

BOULDER COUNTY PUBLIC HEALTH
Boulder County, Colorado

FINANCIAL STATEMENTS
December 31, 2014 and 2013

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INDEPENDENT AUDITORS' REPORT

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, 2014 and 2013 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, 2014 and 2013, 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.

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-VII and 21-22 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 June 22, 2015, 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
June 22, 2015

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of Boulder County, Colorado)
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014

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, 2014 and 2013.

Financial Highlights

The net position of BCPH, the amount that assets exceed liabilities, for 2014 and 2013 is \$2,387,561 and \$3,019,878, respectively. Of this amount, \$2,091,190 and \$2,691,139 (unrestricted net position) is available to meet the government's ongoing obligations to citizens and creditors at December 31, 2014 and 2013, respectively.

As of the close of 2014, BCPH's governmental fund reports an ending balance of \$2,853,910, a decrease of \$653,702 from the balance at year-end 2013. Approximately 93% of the total amount, \$2,643,242, is available for spending at the government's discretion (unrestricted fund balance). 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).

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 Statement of Net Position and the Statement of Activities) reflect the financial activities of BCPH.

The Statement of Net Position presents information on all of BCPH's assets and liabilities, with the difference between the two reported as net position. The Statement of Net Position 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 position 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 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.

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.

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of Boulder County, Colorado)
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014

Governmental fund

Governmental fund accounts 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 \$2,387,561 and \$3,019,878 at the close of years 2014 and 2013, respectively.

Four percent (4%) of department net position for 2014 and 2013, respectively, reflects its net 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.

An additional portion of BCPH's net position, 9% for 2014 and 7% for 2013, represents resources that are subject to external restrictions on how they may be used. The remaining balances of unrestricted net position, \$2,091,190 and \$2,691,139 for 2014 and 2013, respectively, are available to meet the government's ongoing obligations.

At the end of 2014, as in prior years, Boulder County Public Health holds positive balances in all three categories of net position.

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of Boulder County, Colorado)
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014

Boulder County Public Health's Net Position

	Governmental Activities		
	2014	2013	2012
Current and other assets	\$ 3,970,938	\$ 4,854,744	\$ 4,654,884
Capital assets	85,703	129,293	179,620
Total assets	<u>4,056,641</u>	<u>4,984,037</u>	<u>4,834,504</u>
Long-term liabilities outstanding	575,610	536,703	600,664
Other liabilities	1,093,470	1,427,456	1,367,865
Total liabilities	<u>1,669,080</u>	<u>1,964,159</u>	<u>1,968,529</u>
Net position			
Invested in capital assets	85,703	129,293	179,620
Restricted for emergencies	58,790	68,918	64,622
Restricted for mosquito control	151,878	130,528	87,887
Unrestricted	2,091,190	2,691,139	2,533,846
Total net position	<u>\$ 2,387,561</u>	<u>\$ 3,019,878</u>	<u>\$ 2,865,975</u>

Governmental Activities

Governmental activities for BCPH decreased net position by \$632,317 for 2014 and increased net position by \$153,903 for 2013. Key elements of the 2014 decrease are lower revenues from local, state and fee funding sources as well as higher expenses for salaries. Key elements of the 2013 increase are higher revenues from private funding sources as well as higher revenues from fees for services.

Boulder County Public Health's Activities

	Governmental Activities		
	2014	2013	2012
Revenues:			
Program revenues:			
Charges for services	\$ 1,632,424	\$ 1,945,742	\$ 1,866,638
Operating grants and contributions	5,977,258	6,487,834	6,484,289
General revenues:			
Contribution from Boulder County (Public Health)	8,039,104	7,769,024	7,484,165
Investment earnings	6,010	4,526	10,378
Total revenues	<u>15,654,796</u>	<u>16,207,126</u>	<u>15,845,470</u>
Expenses:			
General administration	2,466,680	2,579,544	2,466,780
Other administrative programs	1,424,429	1,115,431	842,672
Addiction recovery programs	3,388,349	3,212,234	3,386,143
Family health programs	2,122,572	2,473,656	2,508,463
Community health programs	2,157,404	2,463,715	2,350,590
Environmental health programs	3,629,124	3,116,577	3,171,075
Communicable disease programs	1,098,555	1,092,066	1,187,338
Total expenses	<u>16,287,113</u>	<u>16,053,223</u>	<u>15,913,061</u>
Increase (decrease) in net position	(632,317)	153,903	(67,591)
Net position, beginning of year	<u>3,019,878</u>	<u>2,865,975</u>	<u>2,933,566</u>
Net position, end of year	<u>\$ 2,387,561</u>	<u>\$ 3,019,878</u>	<u>\$ 2,865,975</u>

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of Boulder County, Colorado)
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014

Financial Analysis of BCPH's Fund

As noted earlier, BCPH uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund

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, 2014 and 2013, BCPH's General Fund reported an ending balance of \$2,853,910 and \$3,507,612, respectively, a decrease of \$653,702 for 2014 compared to 2013, and an increase of \$172,471 for 2013 compared to 2012. Approximately 86% of the total amount for 2014, \$2,443,242, constitutes unrestricted and uncommitted fund balance, which is available for spending at BCPH's discretion. Approximately 89% of the total amount for 2013, \$3,108,166, constitutes unrestricted 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 restricted for emergencies and mosquito control.

General Fund Budgetary Highlights

Differences between the 2014 budget, approved by the Board of Health and actual expenditures totaled \$1,359,048, explanations for the majority of which are summarized as follows:

\$512,568 actual less than budget for salaries and benefits primarily attributable to lower than anticipated spending as well as vacant positions (all divisions).

\$846,480 actual less than budget for all other expenses primarily attributable to lower than anticipated spending for operating expenses, professional, property and other services combined (administration, addiction recovery, community health and environmental health).

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:

\$1,368,917 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, property and other services combined (administration, addiction recovery, community health, and environmental health).

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of Boulder County, Colorado)
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014

Capital Assets

Boulder County Public Health's investment in capital assets for its governmental activities as of December 31, 2014, 2013, and 2012 respectively, equal \$85,703, 129,293, and \$179,620 (net of accumulated depreciation). Investment in capital assets includes building improvements, internally developed computer software and other equipment. Additional information is available in the notes to the financial statements.

Capital Assets (net of depreciation)

	Governmental Activities		
	2014	2013	2012
Equipment	\$ 85,703	\$ 129,293	\$ 179,620

The decrease in net capital assets from 2013 to 2014 reflects the disposal of several assets as well as depreciation expense.

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

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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and investments	\$ 2,047,110	\$ 2,900,809
Restricted cash and investments	367,777	345,142
Accounts receivable, net of allowance of \$41,156 and \$164,230 for 2014 and 2013, respectively	113,125	247,141
Due from other governments	1,417,154	1,358,666
Due from Boulder County	23,928	2,986
Other assets	1,844	-
	<u>3,970,938</u>	<u>4,854,744</u>
Capital assets, net of accumulated depreciation of \$242,235 and and \$223,431 for 2014 and 2013, respectively	85,703	129,293
Total assets	<u>4,056,641</u>	<u>4,984,037</u>
LIABILITIES		
Accounts payable	236,285	464,366
Due to Boulder County	200	8,105
Accrued salaries and benefits	418,202	392,925
Escrows payable	215,899	214,614
Unearned revenue	144,439	266,198
Compensated absences:	-	-
Due within one year	180,448	81,248
Due in more than one year	473,607	536,703
Total liabilities	<u>1,669,080</u>	<u>1,964,159</u>
NET POSITION		
Net investment in capital assets	85,703	129,293
Restricted for emergencies	58,790	68,918
Restricted for mosquito control	151,878	130,528
Unrestricted	2,091,190	2,691,139
Total net position	<u>\$ 2,387,561</u>	<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, 2014

	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:				
General administration	\$ 2,466,680	\$ 210,267	\$ 583,801	\$ (1,672,612)
Other administrative programs	1,424,429	203,274	315,375	(905,780)
Addiction recovery	3,388,349	459,453	1,448,347	(1,480,549)
Family health	2,122,572	13,098	1,457,804	(651,670)
Community health	2,157,404	151,857	1,125,037	(880,510)
Environmental health	3,629,124	562,823	564,152	(2,502,149)
Communicable disease	1,098,555	31,652	482,742	(584,161)
	\$ 16,287,113	\$ 1,632,424	\$ 5,977,258	\$ (8,677,431)
General revenues:				
Contribution from Boulder County				8,039,104
Investment earnings				6,010
Total general revenues				8,045,114
Change in net position				(632,317)
Net position - Beginning of year				3,019,878
Net position - End of year				\$ 2,387,561

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				<u>4,526</u>
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)
BALANCE SHEETS
GOVERNMENTAL FUND - GENERAL FUND
December 31, 2014 and 2013

	2014	2013
ASSETS		
Cash and investments	2,047,110	2,900,809
Restricted cash and investments	367,777	345,142
Accounts receivable, net of allowance of \$41,156 and \$164,230 for 2014 and 2013, respectively	-	-
	113,125	247,141
Due from other governments	1,417,154	1,358,666
Due from Boulder County	23,928	2,986
Other assets	1,844	-
Total assets	\$ 3,970,938	\$ 4,854,744
LIABILITIES AND FUND BALANCE		
Accounts payable	236,285	464,366
Due to Boulder County	200	8,105
Accrued salaries and benefits	418,202	392,925
Matured compensated absences	102,003	924
Escrows payable	215,899	214,614
Unearned revenue	144,439	266,198
Total liabilities	1,117,028	1,347,132
FUND BALANCE		
Restricted:		
Restricted for emergencies	58,790	68,918
Restricted for mosquito control	151,878	130,528
Total restricted fund balance	210,668	199,446
Unrestricted:		
Committed emergency preparedness contingency	200,000	200,000
Assigned	685,203	962,283
Unassigned	1,758,039	2,145,883
Total unrestricted fund balance	2,643,242	3,308,166
Total fund balance	2,853,910	3,507,612
Total liabilities and fund balance	\$ 3,970,938	\$ 4,854,744

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, 2014 and 2013

	2014	2013
Governmental fund balance	\$ 2,853,910	\$ 3,507,612
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	85,703	129,293
Long-term liabilities for compensated absences are not due and payable in the current period and, therefore, are not reported in the fund	<u>(552,052)</u>	<u>(617,027)</u>
Net position of governmental activities	<u>\$ 2,387,561</u>	<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 REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUND - GENERAL FUND
Years Ended December 31, 2014 and 2013

	2014	2013
REVENUES		
Intergovernmental	\$ 13,676,945	\$ 13,904,402
Charges for services	1,632,424	1,945,742
Contributions	6,914	5,464
Interest and miscellaneous	338,513	351,518
Total revenues	15,654,796	16,207,126
EXPENDITURES		
General administration	2,488,065	2,560,976
Other administrative programs	1,424,429	1,115,431
Addiction recovery	3,388,349	3,212,234
Family health	2,122,572	2,473,656
Community health	2,157,404	2,463,715
Environmental health	3,629,124	3,116,577
Communicable disease	1,098,555	1,092,066
Total expenditures	16,308,498	16,034,655
Excess (deficiency) of revenues over expenditures	(653,702)	172,471
FUND BALANCE - BEGINNING OF YEAR	3,507,612	3,335,141
FUND BALANCE - END OF YEAR	\$ 2,853,910	\$ 3,507,612

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, 2014 and 2013

	2014	2013
Change in fund balance - Governmental Fund	\$ (653,702)	\$ 172,471
<p>Amounts reported for governmental activities in the statement of net position are different because:</p> <p style="padding-left: 20px;">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.</p>		
Depreciation expense	(42,642)	(48,479)
Net book value of disposed assets	(948)	(1,848)
<p>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:</p>		
Compensated absences	64,975	31,759
Change in net position of governmental activities	\$ (632,317)	\$ 153,903

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, 2014

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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NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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 inflow 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, and demand deposits, and 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, 2014 and 2013, BCPH had an allowance for doubtful accounts of \$41,156 and \$164,230, respectively.

BOULDER COUNTY PUBLIC HEALTH
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NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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
(A Component Unit of Boulder County, Colorado)
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

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, 2014 and 2013, 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, 2014 and 2013, 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, 2014 and 2013, \$210,668 and \$199,446, 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, 2014 and 2013, \$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, 2014 and 2013, \$685,203 and \$962,283, respectively, are assigned to various programs as follows:

	<u>2014</u>	<u>2013</u>
Administration	\$ 495,770	\$ 379,678
Addiction recovery	-	165,886
Family health	49,759	111,804
Community health	130,674	181,782
Environmental health	-	53,010
Communicable disease	9,000	70,123

Unassigned – represents the residual classification for BCPH's General Fund and could report a surplus or deficit. As of December 31, 2014 and 2013, BCPH has \$1,758,039 and \$2,145,883, 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, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New and Future Accounting Pronouncements

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 2013 balances to conform to the 2014 presentation.

NOTE 2 - CASH, DEPOSITS AND INVESTMENTS

Cash, deposits and investments as of December 31, 2014 and 2013 are classified in the accompanying financial statements as follows:

	<u>2014</u>	<u>2013</u>
Governmental activities		
Unrestricted cash and investments	\$ 2,047,110	\$ 2,900,809
Restricted cash and investments	367,777	345,142
Total governmental activities	<u>\$ 2,414,886</u>	<u>\$ 3,245,951</u>
Cash deposits	\$ 2,414,886	\$ 2,510,645
Investments	-	735,306
Total cash and investments	<u>\$ 2,414,886</u>	<u>\$ 3,245,951</u>

Deposits

As of December 31, 2014 and 2013, the carrying amount of deposits for BCPH were \$2,414,886 and \$2,510,645, 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.

BOULDER COUNTY PUBLIC HEALTH
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NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 2 - CASH, DEPOSITS AND INVESTMENTS (CONTINUED)

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.

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.

BOULDER COUNTY PUBLIC HEALTH
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NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 2 - CASH, DEPOSITS AND INVESTMENTS (CONTINUED)

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 are as follows:

Investment Type	2013	
	Amount	Weighted Average Maturity (months)
U.S. Treasury Securities	\$ 148,881	9.45
Money Market Mutual Fund	585,389	.03
Local government investment pool	<u>1,036</u>	.03
Total investments	<u>\$ 735,306</u>	1.93

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, 2014 and 2013 with credit ratings:

2013	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	-	<u>1,036</u>	-	<u>1,036</u>
Total investments		<u>\$ 149,917</u>	<u>\$ 585,389</u>	<u>\$ 735,306</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.

BOULDER COUNTY PUBLIC HEALTH
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NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 2 - CASH, DEPOSITS AND INVESTMENTS (CONTINUED)

The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal 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

Boulder County Public Health did not have any 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.

NOTE 3 - CHANGES IN CAPITAL ASSETS

	Beginning Balance January 1, 2014	Increases	Decreases	Transfers	Ending Balance December 31, 2014
Capital assets:					
Equipment	\$ 352,724	\$ -	\$ (24,786)	\$ -	\$ 327,938
Total capital assets	<u>352,724</u>	<u>-</u>	<u>(24,786)</u>	<u>-</u>	<u>327,938</u>
Less accumulated depreciation for:					
Equipment	(223,431)	(42,642)	23,838	-	(242,235)
Total accumulated depreciation	<u>(223,431)</u>	<u>(42,642)</u>	<u>23,838</u>	<u>-</u>	<u>(242,235)</u>
Capital assets, net	<u>\$ 129,293</u>	<u>\$ (42,642)</u>	<u>\$ (948)</u>	<u>\$ -</u>	<u>\$ 85,703</u>
Depreciation expense was charged to functions as follows:					
Administration		<u>\$ (42,642)</u>			

	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>			

BOULDER COUNTY PUBLIC HEALTH
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NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 4 - LONG-TERM OBLIGATIONS

	<u>Balance January 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2014</u>	<u>Due in One Year</u>
Compensated absences	\$ 617,951	\$ 737,204	\$ (701,100)	\$ 654,055	\$ 180,448

	<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

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 2014 and 2013, 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.

BOULDER COUNTY PUBLIC HEALTH
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NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 5 - PENSION PLAN (CONTINUED)

For the years ending December 31, 2012, 2013, and 2014, the County's employer contributions to the LGDTF were \$1,214,203, \$1,201,554 and \$1,264,734, respectively, equal to their required contributions for each year. Contributions from plan members for the same three years were \$709,024, \$701,637, and \$738,530, 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 2014 and 2013, 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 \$166,163, \$176,731, and \$203,539, respectively.

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of Boulder County, Colorado)
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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 \$58,790 for 2014 and \$68,918 for 2013 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
December 31, 2014

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 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.

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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Actual vs. Final Budget Positive (Negative)
REVENUE				
Intergovernmental	\$ 14,303,180	\$ 14,330,407	\$ 13,676,945	\$ (653,462)
Charges for services	2,090,695	1,841,761	1,632,424	\$ (209,337)
Contributions	6,242	6,242	6,914	\$ 672
Interest and miscellaneous	<u>1,136,329</u>	<u>1,489,136</u>	<u>338,513</u>	<u>\$ (1,150,623)</u>
Total revenue	<u>17,536,446</u>	<u>17,667,546</u>	<u>15,654,796</u>	<u>(2,012,750)</u>
EXPENDITURES				
General administration	2,619,728	2,596,601	2,488,065	108,536
Other administrative programs	1,430,664	1,682,683	1,424,429	258,254
Addiction recovery	3,693,989	3,690,763	3,388,349	302,414
Family health	2,103,828	2,164,808	2,122,572	42,236
Community health	2,486,951	2,269,893	2,157,404	112,489
Environmental health	4,057,578	4,119,090	3,629,124	489,966
Communicable disease	<u>1,143,708</u>	<u>1,143,708</u>	<u>1,098,555</u>	<u>45,153</u>
Total expenditures	<u>17,536,446</u>	<u>17,667,546</u>	<u>16,308,498</u>	<u>1,359,048</u>
Excess (deficiency) of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	(653,702)	<u>\$ (653,702)</u>
FUND BALANCE - BEGINNING OF YEAR			<u>3,507,612</u>	
FUND BALANCE - END OF YEAR			<u>\$ 2,853,910</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, 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	<u>519,601</u>	<u>532,263</u>	<u>351,518</u>	<u>(180,745)</u>
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	<u>1,141,075</u>	<u>1,141,075</u>	<u>1,092,066</u>	<u>49,009</u>
Total expenditures	<u>17,995,615</u>	<u>18,157,754</u>	<u>16,034,655</u>	<u>2,123,099</u>
Excess (deficiency) 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)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2014

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 2014 budget was adopted in July 2014 and the final 2014 budget was adopted in September 2014. The original 2013 budget was adopted in July 2012 and the final 2013 budget was adopted in December 2013. 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, 2014

	<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	\$ 1,596,968	\$ 711,064	\$ 1,235,708	\$ 545,749	\$ 897,859	\$ 2,460,167	\$ 591,589	\$ 8,039,104
Local	174,632	-	-	-	336,468	411,646	-	922,746
State (includes federal pass-through funds)	356,045	308,292	1,431,940	1,456,119	531,951	148,006	482,742	4,715,095
	<u>2,127,645</u>	<u>1,019,356</u>	<u>2,667,648</u>	<u>2,001,868</u>	<u>1,766,278</u>	<u>3,019,819</u>	<u>1,074,331</u>	<u>13,676,945</u>
Charges for services	210,267	203,274	459,453	13,098	151,857	562,823	31,652	1,632,424
Contributions	241	-	-	-	5,631	1,042	-	6,914
Interest	3,142	2,868	-	-	-	-	-	6,010
Miscellaneous	52,881	7,083	16,407	1,686	250,987	3,459	-	332,503
	<u>266,531</u>	<u>213,225</u>	<u>475,860</u>	<u>14,784</u>	<u>408,475</u>	<u>567,324</u>	<u>31,652</u>	<u>1,977,851</u>
Total revenue	<u>2,394,176</u>	<u>1,232,581</u>	<u>3,143,508</u>	<u>2,016,652</u>	<u>2,174,753</u>	<u>3,587,143</u>	<u>1,105,983</u>	<u>15,654,796</u>
Expenditures								
Salaries	1,609,957	836,387	1,784,072	1,382,279	1,201,978	2,285,103	637,403	9,737,179
Fringes	449,508	295,094	651,979	460,604	421,875	779,775	203,304	3,262,139
Supplies	93,221	42,017	162,754	59,494	24,862	45,828	55,939	484,115
Professional/tech services	59,474	191,694	321,166	40,377	384,688	377,873	75,911	1,451,183
Property services	49,681	14,469	113,689	63,218	41,160	39,528	56,273	378,018
Other purchased services	12,482	15,447	14,190	16,001	26,476	24,338	14,959	123,893
Other expenditures	213,742	29,321	340,499	100,599	56,365	76,679	54,766	871,971
Total expenditures	<u>2,488,065</u>	<u>1,424,429</u>	<u>3,388,349</u>	<u>2,122,572</u>	<u>2,157,404</u>	<u>3,629,124</u>	<u>1,098,555</u>	<u>16,308,498</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (93,889)</u>	<u>\$ (191,848)</u>	<u>\$ (244,841)</u>	<u>\$ (105,920)</u>	<u>\$ 17,349</u>	<u>\$ (41,981)</u>	<u>\$ 7,428</u>	<u>\$ (653,702)</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, 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	694,461	11,250	111,204	572,717	28,310	1,943,878
Contributions	-	-	-	-	3,164	1,700	600	5,464
Interest	1,388	3,138	-	-	-	-	-	4,526
Miscellaneous	33,933	60	16,708	41,457	244,150	8,440	4,108	348,856
	<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
ADDICTION RECOVERY DIVISION
Year Ended December 31, 2014

	Alcohol and Drug Abuse Division DBH Services	Other Services	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Client services			
Medicaid fee for service	\$ -	\$ 163,929	\$ 163,929
Client fees	-	459,453	459,453
Net client service revenue	<u>-</u>	<u>623,382</u>	<u>623,382</u>
Government			
Colorado Department of Human Services			
Alcohol and Drug	1,368,253	-	1,368,253
Other Colorado and federal pass-through	-	107,351	107,351
Total Colorado and federal pass-through	<u>1,368,253</u>	<u>107,351</u>	<u>1,475,604</u>
Local government			
County	-	1,235,708	1,235,708
Total local government	<u>-</u>	<u>1,235,708</u>	<u>1,235,708</u>
Total government	<u>1,368,253</u>	<u>1,343,059</u>	<u>2,711,312</u>
Other income			
Other	-	16,407	16,407
Total other income	<u>-</u>	<u>16,407</u>	<u>16,407</u>
Total revenues	<u>\$ 1,368,253</u>	<u>\$ 1,982,848</u>	<u>3,351,101</u>
Less MSO (1) funding for indirect revenue credited to administration			<u>(207,593)</u>
Total behavioral health revenues			<u>\$ 3,143,508</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)
SCHEDULE 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	-	694,461	694,461
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	-	59,469	59,469
Total Colorado and federal pass-through	<u>1,454,930</u>	<u>59,469</u>	<u>1,514,399</u>
Local government			
County	-	1,240,839	1,240,839
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	-	16,708	16,708
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)
SCHEDULE OF EXPENDITURES
ADDICTION RECOVERY PROGRAM
Year Ended December 31, 2014

	MSO-Funded Expenditures							
	Detox (incl. IC Transport)	Base Treatment (incl. SSIC)	Additional Family Services	Special Women's Services	General and Admin	Total MSO Expenses	Non-MSO Funded Expenses	Total Expenses
Personnel								
Salaries and wages	255,162	194,117	70,520	21,723	-	\$ 541,522	1,242,550	\$ 1,784,072
Employee benefits	90,971	69,207	25,142	7,745	-	193,065	458,914	651,979
Client related								
Purchased services (external network)	-	137,008	-	2,159	-	139,167	53,529	192,696
Food	16,262	20,952	-	-	-	37,214	564	37,778
Medical (supplies, consultants)	76,984	10,476	-	2,133	-	89,593	92,473	182,066
Laboratory	-	3,143	-	4,266	-	7,409	12,049	19,458
Client expense/supplies/travel	10,293	13,043	-	11,625	-	34,961	2,883	37,844
Occupancy								
Rent/leased space	9,170	23,071	-	5,546	-	37,787	46,792	84,579
Utilities	1,847	390	-	853	-	3,090	3,678	6,768
Operating								
Dues, fees, licenses and subscriptions	661	5,552	-	2,666	-	8,879	3,153	12,032
Equipment rental, lease, and maintenance	7,413	28,064	-	3,057	-	38,534	11,143	27,391
Postage/printing/photocopying	1,396	419	-	43	-	1,858	8,058	9,916
Bad debt	-	-	-	-	-	-	304,620	304,620
Telephone and pagers	1,542	2,518	-	1,344	-	5,404	3,142	8,546
Travel (employee)	3,393	6,807	-	1,280	-	11,480	6,152	17,632
Other expenses								
Employee development	-	2,098	-	7,679	-	9,777	1,120	10,897
Miscellaneous expenses	185	524	-	211	-	920	845	75
Professional fees								
Other consultants	-	-	-	-	-	-	-	-
Indirect	-	-	-	-	207,593	207,593	184,530	392,123
Total expenses	<u>\$ 475,279</u>	<u>\$ 517,389</u>	<u>\$ 95,662</u>	<u>\$ 72,330</u>	<u>\$ 207,593</u>	<u>\$ 1,368,253</u>	<u>\$ 2,412,219</u>	<u>3,780,472</u>
Less indirect expenses (not charged to specific program areas)								(392,123)
Total addiction recovery expenditures per audit report								<u>\$ 3,388,349</u>

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of Boulder County, Colorado)
SCHEDULE OF EXPENDITURES
ADDICTION RECOVERY PROGRAM
Year Ended December 31, 2013

	MSO-Funded Expenditures							
	Detox (incl. IC Transport)	Base Treatment (incl. SSIC)	Additional Family Services	Special Women's Services	General and Admin	Total MSO Expenses	Non-MSO Funded Expenses	Total Expenses
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)	-	-	-	-	-	-		
Food	17,867	145,476	-	2,214	-	147,690	46,135	193,825
Medical (supplies, consultants)	84,585	22,247	-	-	-	40,114	-	40,114
Laboratory	-	11,124	-	2,187	-	97,896	19,371	117,267
Client expense/supplies/travel	-	3,337	-	4,375	-	7,712	13,303	21,015
Occupancy								
Rent/leased space	11,309	13,849	-	11,921	-	37,079	-	37,079
Utilities	10,075	24,497	-	5,687	-	40,259	31,938	72,197
Operating								
Dues, fees, licenses and subscriptions	-	-	-	-	-	-	-	-
Equipment rental, lease, and maintenance	726	5,896	-	2,734	-	9,356	-	9,356
Postage/printing/photocopying	8,145	29,798	-	3,135	-	41,078	72	41,150
Bad debt	1,534	445	-	44	-	2,023	-	2,023
Telephone and pagers	-	-	-	-	-	-	261,739	261,739
Travel (employee)	1,694	2,674	-	1,378	-	5,746	4,799	10,545
Other expenses								
Employee development	3,728	7,228	-	1,314	-	12,270	6,177	18,447
Miscellaneous expenses	-	2,225	-	7,874	-	10,099	282	10,381
Professional fees								
Other consultants	203	556	-	219	-	978	-	978
Indirect								
Total expenses	-	-	-	-	214,893	214,893	246,803	461,696
Total expenses	<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>

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, 2014, and the related notes to the financial statements, which collectively comprise BCPH's basic financial statements, and have issued our report thereon dated June 22, 2015.

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.

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*.

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 "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Greenwood Village, Colorado
June 22, 2015

**BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of Boulder County, Colorado)
SCHEDULE OF AUDIT FINDINGS
For the Year Ended December 31, 2014**

Financial Statement Findings

There were no findings required to be reported under *Government Auditing Standards* for the fiscal year ended December 31, 2014.

BOULDER COUNTY PUBLIC HEALTH
(A Component Unit of Boulder County, Colorado)
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended December 31, 2014

Financial Statement Findings

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.

Status: Recommendations implemented.