family health	2,630,899	2,659,371
Community health	2,260,752	2,246,186
Environmental health	2,969,888	2,788,124
Communicable disease	1,250,109	1,719,393
Total expenditures	15,526,048	15,332,792
Excess of revenues over expenditures	124,721	418,870
FUND BALANCE - BEGINNING OF YEAR	3,208,164	2,789,294
 FUND BALANCE - END OF YEAR	 \$ 3,332,885	 \$ 3,208,164

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

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of Boulder County, Colorado)
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
TO THE STATEMENTS OF ACTIVITIES
Years Ended December 31, 2011 and 2010

	2011	2010
Change in fund balance - Governmental Fund	\$ 124,721	\$ 418,870
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p> <p style="padding-left: 20px;">Governmental fund reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense.</p>		
Capital asset additions	125,070	-
Depreciation expense	(41,797)	(12,713)
<p>Some expenses reported in the statements of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund:</p>		
Compensated absences	(24,125)	(22,902)
Change in net assets of governmental activities	\$ 183,869	\$ 383,255

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

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of Boulder County, Colorado)
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Boulder County Public Health (BCPH) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the standard setting body for establishing governmental accounting and financial reporting principles. A summary of BCPH's significant accounting policies applied in the preparation of these basic financial statements follows:

Reporting Entity

BCPH was organized by authority of Colorado state statute on March 25, 1952. BCPH was established to provide public health services in Boulder County (the County) in the following areas: environmental, family, community, communicable disease control, addiction recovery and other administrative programs. In 1973, BCPH was further segregated as a component unit of the County by resolution of the Boulder County Board of County Commissioners. The County Commissioners appoint the Board of Health's five members.

The Boulder County Health Department changed its name to Boulder County Public Health effective April 14, 2003.

BCPH is included in the County's reporting entity because of the significance of its operational and financial relationship with the County in accordance with Government Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39. Financial accountability includes, but is not limited to, selection of governing authority, imposition of will, financial interdependency and accountability for fiscal matters. BCPH is included as a discretely presented component unit of Boulder County in the County's basic financial statements because it is a legally separate entity, the Commissioners appoint the governing board, the County appropriates significant funds to BCPH's operations, and BCPH serves the residents of the County. BCPH does not have financial accountability over any other district, municipality or county.

Based on the above criteria, the accompanying basic financial statements include only the operations of BCPH.

Measurement Focus, Basis of Accounting and Basis of Presentation

BCPH's basic financial statements consist of the government-wide financial statements and the fund financial statements. The government-wide financial statements include a statement of net assets and a statement of activities, which present all the financial activities of BCPH. The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. Governmental activities are normally supported by taxes and intergovernmental revenues. The government-wide statements of activities reflect both the direct expenses and net cost of each function of BCPH's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges paid by the recipient for the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of Boulder County, Colorado)
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

particular program and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of BCPH, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of BCPH.

The governmental fund is used to account for BCPH's general governmental activities. Governmental fund financial statements use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. BCPH considers all revenue available if it is collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for certain compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources (i.e., matured).

Grant revenue is the primary revenue source subject to accrual. BCPH reports deferred revenue when potential revenue does not meet both the measurable and available criteria for recognition in the current period and eligibility requirements have not been met at the fund level, or when revenue is not considered earned and eligibility requirements have not been met at the government-wide level. Deferred revenues also arise when BCPH receives resources before it has legal claim to them, such as when grant funds are received prior to incurring qualified expenditures and eligibility requirements have not been met. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

A reconciliation of the fund financial statements to the government-wide financial statements is provided in the basic financial statements to explain the differences between them.

The General Fund is BCPH's only governmental fund. It is the general operating fund of BCPH and is used to account for all financial activities.

Cash and Investments

Cash and investments are cash on hand, demand deposits, and short-term investments. Investments are stated at fair value.

Restricted Cash and Investments

Restricted cash is comprised of amounts received from donations from other organizations or individuals to be used for specific purposes.

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of Boulder County, Colorado)
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Due from Other Governments

Due from other governments includes amounts due primarily from federal and state grantors for specific grant programs.

Capital Assets

Capital assets, which include equipment and improvements, are reported in the government-wide financial statements. BCPH defines capital assets as assets with an initial, individual cost of more than \$5,000 for equipment, \$50,000 or more for improvements, and a useful life of more than one year. Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related capital asset, as applicable.

Capital assets are depreciated using the straight-line method over their estimated useful lives. Depreciation expense is reflected as an operating expense in the government-wide statements of activities.

Estimated useful lives for asset types are as follows:

Equipment	6-10 years
Software	6 years

Compensated Absences

BCPH follows County policy for compensated absences. The County allows employees to accumulate unused vacation and medical leave benefits up to a certain maximum number of hours. Upon termination, all unused vacation leave benefits are paid to the employee. Medical leave benefits may be paid to the employee depending on hire date or length of service. Employees hired as full time employees prior to June 1, 1987, except Social Service Department employees, who have worked for the County for 20 years or who are eligible for retirement at age 62, are paid all unused medical leave benefits. Employees hired as full time employees prior to June 1, 1987, except Social Service Department employees, who have not worked for the County for 20 years nor are they eligible for retirement at age 62, are paid 50% of their unused medical leave. All other employees not listed in the above two categories are not paid for unused medical leave.

Escrows Payable

Escrows payable represent amounts held in a fiduciary capacity for which a third party controls and approves related restricted expenditures. Cash held is restricted until such time it is approved for usage by the third party.

BOULDER COUNTY PUBLIC HEALTH
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NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations

Long-term obligations for compensated absences are reported as liabilities in the government-wide statements of net assets and are not recorded at the fund level because they have not matured.

Fund Balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). BCPH implemented GASB 54 for the fiscal year ended December 31, 2011. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. Per GASB 54, as of December 31, 2011, fund balances of governmental funds are classified as follows:

Non-spendable – amounts that cannot be spent either because they are not spendable in form or because they are legally or contractually required to be maintained intact. As of December 31, 2011 and 2010, BCPH does not have any non-spendable fund balance.

Restricted – amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. For the year ended December 31, 2011 and 2010, \$138,728 and \$109,826, respectively, are classified as restricted.

Committed – amounts that are subject to a purpose constraint imposed by a formal action of the Board of Health (the Board). The Board is the highest level of decision-making authority for BCPH. Commitments may be established, modified or rescinded only through resolutions approved by the Board. As of December 31, 2011 and 2010, \$200,000 are classified as committed.

Assigned – amounts that are subject to a purpose constraint that represents an intended use established by BCPH, but are not considered restricted or committed. The purpose of the assignment must be narrower than the purpose of the General Fund. As of December 31, 2011 and 2010, \$725,813 and \$525,334, respectively, are assigned to various programs as follows:

	<u>2011</u>	<u>2010</u>
Administration	\$ 169,960	\$ 198,990
Addiction recovery	26,600	74,723
Family health	134,816	60,238
Community health	271,322	156,247
Environmental health	48,986	19,384
Communicable disease	74,129	15,752

BOULDER COUNTY PUBLIC HEALTH
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NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unassigned – represents the residual classification for BCPH’s General Fund and could report a surplus or deficit. As of December 31, 2011 and 2010, BCPH has \$2,268,344 and \$2,373,005, respectively, of fund balance in the General Fund for subsequent year expenditures.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered expended. For expenditures in which any unrestricted fund balance classification could be used, committed fund balance is considered first expended, then assigned, then unassigned.

Reclassifications

Certain reclassifications have been made to the 2010 balances to conform to the 2011 presentation.

NOTE 2 - CASH, DEPOSITS AND INVESTMENTS

Cash, deposits and investments as of December 31, 2011 and 2010 are classified in the accompanying financial statements as follows:

	2011	2010
Governmental activities		
Unrestricted cash and investments	\$ 1,953,257	\$ 2,310,920
Restricted cash and investments	<u>255,598</u>	<u>179,852</u>
Total governmental activities	<u>\$ 2,208,855</u>	<u>\$ 2,490,772</u>
Cash deposits	\$ 1,433,102	\$ 1,802,524
Investments	<u>775,753</u>	<u>688,248</u>
Total cash and investments	<u>\$ 2,208,855</u>	<u>\$ 2,490,772</u>

Deposits

As of December 31, 2011 and 2010, the carrying amount of deposits for BCPH were \$1,433,102 and \$1,802,524, respectively.

Custodial Credit Risk

BPCCH deposits are subject to and in accordance with the State of Colorado’s Public Deposit Protection Act. Under the Act, all uninsured deposits are to be fully collateralized. The eligible collateral pledged must be held in custody by any Federal Reserve Bank, or branch thereof, or held in escrow by some other bank in a manner as the banking commissioner shall prescribe by rule and regulation, or may be segregated from the other assets of the eligible public depository and held in its own trust department. All collateral so held must be clearly identified as being security maintained or pledged for the aggregate amount of public deposits accepted and held on deposit by the eligible public depository. The depository has the right at any time to make

BOULDER COUNTY PUBLIC HEALTH
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NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 2 - CASH, DEPOSITS AND INVESTMENTS (CONTINUED)

substitutions of eligible collateral maintained or pledged and is at all times entitled to collect and retain all income derived from those investments without restrictions.

Investments

Authorized Investments

Boulder County Public Health does not have an investment policy, but is subject to the general provisions of the Colorado Revised Statutes (C.R.S. 24-75-601).

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Health. Revenue bonds of U.S. local governments, corporate and bank securities and guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

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

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

BCPH generally limits its concentration of investments to those noted with an asterisk above, which are believed to have minimal credit risk; minimal interest rate risk and no foreign currency risk.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways BCPH manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide cash flow and liquidity needed for operations. BCPH monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Investments held by BCPH as of December 31, 2011 and 2010 are as follows:

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NOTE 2 - CASH, DEPOSITS AND INVESTMENTS (CONTINUED)

Investment Type	2011		2010	
	Amount	Weighted Average Maturity (months)	Amount	Weighted Average Maturity (months)
Federal Agency Securities	\$ 320,224	23.73	\$ 263,811	18.21
Money Market Mutual Fund	181,700	.03	150,772	.03
Local government investment pool	<u>273,829</u>	.03	<u>273,665</u>	.03
Total investments	<u>\$ 775,753</u>	9.81	<u>\$ 688,248</u>	7.00

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Colorado Revised Statutes, the County's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

The following is a summary of BCPH's investments of December 31, 2011 and 2010 with credit ratings:

2011	Minimum Legal Rating	Moody's AAA Rating as of Year End		Total Investments by Type
			Not Rated	
Federal Agency Securities	AAA	\$ 315,477	\$ 4,747	\$ 320,224
Money market mutual fund	-	-	181,700	181,700
Local government investment pool	-	<u>273,829</u>	-	<u>273,829</u>
Total investments		<u>\$ 589,306</u>	<u>\$ 186,447</u>	<u>\$ 775,753</u>

2010

Federal Agency Securities	AAA	\$ 263,811	\$ -	\$ 263,811
Money market mutual fund	-	-	150,772	150,772
Local government investment pool	-	<u>273,665</u>	-	<u>273,665</u>
Total investments		<u>\$ 537,476</u>	<u>\$ 150,772</u>	<u>\$ 688,248</u>

BOULDER COUNTY PUBLIC HEALTH
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NOTES TO FINANCIAL STATEMENTS
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NOTE 2 - CASH, DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total BCPH investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>2011</u>		<u>2010</u>	
		<u>Total</u>	<u>Percentage</u>	<u>Total</u>	<u>Percentage</u>
FHLMC	Federal agency securities	\$ 53,233	6.86%	\$ 54,181	7.87%
FHLB	Federal agency securities	\$ 53,641	6.91%	\$ 107,320	15.59%
FFCB	Federal agency securities	\$ 50,452	6.50%	\$ 102,310	14.87%

BOULDER COUNTY PUBLIC HEALTH
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NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 3 - CHANGES IN CAPITAL ASSETS

	Beginning Balance January 1, 2011	Increases	Decreases	Transfers	Ending Balance December 31, 2011
Capital assets:					
Construction in progress	\$ 100,045	\$ 118,018	\$ -	\$ (218,063)	\$ -
Equipment	207,724	7,052	68,304	218,063	364,535
Total capital assets	307,769	125,070	68,304	-	364,535
Less accumulated depreciation for:					
Equipment	(161,190)	(41,797)	68,304	-	(134,683)
Total accumulated depreciation	(161,190)	(41,797)	68,304	-	(134,683)
Capital assets, net	<u>\$ 146,579</u>	<u>\$ 83,024</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 229,852</u>

Depreciation expense was charged to functions as follows:

Administration \$ 41,797

	Beginning Balance January 1, 2010	Increases	Decreases	Transfers	Ending Balance December 31, 2010
Capital assets:					
Construction in progress	\$ 100,045	\$ -	\$ -	\$ -	\$ 100,045
Equipment	248,200	-	40,476	-	207,724
Total capital assets	348,245	-	40,476	-	307,769
Less accumulated depreciation for:					
Equipment	(188,953)	(12,713)	40,476	-	(161,190)
Total accumulated depreciation	(188,953)	(12,713)	40,476	-	(161,190)
Capital assets, net	<u>\$ 159,292</u>	<u>\$ (12,713)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 146,579</u>

Depreciation expense was charged to functions as follows:

Administration \$ 12,713

BOULDER COUNTY PUBLIC HEALTH
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NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 4 - LONG-TERM OBLIGATIONS

	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011	Due in One Year
Compensated absences	<u>\$ 605,309</u>	<u>\$ 807,215</u>	<u>\$ 783,353</u>	<u>\$ 629,171</u>	<u>\$ 74,005</u>

	Balance January 1, 2010	Additions	Deletions	Balance December 31, 2010	Due in One Year
Compensated absences	<u>\$ 582,353</u>	<u>\$ 757,975</u>	<u>\$ 735,019</u>	<u>\$ 605,309</u>	<u>\$ 84,463</u>

NOTE 5 - PENSION PLAN

(a) Defined Benefit Pension Plan

The County contributes to the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The LGDTF provides retirement and disability, post-retirement annual increases, and death benefits for members or their beneficiaries. All employees of the County are members of the LGDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the LGDTF. That report may be obtained online at www.copera.org, or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203, or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372). Plan members and the County are required to contribute to the LGDTF at a rate set by statute. The contribution requirements of plan members and the County are established under Title 24, Article 51, Part 4 of the CRS, as amended. For 2011, the contribution rate for members is 8.00% and for the County it is 10.00% of covered salary. A portion of the County's contribution (1.02% of covered salary) is allocated to the Health Care Trust Fund (See Note b below). The County is also required to pay an amortization equalization disbursement (AED) equal to 2.20% of the total payroll for the calendar year 2011 and 2010 (1.80% of total payroll for the calendar year 2009). Additionally, the County is required to pay a supplemental amortization equalization disbursement (SAED) equal to 1.50% of the total payroll for the calendar year 2011 and 2010 (1.00% of total payroll for the calendar year 2009), for a total employer rate of 13.70%.

If the County rehires a PERA retiree as an employee or under any other work arrangement, it is required to report and pay employer contributions (including the AED and SAED) on the amounts paid for the retiree.

BOULDER COUNTY PUBLIC HEALTH
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NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 5 - PENSION PLAN (CONTINUED)

For the years ending December 31, 2009, 2010, and 2011, the County's employer contributions to the LGDTF were \$1,098,461, \$1,191,511 and \$1,196,024 respectively, equal to their required contributions for each year. Contributions from plan members for the same three years were \$686,045, \$694,630, and \$698,408, respectively.

(b) Postemployment Healthcare Benefits

The County contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained online at www.copera.org, or by writing to PERA of Colorado, 1301 Pennsylvania Street, Denver, Colorado 80203, or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

For 2011 and 2010, the County is required to contribute at a rate of 1.02% of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the County are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. The County's total contributions to the HCTF are included in the contributions to the LGDTF, noted above, and are equal to their required contributions for each year.

(c) Defined Contribution Pension Plan

Employees of the County who are members of the LGDTF (see Note "a" above) may voluntarily contribute to the Voluntary Investment Program (401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary, and contributions are separate from others made to PERA. Title 24, Article 51, Part 14 of the CRS, as amended, assigns the authority to establish the 401(k) Plan provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the 401(k) plan. That report may be obtained online at www.copera.org, or by writing to PERA of Colorado, 1301 Pennsylvania Street, Denver, Colorado 80203, or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

The 401(k) Plan is funded by voluntary member contributions up to a maximum limit set by the IRS (\$16,500 for the calendar year). In addition, catch-up contributions, up to \$5,500 for the calendar year were allowed for participants who had attained age 50 before the close of the plan year, subject to the limitations to IRC §414(v). The contribution requirements for the County are established under Title 24, Article 51, Section 1402 of the Colorado Revised Statutes, as amended. For the years ended December 31, 2009, 2010, and 2011, the 401(k) Plan member contributions from the County were \$207,081, \$194,079, and \$162,848, respectively.

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NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 6 - NET ASSETS AND FUND BALANCE – RESTRICTED FOR EMERGENCIES

At the general election held November 3, 1992, the voters of the State approved an amendment to the Colorado Constitution limiting the ability of the State and local governments such as BCPH to increase revenues, debt and spending and restricting property, income and other taxes. In addition, the amendment requires that the State and local governments obtain voter approval to create any multiple fiscal year direct or indirect debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years. The amendment also requires the establishment of an Emergency Reserve equal to 3% of fiscal year spending excluding debt service. BCPH has established an emergency reserve of \$74,318 for 2011 and \$55,999 for 2010 in the General Fund to meet the reserve requirement.

In 2005, the County voters approved an ongoing exemption to all revenues and expenditures as had previously been applied to the TABOR Revenue Limit, the TABOR Property Tax Limit and the TABOR Expenditures Limit. The ballot issue requires the County to limit property tax levies for the 2006 fiscal year and beyond, to a maximum of an additional 0.6 mills up to the County's mill levy limit of 23.745 mills. Any additional property tax revenues that are levied, compared with the actual collections from the prior year, are to be allocated as follows for a period of five years commencing with the 2005 year:

- 20% to be utilized in funding health and human services, of which 1/3 will be directed to nonprofit agencies serving this purpose;
- 30% to be utilized in funding public safety programs;
- 6-2/3% to be utilized in sustainability (including renewable energy and energy efficiency) programs.

There are numerous uncertainties about the interpretation of the amendment and its application to particular governmental entities and their operations. It is possible that the constitutionality of the amendment as applied in some situations may be challenged on various grounds, including the argument that the amendment conflicts with other constitutional provisions and violates the protections afforded by the federal constitution against impairment of contract.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Federal and State Grants

Under the terms of federal and state grants, periodic audits may be required, and certain costs may be questioned as not being appropriate expenditures. Such audits could lead to reimbursements to the grantor agencies. BCPH management believes disallowances, if any, will be immaterial to its financial position and operations.

BOULDER COUNTY PUBLIC HEALTH
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NOTES TO FINANCIAL STATEMENTS
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NOTE 7 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Risk Management

BCPH, as a component unit of the County, is self-insured for risks associated with workers' compensation and property/casualty claims and, therefore, is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The total liability for BCPH is included in the amount recorded in the County's Risk Management Internal Service Fund.

The County assumes the risk for the first \$400,000 for each workers' compensation occurrence, \$100,000 for each property occurrence, and \$250,000 for each casualty occurrence except for employment liability claims, which have a \$500,000 retention. Third-party insurance is purchased to protect the County above these amounts. Under the Governmental Immunity Act, recovery under claims is generally limited to \$150,000 per person and \$600,000 total per occurrence. Certain claims for damages, generally constitutional or statutory violations, are not covered under the Act.

The County also maintains a self-funded health and dental plan in which it assumes the risk for the first \$325,000 per claim. Third-party insurance is purchased to protect the County above these amounts. Additionally, the County carries a crime policy with a \$25,000 deductible, and an equipment breakdown policy with a \$5,000 deductible.

The County has implemented GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, and established a risk management fund (an internal service fund) to account for and finance all uninsured risks of loss. With the implementation of GASB No. 10, liabilities of the risk management fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claims liabilities are calculated considering the effects of inflation, recent claims settlement trends including frequency and amount of payouts, and other economic and social factors.

There has been no significant reduction in insurance coverage from the prior year. There have been no settlements exceeding insurance coverage during the last three years.

This information is an integral part of the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

BOULDER COUNTY PUBLIC HEALTH
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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE				
Intergovernmental	\$ 13,764,667	\$ 13,659,390	\$ 13,167,210	\$ (492,180)
Charges for services	1,780,652	1,780,652	2,045,013	264,361
Contributions	3,272	3,272	6,287	3,015
Interest and miscellaneous	252,714	546,283	432,259	(114,024)
Total revenue	<u>15,801,305</u>	<u>15,989,597</u>	<u>15,650,769</u>	<u>(338,828)</u>
EXPENDITURES				
General administration	2,302,142	2,401,078	2,345,816	55,262
Other administrative programs	916,171	936,171	865,780	70,391
Addiction recovery	3,079,996	3,087,996	3,202,804	(114,808)
Family health	2,710,212	2,712,302	2,630,899	81,403
Community health	2,350,732	2,383,346	2,260,752	122,594
Environmental health	3,222,828	3,238,828	2,969,888	268,940
Communicable disease	1,219,224	1,229,876	1,250,109	(20,233)
Total expenditures	<u>15,801,305</u>	<u>15,989,597</u>	<u>15,526,048</u>	<u>463,549</u>
Deficiency of revenue over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	124,721	<u>\$ 124,721</u>
FUND BALANCE - BEGINNING OF YEAR			<u>3,208,164</u>	
FUND BALANCE - END OF YEAR			<u>\$ 3,332,885</u>	

BOULDER COUNTY PUBLIC HEALTH
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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE				
Intergovernmental	\$ 13,573,399	\$ 13,573,399	\$ 13,716,397	\$ 142,998
Charges for services	1,622,168	1,622,168	1,673,950	51,782
Contributions	5,600	5,600	2,200	(3,400)
Interest and miscellaneous	533,764	533,764	359,115	(174,649)
Total revenue	<u>15,734,931</u>	<u>15,734,931</u>	<u>15,751,662</u>	<u>16,731</u>
EXPENDITURES				
General administration	2,333,712	2,333,712	2,177,119	156,593
Other administrative programs	829,587	829,587	809,149	20,438
Addiction recovery	2,975,842	2,975,842	2,933,450	42,392
Family health	2,724,736	2,724,736	2,659,371	65,365
Community health	2,385,214	2,385,214	2,246,186	139,028
Environmental health	3,141,314	3,141,314	2,788,124	353,190
Communicable disease	1,344,526	1,344,526	1,719,393	(374,867)
Total expenditures	<u>15,734,931</u>	<u>15,734,931</u>	<u>\$ 15,332,792</u>	<u>402,139</u>
Deficiency of revenue over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	418,870	<u>\$ 418,870</u>
FUND BALANCE - BEGINNING OF YEAR			<u>2,789,294</u>	
FUND BALANCE - END OF YEAR			<u>\$ 3,208,164</u>	

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of Boulder County, Colorado)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2011 and 2010

Budget

Budgeted amounts included in the accompanying schedule are based on the budget adopted by the Board of Health and are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The original 2011 budget was adopted in February 2011 and the final 2011 budget was adopted in September 2011. The 2010 budget was adopted in February 2010. The Board of Health, a component unit of the County, budgets on a calendar year, in conformity with GAAP basis for all funds.

The following procedures are used in establishing the budgetary data reflected in the schedule:

- (1) The level of budgetary control is established at the fund level for the Board of Health.
- (2) On or before June 1, the Budget Office prepares a proposed budget.
- (3) In June, a Board of Health study session is held to review the proposed budget.
- (4) On or before August 1, the Board of Health adopts the budget, and a request for the County funding portion of revenue is submitted to the Board of County Commissioners.
- (5) On or before December 1, the Board of County Commissioners establishes salaries for the upcoming year.
- (6) On or before January 15, prior year's expenditures are reviewed, the proposed budget is updated with current salaries and revised revenue and expenditures, and a final operating budget is developed.
- (7) The Board of Health enacts resolutions approving the operating budget, usually at the February Board meeting.
- (8) Expenditures may not legally exceed those approved by the Board of Health. Administrative control is maintained through the Board of Health's accounting system at the fund level. Funds may be reallocated within the fund level by departmental administrators without approval of the Board of Health. Any increase to the adopted budget requires that a supplemental budget be approved by the Board of Health.

SUPPLEMENTARY INFORMATION

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of Boulder County, Colorado)
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES BY FUNCTION
Year Ended December 31, 2011

	<u>General Administration</u>	<u>Other Administration</u>	<u>Addiction Recovery</u>	<u>Family Health</u>	<u>Community Health</u>	<u>Environmental Health</u>	<u>Communicable Disease</u>	<u>Total</u>
Revenue								
Intergovernmental								
County	\$ 1,370,000	\$ 482,505	\$ 1,142,626	\$ 897,143	\$ 863,411	\$ 1,856,679	\$ 533,482	\$ 7,145,846
Local	113,194	-	-	44,236	526,403	349,157	-	1,032,990
State (includes federal pass-through funds)	695,908	45,242	1,362,074	1,584,391	477,023	238,015	585,721	4,988,374
	<u>2,179,102</u>	<u>527,747</u>	<u>2,504,700</u>	<u>2,525,770</u>	<u>1,866,837</u>	<u>2,443,851</u>	<u>1,119,203</u>	<u>13,167,210</u>
Charges for services	219,482	240,327	819,547	10,218	156,519	536,843	62,077	2,045,013
Contributions	-	-	-	1,302	2,985	2,000	-	6,287
Interest	-	15,234	-	-	-	-	-	15,234
Miscellaneous	112,436	50	21,048	27,848	254,420	28	1,195	417,025
	<u>331,918</u>	<u>255,611</u>	<u>840,595</u>	<u>39,368</u>	<u>413,924</u>	<u>538,871</u>	<u>63,272</u>	<u>2,483,559</u>
Total revenue	<u>2,511,020</u>	<u>783,358</u>	<u>3,345,295</u>	<u>2,565,138</u>	<u>2,280,761</u>	<u>2,982,722</u>	<u>1,182,475</u>	<u>15,650,769</u>
Expenditures								
Salaries	1,471,985	549,734	1,910,018	1,932,111	1,215,094	1,908,540	806,678	9,794,160
Fringes	354,138	144,239	471,236	435,913	288,187	447,193	171,373	2,312,279
Supplies	79,923	27,475	131,276	60,811	29,613	36,118	78,731	443,947
Professional/tech services	68,433	99,561	348,723	16,658	605,823	463,485	69,967	1,672,650
Property services	71,555	11,606	80,514	57,312	31,160	27,314	56,132	335,593
Other purchased services	16,028	14,506	15,740	28,198	24,896	15,187	24,090	138,645
Other expenditures	283,754	18,659	245,297	99,898	65,979	72,049	43,138	828,774
Total expenditures	<u>2,345,816</u>	<u>865,780</u>	<u>3,202,804</u>	<u>2,630,901</u>	<u>2,260,752</u>	<u>2,969,886</u>	<u>1,250,109</u>	<u>15,526,048</u>
Excess of revenues over (under) expenditures	<u>\$ 165,204</u>	<u>\$ (82,422)</u>	<u>\$ 142,491</u>	<u>\$ (65,763)</u>	<u>\$ 20,009</u>	<u>\$ 12,836</u>	<u>\$ (67,634)</u>	<u>\$ 124,721</u>

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of Boulder County, Colorado)
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES BY FUNCTION
Year Ended December 31, 2010

	<u>General Administration</u>	<u>Other Administration</u>	<u>Addiction Recovery</u>	<u>Family Health</u>	<u>Community Health</u>	<u>Environmental Health</u>	<u>Communicable Disease</u>	<u>Total</u>
Revenue								
Intergovernmental								
County	\$ 1,350,262	\$ 491,559	\$ 1,077,896	\$ 868,394	\$ 840,827	\$ 1,836,850	\$ 516,831	\$ 6,982,619
Local	198,645	-	65,466	54,214	629,431	317,438	2,174	1,267,368
State (includes federal pass-through funds)	<u>708,322</u>	<u>143,013</u>	<u>1,273,253</u>	<u>1,631,158</u>	<u>359,331</u>	<u>184,280</u>	<u>1,167,054</u>	<u>5,466,411</u>
	<u>2,257,229</u>	<u>634,572</u>	<u>2,416,615</u>	<u>2,553,766</u>	<u>1,829,589</u>	<u>2,338,568</u>	<u>1,686,059</u>	<u>13,716,398</u>
Charges for services	188,790	203,476	519,848	37,208	189,877	459,216	75,534	1,673,949
Contributions	361	-	-	1,839	-	-	-	2,200
Interest	-	13,871	-	-	-	-	-	13,871
Miscellaneous	<u>2,735</u>	<u>5,000</u>	<u>10,453</u>	<u>131,446</u>	<u>177,761</u>	<u>4,590</u>	<u>13,259</u>	<u>345,244</u>
	<u>191,886</u>	<u>222,347</u>	<u>530,301</u>	<u>170,493</u>	<u>367,638</u>	<u>463,806</u>	<u>88,793</u>	<u>2,035,264</u>
Total revenue	<u>2,449,115</u>	<u>856,919</u>	<u>2,946,916</u>	<u>2,724,259</u>	<u>2,197,227</u>	<u>2,802,374</u>	<u>1,774,852</u>	<u>15,751,662</u>
Expenditures								
Salaries	1,321,172	517,907	1,657,988	1,838,989	1,098,943	1,720,791	851,166	9,006,956
Fringes	418,758	170,585	547,008	551,709	340,969	552,327	256,858	2,838,214
Supplies	162,023	36,678	93,095	61,333	55,703	63,087	173,350	645,269
Professional/tech services	74,214	28,566	355,514	19,094	652,337	348,688	265,007	1,743,420
Property services	56,772	11,931	92,142	61,114	26,091	10,994	62,604	321,648
Other purchased services	144,179	43,482	187,703	127,131	72,143	61,947	110,410	746,995
Other expenditures	-	-	-	-	-	30,290	-	30,290
Total expenditures	<u>2,177,118</u>	<u>809,149</u>	<u>2,933,450</u>	<u>2,659,370</u>	<u>2,246,186</u>	<u>2,788,124</u>	<u>1,719,395</u>	<u>15,332,792</u>
Excess of revenues over (under) expenditures	<u>\$ 271,997</u>	<u>\$ 47,770</u>	<u>\$ 13,466</u>	<u>\$ 64,889</u>	<u>\$ (48,959)</u>	<u>\$ 14,250</u>	<u>\$ 55,457</u>	<u>\$ 418,870</u>

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of Boulder County, Colorado)
ADDICTION RECOVERY DIVISION
SCHEDULE OF REVENUES
Year Ended December 31, 2011

	Alcohol and Drug Abuse Division DBH Services	Other Services	Total
Revenues			
Client services			
Medicaid fee for service	\$ -	\$ 10,288	\$ 10,288
Client fees	-	817,730	817,730
Net client service revenue	-	828,018	828,018
Government			
Colorado Department of Human Services			
Alcohol and Drug	1,490,429	-	1,490,429
Department of Corrections	-	-	-
Other Colorado and federal pass-through	-	84,412	84,412
Total Colorado and federal pass-through	1,490,429	84,412	1,574,841
Local government			
County	-	1,142,626	1,142,626
Total local government	-	1,142,626	1,142,626
Total government	1,490,429	1,227,038	2,717,467
Other income			
Other	-	22,866	22,866
Total other income	-	22,864	22,866
Total revenues	\$ 1,490,429	\$ 2,077,920	3,568,351
Less MSO (1) funding for indirect revenue credited to administration			(223,056)
Total behavioral health revenues			\$ 3,345,295

(1) The Boulder County Public Health Addiction Recovery program was designated as a Managed Service Organization (MSO) in 1997 by the Colorado Department of Human Services, Division of Behavioral Health, which provides funding so the MSO can provide services to certain qualifying clients. A requirement of the funding contract is to present, in the formats utilized in these reports, summaries of the total cost of providing addiction recovery services (identified as those expenses funded with MSO funds and other expenses) and total funding received (via the MSO contract and other sources) to pay this cost.

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of Boulder County, Colorado)
ADDICTION RECOVERY DIVISION
SCHEDULE OF REVENUES
Year Ended December 31, 2010

	Alcohol and Drug Abuse Division DBH Services	Other Services	Total
Revenues			
Client services			
Medicaid fee for service	\$ -	\$ 2,480	\$ 2,480
Client fees	-	519,848	519,848
Net client service revenue	-	522,328	522,328
Government			
Colorado Department of Human Services			
Alcohol and Drug	1,464,371	-	1,464,371
Department of Corrections	-	1,649	1,649
Other Colorado and federal pass-through	-	94,109	94,109
Total Colorado and federal pass-through	1,464,371	95,758	1,560,129
Local government			
County	-	1,074,860	1,074,860
Total local government	-	1,074,860	1,074,860
Total government	1,464,371	1,170,618	2,634,989
Other income			
Other	-	10,453	10,453
Total other income	-	10,453	10,453
Total revenues	\$ 1,464,371	\$ 1,703,399	3,167,770
Less MSO (1) funding for indirect revenue credited to administration			(220,854)
Total behavioral health revenues			\$ 2,946,916

(1) The Boulder County Public Health Addiction Recovery program was designated as a Managed Service Organization (MSO) in 1997 by the Colorado Department of Human Services, Division of Behavioral Health, which provides funding so the MSO can provide services to certain qualifying clients. A requirement of the funding contract is to present, in the formats utilized in these reports, summaries of the total cost of providing addiction recovery services (identified as those expenses funded with MSO funds and other expenses) and total funding received (via the MSO contract and other sources) to pay this cost.

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of Boulder County, Colorado)
ADDICTION RECOVERY PROGRAM
SCHEDULE OF EXPENDITURES
Year Ended December 31, 2011

	MSO-Funded Expenditures						Non-MSO Funded Expenses	Total Expenses
	Detox (incl. IC Transport)	Base Treatment (incl. SSIC)	Additional Family Services	Special Women's Services	General and Admin	Total MSO Expenses		
Personnel								
Salaries and wages	\$ 300,291	\$ 239,952	\$ 71,229	\$ 57,975	\$ -	\$ 669,447	\$ 1,096,198	\$ 1,765,645
Employee benefits	107,061	73,261	22,577	19,071	-	221,970	393,749	615,719
Contract wages	-	-	-	-	-	-	565	565
Client related								
Purchased services (external network)	-	169,414	-	-	-	169,414	(11,990)	157,424
Food	15,799	-	-	-	-	15,799	(2,952)	12,847
Medical (supplies, consultants)	21,673	-	-	-	-	21,673	80,563	102,236
Laboratory	-	11,178	-	6,010	-	17,188	(441)	16,747
Client expense/supplies/travel	9,674	161	-	3,257	-	13,092	2,873	15,965
Occupancy								
Rent/leased space	33,024	7,830	1,634	1,158	-	43,646	30,272	73,918
Utilities	-	131	-	-	-	131	143	274
Operating								
Dues, fees, licenses and subscriptions	5,289	89	-	20	-	5,398	376	5,774
Equipment rental, lease, and maintenance	3,194	996	-	-	-	4,190	54,353	58,543
Postage/printing/photocopying	1,816	53	-	3	-	1,872	637	2,509
Bad debt	-	-	-	-	-	-	209,813	209,813
Telephone and pagers	2,233	2,035	-	577	-	4,845	5,135	9,980
Travel (employee)	2,297	4,303	-	775	-	7,375	11,145	18,520
Other expenses								
Employee development	2,240	2,971	-	103	-	5,314	3,204	8,518
Miscellaneous expenses	7,312	1,333	-	-	-	8,645	17,563	26,208
Professional fees								
Other consultants	399	56,973	-	-	-	57,372	44,228	101,600
Indirect	-	-	-	-	223,056	223,056	198,594	421,650
Total expenses	\$ 512,302	\$ 570,680	\$ 95,440	\$ 88,949	\$ 223,056	\$ 1,490,427	\$ 2,134,028	3,624,455
Less indirect expenses (not charged to specific program areas)								(421,651)
Total addiction recovery expenditures per audit report								<u>\$ 3,202,804</u>

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of Boulder County, Colorado)
ADDICTION RECOVERY PROGRAM
SCHEDULE OF EXPENDITURES
Year Ended December 31, 2010

	<u>MSO-Funded Expenditures</u>						<u>Non-MSO Funded Expenses</u>	<u>Total Expenses</u>
	<u>Detox (incl. IC Transport)</u>	<u>Base Treatment (incl. SSIC)</u>	<u>Additional Family Services</u>	<u>Special Women's Services</u>	<u>General and Admin</u>	<u>Total MSO Expenses</u>		
Personnel								
Salaries and wages	\$ 293,766	\$ 237,429	\$ 69,681	\$ 56,716	\$ -	\$ 657,592	\$ 1,000,396	\$ 1,657,988
Employee benefits	104,251	72,156	21,984	18,571	-	216,962	330,285	547,247
Contract wages	-	-	-	-	-	-	1,492	1,492
Client related								
Purchased services (external network)	-	166,859	-	-	-	166,859	(11,686)	155,173
Food	15,385	-	-	-	-	15,385	(6,063)	9,322
Medical (supplies, consultants)	21,104	-	-	-	-	21,104	22,736	43,840
Laboratory	-	11,010	-	5,853	-	16,863	12,004	28,867
Client expense/supplies/travel	9,420	158	-	3,172	-	12,750	4,984	17,734
Occupancy								
Rent/leased space	32,157	7,712	1,592	1,127	-	42,588	45,330	87,918
Utilities	-	129	-	-	-	129	278	407
Operating								
Dues, fees, licenses and subscriptions	5,150	88	-	20	-	5,258	657	5,915
Equipment rental, lease, and maintenance	3,110	981	-	-	-	4,091	52,272	56,363
Postage/printing/photocopying	1,768	52	-	3	-	1,823	1,701	3,524
Bad debt	-	-	-	-	-	-	135,300	135,300
Telephone and pagers	2,175	2,004	-	562	-	4,741	5,066	9,807
Travel (employee)	2,236	4,238	-	755	-	7,229	9,067	16,296
Other expenses								
Employee development	2,182	2,926	-	100	-	5,208	5,753	10,961
Miscellaneous expenses	7,120	1,313	-	-	-	8,433	4,657	13,090
Professional fees								
Other consultants	389	56,114	-	-	-	56,503	75,703	132,206
Indirect	-	-	-	-	220,854	220,854	347,901	568,755
Total expenses	<u>\$ 500,213</u>	<u>\$ 563,169</u>	<u>\$ 93,257</u>	<u>\$ 86,879</u>	<u>\$ 220,854</u>	<u>\$ 1,464,372</u>	<u>\$ 2,037,833</u>	<u>3,502,205</u>

Less indirect expenses (not charged to specific program areas) (568,755)
Total addiction recovery expenditures per audit report \$ 2,933,450

GOVERNMENTAL AUDITING STANDARDS REPORT

**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

The Board Of Health
Boulder County Public Health
Boulder County, Colorado

We have audited the financial statements of the governmental activities and major fund of Boulder County Public Health (Public Health), a component unit of Boulder County, Colorado as of and for the year ended December 31, 2011, and have issued our report thereon dated August 9, 2012. 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.

Internal Control Over Financial Reporting

Management of Public Health is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Public Health's internal control over financial reporting as a basis for designing our auditing procedures 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 entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Public Health's financial statements are free of 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*.

This report is intended solely for the information and use of management, the Board of Health, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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Greenwood Village, Colorado
August 9, 2012

**BOULDER COUNTY PUBLIC HEALTH
BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS
For the Year Ended December 31, 2011**

Financial Statement Findings

There were no findings required to be reported under *Government Auditing Standards* for the fiscal year ended December 31, 2011.

**BOULDER COUNTY PUBLIC HEALTH
BOULDER COUNTY, COLORADO
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended December 31, 2010**

Financial Statement Findings

There were no findings required to be reported under *Government Auditing Standards* for the fiscal year ended December 31, 2010.