

BOULDER COUNTY PUBLIC HEALTH
Boulder County, Colorado

FINANCIAL STATEMENTS
December 31, 2013 and 2012

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and major fund of Boulder County Public Health (BCPH), a component unit of Boulder County, Colorado, as of and for the years ended December 31, 2013 and 2012 and the related notes to the financial statements, which collectively comprise the entity'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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Governmental 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 BCPH as of December 31, 2013 and 2012, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.



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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages III-VIII and 23-24 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 audits 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise BCPH's 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other information referred to above 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 other information referred to above 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 September 24, 2014, on our consideration of BCPH'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 result 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 BCPH's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
September 24, 2014

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of Boulder County, Colorado)
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013 and 2012

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, 2013 and 2012.

Financial Highlights

The net position of BCPH, the amount that assets exceed liabilities, for 2013 and 2012 is \$3,019,878 and \$2,865,975, respectively. Of this amount, \$2,691,139 and \$2,533,846 (unrestricted net position) is available to meet the government's ongoing obligations to citizens and creditors at December 31, 2013 and 2012 respectively.

As of the close of 2013, BCPH's governmental fund reports an ending balance of \$3,507,612, an increase of \$172,471 over the balance at year-end 2012. Approximately 94% of the total amount, \$3,308,166 is available for spending at the government's discretion (unrestricted fund balance). As of the close of 2012, BCPH's governmental fund reports an ending balance of \$3,335,141, an increase of \$2,256 over the balance at year-end 2011. Approximately 95% of the total amount, \$3,182,632, is available for spending at the government's discretion (unrestricted fund balance).

Overview of the Financial Statements

This discussion and analysis is an introduction to BCPH's basic financial statements including three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The financial statements also contain other supplementary information.

Government-Wide Financial Statements

The government-wide financial statements (the Statements of Net Position and the Statements of Activities) reflect the financial activities of BCPH.

The Statements of Net Position present information on all of BCPH's assets and liabilities, with the difference between the two reported as net position. The Statements of Activities report 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 position may serve as a useful indicator of whether the financial position of BCPH is improving or deteriorating.

The Statements of Activities present information showing how BCPH's net position changed during the most recent calendar 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 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, and addiction recovery, family health, community health, environmental health, and communicable disease control programs. BCPH has no business-type activities.

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of Boulder County, Colorado)
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013 and 2012

Governmental Fund Financial Statements

A governmental fund is a grouping of related accounts 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 accounts for all of BCPH's activities.

Governmental Funds

Governmental funds 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 (the Balance Sheet and the 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.

The focus of governmental fund financial statements is narrower than that of the government-wide financial statements. Comparing the information presented for governmental funds with similar information presented for government-wide activities may assist readers to 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 Balance provide a reconciliation to facilitate this comparison between governmental funds and government-wide 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 governmental fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning BCPH's budgetary comparison schedules for the general fund, which demonstrates compliance with the annual appropriated budget.

Government-Wide Financial Analysis

As noted earlier, increases or decreases in net position may serve over time as useful indicators of a government's financial position. In the case of BCPH, assets exceed liabilities by \$3,019,878 and \$2,865,975 at the close of years 2013 and 2012, respectively.

Four percent (4%) and six percent (6%) of department net position for 2013 and 2012, respectively, reflects its investment in capital assets (e.g. equipment). BCPH uses these capital assets to provide services to citizens. These assets represent monies not available for future spending.

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of boulder County, Colorado)
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December 31, 2013 and 2012

An additional portion of BCPH's net position, 7% for 2013 and 5% for 2012, represents resources that are subject to external restrictions on how they may be used. The remaining balances of unrestricted net position, \$2,691,139 and \$2,533,846 for 2013 and 2012, respectively, are available to meet the government's ongoing obligations.

At the end of 2013, as in prior years, BCPH holds positive balances in all three categories of net position.

Boulder County Public Health's Net Position

	Governmental Activities		
	2013	2012	2011
Current and other assets	\$ 4,854,744	\$ 4,654,884	\$ 4,280,140
Capital assets	<u>129,293</u>	<u>179,620</u>	<u>229,852</u>
Total assets	<u>4,984,037</u>	<u>4,834,504</u>	<u>4,509,992</u>
Long-term liabilities outstanding	536,703	600,664	555,166
Other liabilities	<u>1,427,456</u>	<u>1,367,865</u>	<u>1,021,260</u>
Total liabilities	<u>1,964,159</u>	<u>1,968,529</u>	<u>1,576,426</u>
Net position			
Net investment in capital assets	129,293	179,620	229,852
Restricted for emergencies	68,918	64,622	74,318
Restricted for mosquito control	130,528	87,887	64,410
Unrestricted	<u>2,691,139</u>	<u>2,533,846</u>	<u>2,564,986</u>
Total net position	<u>\$ 3,019,878</u>	<u>\$ 2,865,975</u>	<u>\$ 2,933,566</u>

Governmental Activities

Governmental activities for BCPH increased net position by \$153,903 for 2013 and decreased net position by \$67,591 for 2012. Key elements of the 2013 increase are higher revenues from private funding sources as well as higher revenues from fees for services. Key elements of the 2012 decrease are lower fee revenues earned and higher bad debt expenses incurred.

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of boulder County, Colorado)
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013 and 2012

Boulder County Public Health's Activities

	<u>Governmental Activities</u>		
	<u>2013</u>	<u>2012</u>	<u>2011</u>
Revenues:			
Program revenues:			
Charges for services	\$ 1,945,742	\$ 1,866,638	\$ 2,045,013
Operating grants and contributions	6,487,834	6,484,289	6,444,676
General revenues:			
Contribution from Boulder County (Public government)	7,769,024	7,484,165	7,145,846
Investment earnings	<u>4,526</u>	<u>10,378</u>	<u>15,234</u>
Total revenues	<u>16,207,126</u>	<u>15,845,470</u>	<u>15,650,769</u>
Expenses:			
General administration	2,579,544	2,466,780	2,286,668
Other administrative programs	1,115,431	842,672	865,780
Addiction recovery programs	3,212,234	3,386,143	3,202,804
Family health programs	2,473,656	2,508,463	2,630,899
Community health programs	2,463,715	2,350,590	2,260,752
Environmental health programs	3,116,577	3,171,075	2,969,888
Communicable disease programs	<u>1,092,066</u>	<u>1,187,338</u>	<u>1,250,109</u>
Total expenses	<u>16,053,223</u>	<u>15,913,061</u>	<u>15,466,900</u>
Increase (decrease) in net position	153,903	(67,591)	183,869
Net position, beginning of year	<u>2,865,975</u>	<u>2,933,566</u>	<u>2,749,697</u>
Net position, end of year	<u>\$ 3,019,878</u>	<u>\$ 2,865,975</u>	<u>\$ 2,933,566</u>

Financial Analysis of BCPH's Fund

As noted earlier, BCPH 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 BCPH. As of December 31, 2013 and 2012, BCPH's General Fund reported an ending balance of \$3,507,612 and \$3,335,141, respectively, an increase of \$172,471 for 2013 compared to 2012, and an increase of \$2,256 for 2012 compared to 2011. Approximately 89% of the total amount for 2013, \$3,108,166, constitutes unrestricted and uncommitted fund balance, which is available for spending at BCPH's discretion. Approximately 89% of the total amount for 2012, \$2,982,632, 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 mosquito control.

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of Boulder County, Colorado)
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013 and 2012

General Fund Budgetary Highlights

Differences between the 2013 budget, approved by the Board of Health and actual expenditures totaled \$2,123,099, explanations for the majority of which are summarized as follows:

\$1,368,916 actual less than budget for salaries and benefits primarily attributable to lower than anticipated spending as well as vacant positions (all divisions).

\$754,183 actual less than budget for all other expenses primarily attributable to lower than anticipated spending for operating expenses, professional services, property services and other services, professional and property services combined (general administration, addiction recovery, community health, and environmental health).

Differences between the 2012 budget, approved by the Board of Health and actual expenditures totaled \$812,382, explanations for the majority of which are summarized as follows:

\$573,003 actual less than budget for salaries and benefits primarily attributable to vacant positions (general administration, family health, community health, environmental health and communicable disease control).

\$548,317 actual less than budget primarily attributable to lower than anticipated spending for operating expenses, professional services, property services and other services, professional and property services combined (general administration, addiction recovery, family health, community health, and environmental health).

\$308,938 actual greater than budget primarily attributable to bad debt expense adjustments associated with fee revenue earned by the addiction recovery division.

Capital Assets

Boulder County Public Health's investment in capital assets for its governmental activities as of December 31, 2013, 2012, and 2011, respectively, equal \$129,293, \$179,620, and \$229,852, and (net of accumulated depreciation).

Capital Assets (net of depreciation)

	Governmental Activities		
	2013	2012	2011
Equipment	\$ 129,293	\$ 179,620	\$ 229,852

This investment in capital assets includes building improvements, internally developed computer software and other equipment.

The decrease in net capital assets from 2012 to 2013 reflects the disposal of several assets as well as depreciation expense.

The decrease in net capital assets from 2011 to 2012 reflects depreciation expense.

**BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of boulder County, Colorado)
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013 and 2012**

Requests for Information

This financial report provides a general overview of Boulder County Public Health's finances for all those with an interest in BCPH's finances. Address questions concerning any of the information provided in this report or requests for additional financial information to 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 POSITION
GOVERNMENTAL ACTIVITIES
December 31, 2013 and 2012

	2013	2012
ASSETS		
Cash and investments	\$ 2,900,809	\$ 2,872,565
Restricted cash and investments	345,142	297,572
Accounts receivable, net of allowance of \$164,230 and \$78,566 for 2013 and 2012, respectively	247,141	149,801
Due from other governments	1,358,666	1,275,554
Due from Boulder County	2,986	53,620
Other assets	-	5,772
	<u>4,854,744</u>	<u>4,654,884</u>
Capital assets, net of accumulated depreciation of \$223,431 and and \$184,915 for 2013 and 2012, respectively	129,293	179,620
Total assets	<u>4,984,037</u>	<u>4,834,504</u>
LIABILITIES		
Accounts payable	464,366	226,151
Due to Boulder County	8,105	41,040
Accrued salaries and benefits	392,925	365,804
Escrows payable	214,614	209,685
Unearned revenue	266,198	467,280
Compensated absences:		
Due within one year	81,248	57,905
Due in more than one year	536,703	600,664
Total liabilities	<u>1,964,159</u>	<u>1,968,529</u>
NET POSITION		
Net investment in capital assets	129,293	179,620
Restricted for emergencies	68,918	64,622
Restricted for mosquito control	130,528	87,887
Unrestricted	2,691,139	2,533,846
Total net position	<u>\$ 3,019,878</u>	<u>\$ 2,865,975</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, 2013

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
Governmental activities:				
General administration	\$ 2,579,544	\$ 216,533	\$ 696,130	\$ (1,666,881)
Other administrative programs	1,115,431	309,403	266,261	(539,767)
Addiction recovery	3,212,234	696,325	1,363,417	(1,152,492)
Family health	2,473,656	11,250	1,405,170	(1,057,236)
Community health	2,463,715	111,204	1,406,325	(946,186)
Environmental health	3,116,577	572,717	763,096	(1,780,764)
Communicable disease	1,092,066	28,310	587,435	(476,321)
	<u>\$ 16,053,223</u>	<u>\$ 1,945,742</u>	<u>\$ 6,487,834</u>	<u>(7,619,647)</u>
General revenues:				
Contribution from Boulder County				7,769,024
Investment earnings				4,526
Total general revenues				<u>7,773,550</u>
Change in net position				153,903
Net position - Beginning of year				<u>2,865,975</u>
Net position - End of year				<u>\$ 3,019,878</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, 2012

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
Governmental activities:				
General administration	\$ 2,466,780	\$ 202,818	\$ 797,393	\$ (1,466,569)
Other administrative programs	842,672	248,296	146,837	(447,539)
Addiction recovery	3,386,143	609,041	1,450,389	(1,326,713)
Family health	2,508,463	16,099	1,548,066	(944,298)
Community health	2,350,590	180,667	1,102,921	(1,067,002)
Environmental health	3,171,075	549,985	854,278	(1,766,812)
Communicable disease	1,187,338	59,732	584,405	(543,201)
	<u>\$ 15,913,061</u>	<u>\$ 1,866,638</u>	<u>\$ 6,484,289</u>	<u>(7,562,134)</u>
General revenues:				
Contribution from Boulder County				7,484,165
Investment earnings				10,378
Total general revenues				<u>7,494,543</u>
Change in net position				(67,591)
Net position - Beginning of year				<u>2,933,566</u>
Net position - End of year				<u>2,865,975</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, 2013 and 2012

	2013	2012
ASSETS		
Cash and investments	\$ 2,900,809	\$ 2,872,565
Restricted cash and investments	345,142	297,572
Accounts receivable, net of allowance of \$164,230 and \$78,566 for 2013 and 2012, respectively	247,141	149,801
Due from other governments	1,358,666	1,275,554
Due from Boulder County	2,986	53,620
Other assets	-	5,772
Total assets	\$ 4,854,744	\$ 4,654,884
LIABILITIES AND FUND BALANCE		
Accounts payable	\$ 464,366	\$ 226,151
Due to Boulder County	8,105	41,040
Accrued salaries and benefits	392,925	365,804
Matured compensated absences	924	9,783
Escrows payable	214,614	209,685
Unearned revenue	266,198	467,280
Total liabilities	1,347,132	1,319,743
FUND BALANCE		
Restricted:		
Restricted for emergencies	68,918	64,622
Restricted for mosquito control	130,528	87,887
Total restricted fund balance	199,446	152,509
Unrestricted:		
Committed emergency preparedness contingency	200,000	200,000
Assigned	962,283	970,185
Unassigned	2,145,883	2,012,447
Total unrestricted fund balance	3,308,166	3,182,632
Total fund balance	3,507,612	3,335,141
Total liabilities and fund balance	\$ 4,854,744	\$ 4,654,884

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 POSITION
December 31, 2013 and 2012

	2013	2012
Governmental fund balance	\$ 3,507,612	\$ 3,335,141
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 fund	129,293	179,620
Long-term liabilities for compensated absences are not due and payable in the current period and, therefore, are not reported in the fund	(617,027)	(648,786)
Net position of governmental activities	\$ 3,019,878	\$ 2,865,975

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, 2013 and 2012

	2013	2012
REVENUES		
Intergovernmental	\$ 13,904,402	\$ 13,687,518
Charges for services	1,945,742	1,866,638
Contributions	5,464	3,900
Interest and miscellaneous	351,518	287,414
Total revenues	16,207,126	15,845,470
EXPENDITURES		
General administration	2,560,976	2,396,932
Other administrative programs	1,115,431	842,672
Addiction recovery	3,212,234	3,386,144
Family health	2,473,656	2,508,463
Community health	2,463,715	2,350,590
Environmental health	3,116,577	3,171,075
Communicable disease	1,092,066	1,187,338
Total expenditures	16,034,655	15,843,214
Excess of revenues over expenditures	172,471	2,256
FUND BALANCE - BEGINNING OF YEAR	3,335,141	3,332,885
FUND BALANCE - END OF YEAR	\$ 3,507,612	\$ 3,335,141

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, 2013 and 2012

	2013	2012
Change in fund balance - Governmental Fund	\$ 172,471	\$ 2,256
Amounts reported for governmental activities in the statement of net position are different because:		
Governmental fund reports capital outlays as expenditures. However, in the statement of changes in net position, the cost of those assets is allocated over their useful lives and reported as depreciation expense.		
Depreciation expense	(48,479)	(50,232)
Net book value of disposed asset	(1,848)	
Some expenses reported in the statements of changes in net position do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund:		
Compensated absences	31,759	(19,615)
Change in net position of governmental activities	\$ 153,903	\$ (67,591)

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, 2013 and 2012

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: environment, 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.

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). 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 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 position 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 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.

BOULDER COUNTY PUBLIC HEALTH
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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 a deferred inflows of resources 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 unearned revenue is not considered earned and eligibility requirements have not been met at the government-wide level. Unearned 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 unearned revenue and deferred inflows of resources 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.

Accounts Receivable

Accounts receivable are carried at cost less an allowance for doubtful accounts. BCPH does not accrue finance or interest charges. On a periodic basis, BCPH evaluates its accounts receivable and determines the need for an allowance for losses based on historical experience. A receivable is written off when it is determined that all reasonable collection efforts have been exhausted and the potential for recovery is considered remote. At December 31, 2013 and 2012, BCPH had an allowance for doubtful accounts of \$164,230 and \$78,566, respectively.

BOULDER COUNTY PUBLIC HEALTH
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NOTES TO FINANCIAL STATEMENTS
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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.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations

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

Fund Balance

As of December 31, 2013 and 2012, 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, 2013 and 2012, 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, 2013 and 2012, \$199,446 and \$152,509, 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, 2013 and 2012, \$200,000 is 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, 2013 and 2012, \$962,283 and \$970,185, respectively, are assigned to various programs as follows:

	<u>2013</u>	<u>2012</u>
Administration	\$ 379,678	\$ 379,678
Addiction recovery	165,886	141,086
Family health	111,804	111,804
Community health	181,782	199,667
Environmental health	53,010	53,010
Communicable disease	70,123	84,940

Unassigned – represents the residual classification for BCPH’s General Fund and could report a surplus or deficit. As of December 31, 2013 and 2012, BCPH has \$2,145,883 and \$2,012,447, respectively, of fund balance in the General Fund for unassigned.

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.

BOULDER COUNTY PUBLIC HEALTH
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NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New and Future Accounting Pronouncements

For the fiscal year ending December 31, 2012, BCPH adopted the provisions of GASB No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB No. 62) and GASB No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* (GASB No. 63).

GASB No. 62 continues GASB's efforts to codify all sources of GAAP for state and local governments so that they can derive from a single source. The adoption of GASB No. 62 had no impact on BCPH's financial statements.

GASB No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources as introduced and defined in GASB Concepts Statement No. 4, *Elements of Financial Statements* (Concepts Statement No. 4). BCPH does not have any financial statement balances that under current GAAP meet the definition of a deferred outflow of resources or a deferred inflow of resources. In addition, net assets is now net position and the statement of net assets is now the statement of net position. As such, the names of certain statements and certain line items were changed as required by GASB No. 63, otherwise, the adoption of this pronouncement had no impact to BCPH's financial statements.

Effective January 1, 2012, BCPH adopted the provisions of GASB No. 65 "*Items Previously Reported as Assets and Liabilities*" (GASB No. 65). GASB No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The adoption of GASB No. 65 had no impact on BCPH's financial statements.

The GASB issued Statement No 68 *Accounting and Financial Reporting for Pensions* (GASB No. 68), which revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. GASB No. 68 requires cost-sharing employers participating in the PERA program, such as BCPH, to record their proportionate share, as defined in GASB No. 68, of PERA's unfunded pension liability. BCPH has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefits, or annual required contribution decisions made by PERA. The requirement of GASB No. 68 to record a portion of PERA's unfunded liability may negatively impact BCPH's future unrestricted net position. GASB No. 68 is effective for fiscal year 2015. At this time, management is unable to estimate the magnitude of this impact. Information regarding PERA's current funding status can be found in its Comprehensive Annual Financial Report.

Reclassifications

Certain reclassifications have been made to the 2012 balances to conform to the 2013 presentation.

BOULDER COUNTY PUBLIC HEALTH
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NOTE 2 - CASH, DEPOSITS AND INVESTMENTS

Cash, deposits and investments as of December 31, 2013 and 2012 are classified in the accompanying financial statements as follows:

	2013	2012
Governmental activities		
Unrestricted cash and investments	\$ 2,900,809	\$ 2,872,565
Restricted cash and investments	<u>345,142</u>	<u>297,572</u>
Total governmental activities	<u>\$ 3,245,951</u>	<u>\$ 3,170,137</u>
Cash deposits	\$ 2,510,645	\$ 2,433,743
Investments	<u>735,306</u>	<u>736,394</u>
Total cash and investments	<u>\$ 3,245,951</u>	<u>\$ 3,170,137</u>

Deposits

As of December 31, 2013 and 2012, the carrying amount of deposits for BCPH were \$2,510,644 and \$2,433,743, respectively.

Custodial Credit Risk

BCPH 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 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

BCPH 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.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 2 - CASH, DEPOSITS AND INVESTMENTS (CONTINUED)

Colorado Revised 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, 2013 and 2012 are as follows:

Investment Type	2013		2012	
	Amount	Weighted Average Maturity (months)	Amount	Weighted Average Maturity (months)
U.S. Treasury Securities	\$ 148,881	9.45	\$ 153,708	11.36
Federal Agency Securities	-	-	102,652	33.30
Money Market Mutual Fund	585,389	.03	479,537	.03
Local government investment pool	1,036	.03	497	.03
Total investments	<u>\$ 735,306</u>	1.93	<u>\$ 736,394</u>	8.81

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NOTE 2 - CASH, DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2013 and 2012 with credit ratings:

<u>2013</u>	Minimum Legal Rating	Moody's AAA Rating as of Year End	Not Rated	Total Investments by Type
U.S. Treasury Securities	AAA	\$ 148,881	\$ -	\$ 148,881
Money market mutual fund	-	-	585,389	585,389
Local government investment pool	-	1,036	-	1,036
Total investments		<u>\$ 149,917</u>	<u>\$ 585,389</u>	<u>\$ 735,306</u>
<u>2012</u>				
Federal Agency Securities	AAA	\$ 102,652	\$ -	\$ 102,652
U.S. Treasury Securities	AAA	153,708	-	153,708
Money market mutual fund	-	-	479,537	479,537
Local government investment pool	-	497	-	497
Total investments		<u>\$ 256,857</u>	<u>\$ 479,537</u>	<u>\$ 736,394</u>

Local government investment pool includes the Colorado Local Government Liquid Asset Trust (COLOTRUST), which is a 2a7-like investment pool.

COLOTRUST reports its underlying investments at fair value. CSAFE reports its underlying investments at amortized cost. Both pools are similar to money market funds, with each share valued at \$1.00. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments. Investments consist of U.S. Treasury bills, notes and note strips, U.S. government agency securities, highly-rated commercial paper and corporate bonds, bank deposits, AAAM money market mutual funds, and repurchase agreements collateralized by U.S. Treasury notes. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal

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NOTE 2 - CASH, DEPOSITS AND INVESTMENTS (CONTINUED)

functions of each pooled investment. All securities owned by each pooled investment are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by each pool investor.

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>2013</u>		<u>2012</u>	
		<u>Total</u>	<u>Percentage</u>	<u>Total</u>	<u>Percentage</u>
FHLMC	Federal agency securities	\$ -	-%	\$ 51,468	6.99%
FHLB	Federal agency securities	\$ -	-%	\$ 51,185	6.95%

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NOTE 3 - CHANGES IN CAPITAL ASSETS

	Beginning Balance January 1, 2013	Increases	Decreases	Transfers	Ending Balance December 31, 2013
Capital assets:					
Equipment	\$ 364,535	\$ -	\$ (11,811)	\$ -	\$ 352,724
Total capital assets	<u>364,535</u>	<u>-</u>	<u>(11,811)</u>	<u>-</u>	<u>352,724</u>
Less accumulated depreciation for:					
Equipment	(184,915)	(48,479)	9,963	-	(223,431)
Total accumulated depreciation	<u>(184,915)</u>	<u>(48,479)</u>	<u>9,963</u>	<u>-</u>	<u>(223,431)</u>
Capital assets, net	<u>\$ 179,620</u>	<u>\$ (48,479)</u>	<u>\$ (1,848)</u>	<u>\$ -</u>	<u>\$ 129,293</u>
Depreciation expense was charged to functions as follows:					
Administration		<u>\$ (48,479)</u>			

	Beginning Balance January 1, 2012	Increases	Decreases	Transfers	Ending Balance December 31, 2012
Capital assets:					
Equipment	\$ 364,535	\$ -	\$ -	\$ -	\$ 364,535
Total capital assets	<u>364,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>364,535</u>
Less accumulated depreciation for:					
Equipment	(134,683)	(50,232)	-	-	(184,915)
Total accumulated depreciation	<u>(134,683)</u>	<u>(50,232)</u>	<u>-</u>	<u>-</u>	<u>(184,915)</u>
Capital assets, net	<u>\$ 229,852</u>	<u>\$ (50,232)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 179,620</u>
Depreciation expense was charged to functions as follows:					
Administration		<u>\$ (50,232)</u>			

BOULDER COUNTY PUBLIC HEALTH
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December 31, 2013 and 2012

NOTE 4 - LONG-TERM OBLIGATIONS

	<u>Balance January 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2013</u>	<u>Due in One Year</u>
Compensated absences	\$ 658,569	\$ 652,802	\$ 693,420	\$ 617,951	\$ 81,248

	<u>Balance January 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2012</u>	<u>Due in One Year</u>
Compensated absences	\$ 629,171	\$ 848,668	\$ 819,270	\$ 658,569	\$ 57,905

NOTE 5 - PENSION PLAN

(a) Defined Benefit Pension Plan

BCPH 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 BCPH 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 2013 and 2012, 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 and a supplemental amortization equalization disbursement (SAED) equal to 1.50% of the total payroll for the calendar years 2010 through 2013. This brings the total employer rate to 13.70% for these years.

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.

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NOTE 5 - PENSION PLAN (CONTINUED)

For the years ending December 31, 2011, 2012, and 2013, the County's employer contributions to the LGDTF were \$1,196,024, \$1,214,203 and \$1,201,554 respectively, equal to their required contributions for each year. Contributions from plan members for the same three years were \$698,408, \$709,024, and \$701,637, 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 2013 and 2012, 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 (\$17,500 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, 2011, 2012, and 2013, the 401(k) Plan member contributions from the County were \$162,848, \$166,163, and \$176,731, respectively.

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NOTE 6 - NET POSITION 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 \$68,918 for 2013 and \$64,622 for 2012 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.

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.

BOULDER COUNTY PUBLIC HEALTH
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NOTE 7 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

The County assumes risk for the first \$400,000 for each worker's compensation occurrence, the first \$100,000 for each property occurrence, and the first \$250,000 for each liability occurrence except for employment liability claims, which have a \$500,000 retention.

The County also maintains a self-funded health and dental plan, in which the County assumes risk for the first \$325,000 for each medical 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 \$10,000 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.

NOTE 8 - MEMORANDUM OF UNDERSTANDING

Effective December 30, 2013, BCPH, with the consent of the County Commissioners, entered into a memorandum of understanding with Mental Health Partners (MHP) to begin the transition of the Addiction Recovery Center to MHP. Current agreements between the parties anticipate a full transition by January 5, 2015.

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

REQUIRED SUPPLEMENTARY INFORMATION

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of Boulder County, Colorado)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE				
Intergovernmental	\$ 14,455,484	\$ 14,521,194	\$ 13,904,402	\$ (616,792)
Charges for services	2,129,322	2,130,043	1,945,742	(184,301)
Contributions	9,511	11,972	5,464	(6,508)
Interest and miscellaneous	519,601	532,263	351,518	(180,745)
Total revenue	<u>17,113,918</u>	<u>17,195,472</u>	<u>16,207,126</u>	<u>(988,346)</u>
EXPENDITURES				
General administration	2,630,999	2,576,429	2,560,976	15,453
Other administrative programs	1,334,140	1,343,233	1,115,431	227,802
Addiction recovery	3,428,702	3,450,797	3,212,234	238,563
Family health	2,573,735	2,598,958	2,473,656	125,302
Community health	2,867,636	2,874,305	2,463,715	410,590
Environmental health	4,019,328	4,172,957	3,116,577	1,056,380
Communicable disease	1,141,075	1,141,075	1,092,066	49,009
Total expenditures	<u>17,995,615</u>	<u>18,157,754</u>	<u>16,034,655</u>	<u>2,123,099</u>
Excess of revenue over expenditures	<u>\$ (881,697)</u>	<u>\$ (962,282)</u>	172,471	<u>\$ 1,134,753</u>
FUND BALANCE - BEGINNING OF YEAR			<u>3,335,141</u>	
FUND BALANCE - END OF YEAR			<u>\$ 3,507,612</u>	

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of Boulder County, Colorado)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUE				
Intergovernmental	\$ 13,766,254	\$ 13,695,254	\$ 13,687,518	\$ (7,736)
Charges for services	1,821,213	1,821,213	1,866,638	45,425
Contributions	2,772	2,772	3,900	1,128
Interest and miscellaneous	410,544	410,544	287,414	(123,130)
Total revenue	<u>16,000,783</u>	<u>15,929,783</u>	<u>15,845,470</u>	<u>(84,313)</u>
EXPENDITURES				
General administration	2,441,117	2,526,076	2,396,932	129,144
Other administrative programs	939,815	950,415	842,672	107,743
Addiction recovery	3,200,616	3,227,216	3,386,144	(158,928)
Family health	2,670,336	2,676,836	2,508,463	168,373
Community health	2,486,706	2,488,896	2,350,590	138,306
Environmental health	3,511,537	3,559,887	3,171,075	388,812
Communicable disease	1,221,270	1,226,270	1,187,338	38,932
Total expenditures	<u>16,471,397</u>	<u>16,655,596</u>	<u>15,843,214</u>	<u>812,382</u>
Excess of revenue over expenditures	<u>\$ (470,614)</u>	<u>\$ (725,813)</u>	2,256	<u>\$ 728,069</u>
FUND BALANCE - BEGINNING OF YEAR			<u>3,332,885</u>	
FUND BALANCE - END OF YEAR			<u>\$ 3,335,141</u>	

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of Boulder County, Colorado)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2013 and 2012

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 2013 budget was adopted in July 2012 and the final 2013 budget was adopted in December 2013. The original 2012 budget was adopted in February 2012 and the final 2013 budget was adopted in March 2012. 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)
SCHEDULE OF REVENUES AND EXPENDITURES BY FUNCTION
GENERAL FUND
Year Ended December 31, 2013

	<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	\$ 1,471,106	\$ 432,274	\$ 1,240,839	\$ 976,839	\$ 946,645	\$ 2,198,047	\$ 503,274	\$ 7,769,024
Local	196,178	-	58,378	-	555,089	475,800	-	1,285,445
State (includes federal pass-through funds)	466,019	266,201	1,290,195	1,363,713	603,922	277,156	582,727	4,849,933
	<u>2,133,303</u>	<u>698,475</u>	<u>2,589,412</u>	<u>2,340,552</u>	<u>2,105,656</u>	<u>2,951,003</u>	<u>1,086,001</u>	<u>13,904,402</u>
Charges for services	216,533	309,403	696,325	11,250	111,204	572,717	28,310	1,945,742
Contributions	-	-	-	-	3,164	1,700	600	5,464
Interest	1,388	3,138	-	-	-	-	-	4,526
Miscellaneous	33,933	60	14,844	41,457	244,150	8,440	4,108	346,992
	<u>251,854</u>	<u>312,601</u>	<u>711,169</u>	<u>52,707</u>	<u>358,518</u>	<u>582,857</u>	<u>33,018</u>	<u>2,302,724</u>
Total revenue	<u>2,385,157</u>	<u>1,011,076</u>	<u>3,300,581</u>	<u>2,393,259</u>	<u>2,464,174</u>	<u>3,533,860</u>	<u>1,119,019</u>	<u>16,207,126</u>
Expenditures								
Salaries	1,602,167	722,934	1,749,921	1,365,337	1,165,527	1,953,859	604,879	9,164,624
Fringes	481,934	262,436	622,881	425,271	371,521	634,797	178,275	2,977,115
Supplies	113,163	40,811	95,752	61,459	26,209	55,656	101,598	494,648
Professional/tech services	82,294	43,242	333,822	456,919	600,354	354,175	85,937	1,956,743
Property services	72,561	6,660	98,191	56,935	44,286	23,305	64,114	366,052
Other purchased services	9,023	16,960	16,094	14,335	176,749	25,534	16,487	275,182
Other expenditures	199,834	22,388	295,573	93,400	79,069	69,251	40,776	800,291
Total expenditures	<u>2,560,976</u>	<u>1,115,431</u>	<u>3,212,234</u>	<u>2,473,656</u>	<u>2,463,715</u>	<u>3,116,577</u>	<u>1,092,066</u>	<u>16,034,655</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (175,819)</u>	<u>\$ (104,355)</u>	<u>\$ 88,347</u>	<u>\$ (80,397)</u>	<u>\$ 459</u>	<u>\$ 417,283</u>	<u>\$ 26,953</u>	<u>\$ 172,471</u>

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of Boulder County, Colorado)
SCHEDULE OF REVENUES AND EXPENDITURES BY FUNCTION
GENERAL FUND
Year Ended December 31, 2012

	<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	\$ 1,596,847	\$ 491,292	\$ 1,186,322	\$ 910,300	\$ 872,854	\$ 1,875,438	\$ 551,112	\$ 7,484,165
Local	201,686	-	86,199	11,812	524,936	518,264	-	1,342,897
State (includes federal pass-through funds)	556,500	146,837	1,350,697	1,432,473	460,797	334,470	578,682	4,860,456
	<u>2,355,033</u>	<u>638,129</u>	<u>2,623,218</u>	<u>2,354,585</u>	<u>1,858,587</u>	<u>2,728,172</u>	<u>1,129,794</u>	<u>13,687,518</u>
Charges for services	202,818	248,296	609,041	16,099	180,667	549,985	59,732	1,866,638
Contributions	-	-	-	-	2,325	1,500	75	3,900
Interest	9,068	1,310	-	-	-	-	-	10,378
Miscellaneous	39,207	-	13,493	103,781	114,862	45	5,648	277,036
	<u>251,093</u>	<u>249,606</u>	<u>622,534</u>	<u>119,880</u>	<u>297,854</u>	<u>551,530</u>	<u>65,455</u>	<u>2,157,952</u>
Total revenue	<u>2,606,126</u>	<u>887,735</u>	<u>3,245,752</u>	<u>2,474,465</u>	<u>2,156,441</u>	<u>3,279,702</u>	<u>1,195,249</u>	<u>15,845,470</u>
Expenditures								
Salaries	1,407,069	498,908	1,770,731	1,723,102	1,160,712	1,963,776	713,802	9,238,100
Fringes	461,706	178,115	612,529	551,795	394,017	648,935	220,811	3,067,908
Supplies	114,557	35,951	87,942	50,492	19,936	47,593	71,919	428,390
Professional/tech services	86,307	83,910	300,893	22,570	648,477	355,511	74,129	1,571,797
Property services	87,446	15,173	110,082	58,895	39,407	58,941	58,396	428,340
Other purchased services	12,963	16,026	15,495	21,900	22,311	23,978	23,507	136,180
Other expenditures	226,884	14,589	488,472	79,709	65,730	72,341	24,774	972,499
Total expenditures	<u>2,396,932</u>	<u>842,672</u>	<u>3,386,144</u>	<u>2,508,463</u>	<u>2,350,590</u>	<u>3,171,075</u>	<u>1,187,338</u>	<u>15,843,214</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 209,194</u>	<u>\$ 45,063</u>	<u>\$ (140,392)</u>	<u>\$ (33,998)</u>	<u>\$ (194,149)</u>	<u>\$ 108,627</u>	<u>\$ 7,911</u>	<u>\$ 2,256</u>

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of Boulder County, Colorado)
SCHEDULES OF REVENUES
ADDICTION RECOVERY DIVISION
Year Ended December 31, 2013

	Alcohol and Drug Abuse Division DBH Services	Other Services	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Client services			
Medicaid fee for service	\$ -	\$ 49,067	\$ 49,067
Client fees	<u>-</u>	<u>694,461</u>	<u>694,461</u>
Net client service revenue	<u>-</u>	<u>743,528</u>	<u>743,528</u>
Government			
Colorado Department of Human Services			
Alcohol and Drug	1,454,930	-	1,454,930
Other Colorado and federal pass-through	<u>-</u>	<u>59,469</u>	<u>59,469</u>
Total Colorado and federal pass-through	<u>1,454,930</u>	<u>59,469</u>	<u>1,514,399</u>
Local government			
County	<u>-</u>	<u>1,240,839</u>	<u>1,240,839</u>
Total local government	<u>-</u>	<u>1,240,839</u>	<u>1,240,839</u>
Total government	<u>1,454,930</u>	<u>1,300,308</u>	<u>2,755,238</u>
Other income			
Other	<u>-</u>	<u>16,708</u>	<u>16,708</u>
Total other income	<u>-</u>	<u>16,708</u>	<u>16,708</u>
Total revenues	<u>\$ 1,454,930</u>	<u>\$ 2,060,544</u>	<u>3,515,474</u>
Less MSO (1) funding for indirect revenue credited to administration			<u>(214,893)</u>
Total behavioral health revenues			<u>\$ 3,300,581</u>

(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)
SCHEDULES OF REVENUES
ADDICTION RECOVERY DIVISION
Year Ended December 31, 2012

	Alcohol and Drug Abuse Division DBH Services	Other Services	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Client services			
Medicaid fee for service	\$ -	\$ 21,400	\$ 21,400
Client fees	<u>-</u>	<u>609,041</u>	<u>609,041</u>
Net client service revenue	<u>-</u>	<u>630,441</u>	<u>630,441</u>
Government			
Colorado Department of Human Services			
Alcohol and Drug	1,582,015	-	1,582,015
Other Colorado and federal pass-through	<u>-</u>	<u>86,199</u>	<u>86,199</u>
Total Colorado and federal pass-through	<u>1,582,015</u>	<u>86,199</u>	<u>1,668,214</u>
Local government			
County	<u>-</u>	<u>1,186,322</u>	<u>1,186,322</u>
Total local government	<u>-</u>	<u>1,186,322</u>	<u>1,186,322</u>
Total government	<u>1,582,015</u>	<u>1,272,521</u>	<u>2,854,536</u>
Other income			
Other	<u>-</u>	<u>13,493</u>	<u>13,493</u>
Total other income	<u>-</u>	<u>13,493</u>	<u>13,493</u>
Total revenues	<u>\$ 1,582,015</u>	<u>\$ 1,916,455</u>	<u>3,498,470</u>
Less MSO (1) funding for indirect revenue credited to administration			<u>(252,718)</u>
Total behavioral health revenues			<u>\$ 3,245,752</u>

(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)
SCHEDULES OF EXPENDITURES
ADDICTION RECOVERY DIVISION
Year Ended December 31, 2013

	<u>MSO-Funded Expenditures</u>					<u>Total MSO Expenses</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>			
Personnel								
Salaries and wages	\$ 280,353	\$ 206,114	\$ 69,515	\$ 22,276	\$ -	\$ 578,258	\$ 1,171,663	\$ 1,749,921
Employee benefits	99,952	73,484	24,784	7,942	-	206,162	416,719	622,881
Client related								
Purchased services (external network)	-	145,476	-	2,214	-	147,690	46,135	193,825
Food	17,867	22,247	-	-	-	40,114	-	40,114
Medical (supplies, consultants)	84,585	11,124	-	2,187	-	97,896	19,371	117,267
Laboratory	-	3,337	-	4,375	-	7,712	13,303	21,015
Client expense/supplies/travel	11,309	13,849	-	11,921	-	37,079	-	37,079
Occupancy								
Rent/leased space	10,075	24,497	-	5,687	-	40,259	31,938	72,197
Utilities	2,029	414	-	875	-	3,318	-	3,318
Operating								
Dues, fees, licenses and subscriptions	726	5,896	-	2,734	-	9,356	-	9,356
Equipment rental, lease, and maintenance	8,145	29,798	-	3,135	-	41,078	72	41,150
Postage/printing/photocopying	1,534	445	-	44	-	2,023	-	2,023
Bad debt	-	-	-	-	-	-	261,739	261,739
Telephone and pagers	1,694	2,674	-	1,378	-	5,746	4,799	10,545
Travel (employee)	3,728	7,228	-	1,314	-	12,270	6,177	18,447
Other expenses								
Employee development	-	2,225	-	7,874	-	10,099	282	10,381
Miscellaneous expenses	203	556	-	219	-	978	-	978
Professional fees								
Other consultants	-	-	-	-	-	-	-	-
Indirect	-	-	-	-	214,893	214,893	246,803	461,696
Total expenditures	<u>\$ 522,200</u>	<u>\$ 549,364</u>	<u>\$ 94,299</u>	<u>\$ 74,175</u>	<u>\$ 214,893</u>	<u>\$ 1,454,931</u>	<u>\$ 2,219,001</u>	<u>3,673,932</u>
Less indirect expenses (not charged to specific program areas)								(461,698)
Total addiction recovery expenditures per audit report								<u>\$ 3,212,234</u>

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of Boulder County, Colorado)
SCHEDULES OF EXPENDITURES
ADDICTION RECOVERY DIVISION
Year Ended December 31, 2012

	<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	\$ 244,419	\$ 219,758	\$ 74,182	\$ 51,140	\$ -	\$ 589,499	\$ 1,181,232	\$ 1,770,731
Employee benefits	79,781	75,097	26,448	14,336	-	195,662	416,867	612,529
Client related								
Purchased services (external network)	-	120,505	-	-	-	120,505	-	120,505
Food	10,703	-	-	-	-	10,703	-	10,703
Medical (supplies, consultants)	94,879	-	-	-	-	94,879	-	94,879
Laboratory	2,326	3,286	-	11,078	-	16,690	-	16,690
Client expense/supplies/travel	28,170	14,296	-	5,612	-	48,078	-	48,078
Occupancy								
Rent/leased space	51,945	24,125	-	4,309	-	80,379	-	80,379
Utilities	-	168	-	-	-	168	-	168
Operating								
Dues, fees, licenses and subscriptions	775	5,806	-	275	-	6,856	54	6,910
Equipment rental, lease, and maintenance	10,849	29,346	-	3,600	-	43,795	42	43,837
Postage/printing/photocopying	1,636	438	-	440	-	2,514	74	2,588
Bad debt	-	-	-	-	-	-	453,745	453,745
Telephone and pagers	1,807	2,634	-	891	-	5,332	4,547	9,879
Travel (employee)	3,676	6,573	-	2,751	-	13,000	78	13,078
Other expenses								
Employee development	5,606	2,191	-	880	-	8,677	207	8,884
Miscellaneous expenses	541	788	-	-	-	1,329	-	1,329
Professional fees								
Other consultants	3,949	87,283	-	-	-	91,232	-	91,232
Indirect	-	-	-	-	252,718	252,718	98,046	350,764
Total expenditures	\$ 541,062	\$ 592,294	\$ 100,630	\$ 95,312	\$ 252,718	\$ 1,582,016	\$ 2,154,892	3,736,908
Less indirect expenses (not charged to specific program areas)								(350,764)
Total addiction recovery expenditures per audit report								<u>\$ 3,386,144</u>

GOVERNMENTAL AUDITING STANDARDS REPORT



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

The Board of Health
Boulder County Public Health
Boulder County, 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 Boulder County Public Health (BCPH), a component unit of Boulder County, Colorado as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise BCPH's basic financial statements, and have issued our report thereon dated September 24, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered BCPH'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 BCPH's internal control. Accordingly, we do not express an opinion on the effectiveness of BCPH'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. We did identify a deficiency in internal control (2013-001), described in the accompanying Schedule of Findings, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether BCPH'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*.

BCPH's Response to Finding

BCPH's response to the finding identified in our audit is described in the accompanying Schedule of Findings. BCPH's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result 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.

A handwritten signature in cursive script that reads "Clifton Larson Allen LLP".

Greenwood Village, Colorado
September 24, 2014

**BOULDER COUNTY PUBLIC HEALTH
BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS
For the Year Ended December 31, 2013**

Financial Statement Findings

Significant Deficiency 2013-001

Summary: When performing our search for unrecorded liabilities, we noted that there were several invoices that related to fiscal year 2013 activity that were received after December 31, 2013, and were not recorded in and as of December 31, 2013. The total amount that was unrecorded was \$113,408.

Recommendation: We recommend that management review any unpaid invoices and outstanding purchase orders as of the year-end and month-end close dates to ensure that all expenses and accruals are recorded in the appropriate accounting period.

We also recommend that management perform a search for unrecorded liabilities as of the year-end date. This search entails reviewing significant cash disbursements made after year-end and investigating the respective invoice to ensure that all liabilities and expenses are recorded in the proper accounting period.

Boulder County Public Health Response: Although it is a standard practice in completing our annual financial records, to assess whether to accrue expenses at year-end for obligations incurred but not paid, during the audit of our 2013 financial records, auditors discovered adjustments necessary to record \$113,408 of additional expenses due but not paid at December 31, 2013. Accordingly, the audited financial statements account for these accrued expenses.

To insure our internal controls are sufficient to account for all significant year-end accrued expenses, we hereby outline how we will proceed moving forward to more comprehensively assess the necessity to accrue expenses for any products received or services provided but not yet in receipt of an invoice at year-end:

1. Review outstanding purchase orders and accrue expenses at year-end for any products received or services provided for which invoices are not yet received by year-end.
2. Review contracts executed pertaining to activity within the report year to determine whether all events have occurred creating a liability for payment in accordance with the contract.
3. Review contracts in process or not yet executed pertaining to activity within the report year to determine whether all events have occurred creating an obligation for payment in accordance with the contract.
4. Review invoices received after year-end to determine whether liabilities for the invoiced amounts existed at the preceding year-end.
5. Review significant cash disbursements paid after year-end to determine whether liabilities for the disbursements, though paid in the following year, existed at the preceding year-end.

Implementation Date: January 1, 2015

**BOULDER COUNTY PUBLIC HEALTH
BOULDER COUNTY, COLORADO
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended December 31, 2012**

Financial Statement Findings

There were no findings required to be reported under *Government Auditing Standards* for the fiscal year ended December 31, 2012.