

TRICOUNTY HEALTH DEPARTMENT
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

TRICOUNTY HEALTH DEPARTMENT
FINANCIAL STATEMENTS
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SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

Board of Directors
TriCounty Health Department
Vernal, Utah 84078

Opinions

We have audited the accompanying financial statements of the governmental activities of TriCounty Health Department, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the TriCounty Health Department's basic financial statement as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of TriCounty Health Department as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of TriCounty Health Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about TriCounty Health Department's ability to continue as a going concern for one year after the date that the financial statements are available to be issued, including any currently known information that may raise substantial doubt shortly thereafter.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TriCounty Health Department's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about TriCounty Health Department's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and other required supplementary information, on pages 4-11 and 44-48 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for

Required Supplementary Information (continued)

consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 16, 2024 on our consideration of TriCounty Health Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Health Department's 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 TriCounty Health Department's internal control over financial reporting and compliance.

SMUIN, RICH & MARSING



Price, Utah

June 16, 2024

**TRICOUNTY HEALTH DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

This discussion of TriCounty Health Department's (Health Department) financial performance provides an overview of the Health Department's financial activities for the year ending December 31, 2023. This report is in conjunction with the Health Department's financial statements.

TriCounty Health Department operates as a multi-county health department under Utah State Code Section 26A. The purpose of the Health Department is to provide health related services to the residents who reside in Northeastern Utah in the Counties of Daggett, Duchesne, and Uintah, which includes public health and capital outlay expenditures. TriCounty Health Department has been serving the residents since 1978, ensuring healthy environments with clean water to drink, fresh air and to support families with programs for children and parents.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of TriCounty Health Department exceeded the liabilities and deferred inflows of resources as of December 31, 2023 by \$4,262,190 (net position), compared to \$3,812,990 as of December 31, 2022, an increase of \$449,200. Of this amount, \$3,466,255 (unrestricted net position) may be used to meet the health departments' ongoing obligations to residents and creditors. Current year net position increased by \$449,200.
- The governmental activity (the only activity of the health department) total fund balance increased by \$416,697. Fund balance increased by \$130,521 in the prior year. The major difference between the two years was an increase in funding of intergovernmental revenue and interest income, and a smaller increase in governmental activities expenditures, which was mostly attributable to payroll, employee benefits and capital expenditures.
- At the close of the current year, the TriCounty Health Department governmental funds reported combined ending fund balances of \$3,379,161, an increase of \$416,697 in comparison with the prior year. The General Funds' total fund balance (committed and unassigned) is \$3,308,052. This is approximately 97.89 percent of the total fund balance and is available for spending at the Health Department's discretion.
- TriCounty Health Department does not currently have any debt/capital lease obligations as of December 31, 2023.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The financial reports: the Statement of Net Position and the Statement of Activities (on pages 12-13), which provide information about the activities of the Health Department as a whole and present a longer-term view of the Health Department's finances. Fund financial statements start on page 14. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Health Department's operations in more detail than the government-wide statements by providing information about the Health Department's most significant funds. This report also contains notes and other supplementary information in addition to the basic financial statements.

REPORTING THE HEALTH DEPARTMENT AS A WHOLE

Our analysis of the Health Department as a whole begins on page 12. The Statement of Net Position and Statement of Activities report information about the Health Department as a whole and about its activities in a way that helps determine if the Health Department is better or worse off as a result of the year's activities. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Health Department's net position and changes in them. Net position equals the difference between assets, deferred outflows of resources and liabilities and deferred inflows of resources. This is one way to measure the Health Department's financial position. Increases or decreases in the Health Department's net position is one indicator of whether the financial position of the Health Department is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, the Health Department shows all of the activities in one fund:

Governmental activities – All of the Health Department's basic services are reported here, including the general and administrative cost and capital expenditures. Intergovernmental revenue and charges for services finance most of these activities.

Reporting the Health Department's Most Significant Funds

Our analysis of the Health Department's major funds begins on page 14. The fund financial statements begin on page 14 and provide detailed information about the most significant funds. Some funds are required to be established by State law and by bond covenants. The Health Department only has one established and uses this fund for all expenditures of the Health Department. The Health Department is operated with governmental funds, which uses a different accounting approach.

Governmental funds – All of the Health Department's basic services are reporting in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Health Department's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Health Department's programs. We describe the relationship or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation exhibits found on pages 15 through 17.

The Health Department as Trustee

The Health Department does not hold any funds or property in a trustee capacity. Consequently, no trustee information is required to be presented.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of TriCounty Health Department's finances, in a manner similar to a private-sector business. The Health Department's Statement of Net Position presents information on all of the Health Department's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Health Department is improving or deteriorating. The Statement of Activities presents information showing revenues and expenditures of the Health Department and how the government's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event, giving rise to the change, 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 (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Health Department that are principally supported by intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Health Department include general government - public health and capital outlay. The government-wide financial statements include only the Health Department's activity. If the Health Department (the primary government) had accountability to any other entity (known as a component unit) that information would also be presented in the government-wide financial statements. Financial information for a component unit would be reported separately from the financial information presented for the primary government.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. TriCounty Health Department, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Health Department are in one category: governmental funds.

- Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

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

TriCounty Health Department adopts an annual appropriated budget for all its governmental funds. Budgetary comparison statements have been provided for the general fund to demonstrate compliance with those budgets.

Fund financial statements (Continued)

- The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.
- Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the Health Department.

Government-wide financial analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Health Department, assets and deferred outflows exceeded liabilities and deferred inflows by \$4,262,190 at December 31, 2023.

The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Health Department governmental activities.

Table 1
Net Position

	Governmental Activities		Difference
	2022	2023	Incr/(Decr)
Current and other assets	\$ 3,154,897	\$ 3,501,804	\$ 346,907
Capital assets/noncurrent assets	1,207,085	795,935	(411,150)
Deferred outflows of resources	642,997	682,433	39,436
 Total assets/deferred outflows	 \$ 5,004,979	 \$ 4,980,172	 \$ (24,807)
Accounts payable, wages payable, other liab.	\$ 172,881	\$ 104,591	\$ (68,290)
Unearned revenue	19,552	18,052	(1,500)
Net OPEB, compensated absences, pension liab	290,277	590,445	300,168
Deferred inflows of resources	709,279	4,894	(704,385)
 Total liabilities/deferred inflows	 \$ 1,191,989	 \$ 717,982	 \$ (474,007)
 Net position:			
Net invest. in capital assets	\$ 699,216	\$ 795,935	\$ 96,719
Unrestricted	3,113,774	3,466,255	352,481
 Total net position	 \$ 3,812,990	 \$ 4,262,190	 \$ 449,200

A portion of the Health Department's net position (18.67 percent) represents resources that are invested in capital assets (net of capital lease debt). The remaining balance of unrestricted net position \$3,466,255 may be used to meet the government's on-going obligations to citizens and creditors.

Government-wide financial analysis (Continued)

Governmental type activities increased the Health Department's net position by \$449,200. Key elements of the increase are as follows:

Table 2
Change in Net Position

	Governmental Activities		Difference - Incr/(Decr)	
	2022	2023		
Revenues				
Program Revenues:				
Charges for services	\$ 936,524	\$ 875,097	\$	(61,427)
General Revenues:				
Intergovernmental revenues	3,888,892	4,285,605		396,713
Investment earnings	20,988	113,617		92,629
Miscellaneous	98,363	98,780		417
Total revenues	\$ 4,944,767	\$ 5,373,099	\$	428,332
Program expenses				
General government - public health	\$ 4,287,948	\$ 4,923,899	\$	635,951
Total expenses	\$ 4,287,948	\$ 4,923,899	\$	635,951
Change in net position	\$ 656,819	\$ 449,200	\$	(207,619)
Net assets - beginning	\$ 3,156,171	\$ 3,812,990		
Net assets - ending	\$ 3,812,990	\$ 4,262,190		
Change in net position	\$ 656,819	\$ 449,200		

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

- Governmental (public health) -The focus of the Health Department's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Health Department's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, the Health Department's governmental funds reported combined ending fund balances of \$3,379,161, which is an increase of \$416,697 in comparison with the prior year. The general fund is the only operating fund of the Health Department. At the end of the current year, unassigned fund balance of the general fund was \$2,940,383.

GENERAL FUND BUDGETARY HIGHLIGHTS

Changes from the original budget to the final are outlined below:

Function	Original	Final	Inc. (Dec.)
General Government - public health	\$ 4,392,352	\$ 4,819,361	\$ 427,009
Capital Outlay	5,504	180,000	174,496
Net	<u><u>\$ 4,397,856</u></u>	<u><u>\$ 4,999,361</u></u>	<u><u>\$ 601,505</u></u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

TriCounty Health Department's investment in capital assets for its governmental activities as of December 31, 2023, amounts to \$795,935 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, and furniture and equipment. The total net increases in the Health Department's governmental activities capital assets for the current year was \$96,719.

Table 3
Capital Assets at Year-end
(Net of Depreciation)

	Governmental Activities		
	2022	2023	Changes - Incr/(Decr)
Land			
Buildings/Portable structures	\$ 53,439	\$ 50,834	\$ (2,605)
Improvements other than buildings	194,204	329,682	135,478
Furniture and equipment	432,352	415,419	(16,933)
Work in progress	19,221		(19,221)
	<u>\$ 699,216</u>	<u>\$ 795,935</u>	<u>\$ 96,719</u>

The Health Department's major purchases – flag poles for \$10,741, Projector in large conference room for \$45,239, a front desk remodel in Vernal office for \$52,254, drug drop boxes for \$9,439 and Roosevelt EV structure for \$74,089 (includes work in process from prior year of \$19,221).

Additional information on TriCounty Health Department's capital assets can be found in the notes to the financial statements.

Long-term debt/Noncurrent liabilities

As presented in the schedule below, the total long-term debt of the Health Department as of December 31, 2023 was \$590,445, which includes net pension liability, compensated absences, and other postemployment benefit obligations.

Additional information on long-term debt/noncurrent liabilities/other postemployment benefit obligations can be found in the notes to financial statements.

Table 4
Outstanding Debt/Noncurrent Liabilities at Year-End

	Governmental Activities		
	2022	2023	Changes - Incr/(Decr)
Net pension liability		\$ 222,776	\$ (222,776)
Compensated absences		128,350	(128,350)
Other postemployment benefit obligations	\$ 290,277	239,319	50,958
	<u>\$ 290,277</u>	<u>\$ 590,445</u>	<u>\$ 50,958</u>

Economic Forecast and Future Budget

The TriCounty Health Department consists of three Counties – Uintah, Duchesne, and Daggett in Northeastern Utah. The area is commonly referred to as the Uinta Basin. Industries in the area include oil and gas production, farming and ranching, tourism, and local government. The overall challenges facing the economy in the area are the boom and bust of the oil and gas industry, rising housing costs, and inflation. TriCounty Health Department receives the majority of its funding from Federal and State government contracts. The TriCounty Health Department does collect fees for immunizations, wastewater systems, food permits, beauty salons, and a variety of other services. The TriCounty Health Department also receives tax revenue through each of the three counties as agreed upon in the Interlocal agreement. Funding for the calendar year of 2024 appears to be optimistic as many of the Intergovernmental contacts are being renewed.

Activities with potential meaningful impacts in 2024:

- Social Determinants of Health funding that is part of the ARPA American Rescue Plan Act funding that was passed by the federal government.
- Continued funding from the PHIG Public Health Infrastructure Grant that allows for workforce development and data modernization.

Economic Forecast and Future Budget (Continued)

- Minimum Performance Funding

The Utah State Legislature is increasing the Minimum Performance funding for all 13 local health departments in Utah for state fiscal year 2023. Minimum performance standards (outlined in Utah Administrative Code R380-40) govern the minimum infrastructure and duties performed by local health departments for public health administration, personal and population health, environmental health, and emergency preparedness. Currently a combination of local contributions, state funds, and federal pass-through funding is used to fund minimum performance requirements. The use of state and federal categorical funding streams (alongside streams) has limited the ability of TriCounty to assess and respond to emerging local health needs. Instead, reliance on categorical federal dollars to fund key positions has meant that TriCounty Health was required to address federal priorities that may not have been viewed as critical issues by our local leaders, elected officials, and health department staff. Increased state funding of minimum performance requirements in combination with local funding allows a more stable base for TriCounty Health to operate and address local health priorities in our communities.

- New Data and Mapping System (ESRI)

The Department of Environmental Health will go live with their new data and mapping system call ESRI Environmental Systems Resources Inc. in 2024. This will provide local individuals with the ability to view wastewater systems in the TriCounty area. This will also allow customers to input new wastewater systems into the database that will populate with local county records. ESRI will allow many clerical tasks to be streamlined and offer a better experience for local community members in the area.

The 2025 budget is starting to take shape as Division Directors start to vision future anticipated expenses and prepare for unexpected events. The leadership team will prepare a budget for the coming year by forecasting the needs of their respective departments, ongoing and potential funding sources, and staff needs.

Division, Finance, and Health Directors will use previous data collected from Pelorus and the Monthly Expenditure Report to build a budget that is more detailed than previous budgets. Division Directors can better use the intuitive budget(s) to hire staff, purchase equipment and supplies and allocate a portion to all other general expenses.

Requests for Information

This financial report is designed to provide a general overview of TriCounty Health Department's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the TriCounty Health Department, Finance Director, 133 South 500 East, Vernal, Utah, 84078.

TRICOUNTY HEALTH DEPARTMENT
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	
Cash and cash equivalents	\$ 2,453,707
Cash and cash equivalents - restricted	243,829
Due from other governmental units	733,159
Inventory	71,109
Capital assets (net of accumulated depreciation):	
Buildings/Portable structures	50,834
Improvements other than buildings	329,682
Furniture and equipment	415,419
 Total assets	 \$ 4,297,739
Deferred outflows of resources related to pensions	\$ 682,433
 Total assets and deferred outflows of resources	 \$ 4,980,172
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>	
Current Liabilities	
Accounts payable	\$ 53,518
Wages payable	28,539
Accrued payroll liabilities payable	22,534
Unearned revenue	18,052
Noncurrent liabilities:	
Net pension liability	222,776
Compensated absences	128,350
Net other postemployment benefit obligations	239,319
 Total liabilities	 \$ 713,088
Deferred inflows of resources - related to pensions	\$ 4,894
 Total liabilities and deferred inflows of resources	 \$ 717,982
<u>NET POSITION</u>	
Net Investment in capital assets	\$ 795,935
Unrestricted	3,466,255
 Total net position	 \$ 4,262,190

"The notes to the financial statements are an integral part of this statement."

TRICOUNTY HEALTH DEPARTMENT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	

FUNCTION/PROGRAMS**Primary Government:**

Governmental activities:

General government - public health	\$ 4,923,899	\$ 875,097			\$ (4,048,802)
Total governmental activities	\$ 4,923,899	\$ 875,097	\$...	\$...	\$ (4,048,802)

General Revenues:

Intergovernmental revenue	\$ 4,285,605
Investment earnings	113,617
Miscellaneous	98,780
Total general revenues, special items, and transfers	\$ 4,498,002
Change in net position	\$ 449,200
Net position - beginning	3,812,990
Net position - ending	<u><u>\$ 4,262,190</u></u>

"The notes to the financial statements are an integral part of this statement."

TRICOUNTY HEALTH DEPARTMENT
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	GENERAL FUND	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>		
Cash and cash equivalents	\$ 2,453,707	\$ 2,453,707
Cash and cash equivalents - restricted	243,829	243,829
Due from other governments	733,159	733,159
Inventories	<u>71,109</u>	<u>71,109</u>
 Total assets	 <u>\$ 3,501,804</u>	 <u>\$ 3,501,804</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 53,518	\$ 53,518
Accrued wages payable	28,539	28,539
Accrued liabilities	22,534	22,534
Unearned revenue	<u>18,052</u>	<u>18,052</u>
 Total liabilities	 <u>\$ 122,643</u>	 <u>\$ 122,643</u>
Fund balances:		
Nonspendable:		
Inventory	\$ 71,109	\$ 71,109
Committed:		
Employee obligations	367,669	367,669
Unassigned:		
General	<u>2,940,383</u>	<u>2,940,383</u>
 Total fund balances	 <u>\$ 3,379,161</u>	 <u>\$ 3,379,161</u>
 Total liabilities and fund balances	 <u>\$ 3,501,804</u>	 <u>\$ 3,501,804</u>

"The notes to the financial statements are an integral part of this statement."

TRICOUNTY HEALTH DEPARTMENT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2023

Total fund balances - governmental fund types: \$ 3,379,161

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Buildings/Portable structures	\$ 50,834
Improvements other than buildings	329,682
Furniture and equipment	<u>415,419</u>
 Total	 795,935

To recognize resources associated with deferred outflows related to pensions.

Deferred outflows of resources - related to pension	<u>\$ 682,433</u>
 Total	 682,433
 Long-term liabilities, including other post employment benefit obligations are not due and payable in the current period and, therefore are not reported in the funds.	
 Net other post employment obligations	 <u>\$ (239,319)</u>

Compensated absences	<u>(128,350)</u>
 Total	 (367,669)

To recognize obligations associated pension liabilities which are not current obligations and not recorded in the fund statements

Net pension liability	\$ (222,776)
Deferred inflows of resources - related to pension	<u>(4,894)</u>
 Total	 <u>(227,670)</u>
 Net position of government activities	 <u>\$ 4,262,190</u>

"The notes to the financial statements are an integral part of this statement."

TRICOUNTY HEALTH DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	GENERAL FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:		
Intergovernmental revenues	\$ 4,285,605	\$ 4,285,605
Charges for services	875,097	875,097
Interest income	113,617	113,617
Miscellaneous	<u>98,780</u>	<u>98,780</u>
Total revenues	<u>\$ 5,373,099</u>	<u>\$ 5,373,099</u>
EXPENDITURES:		
Current:		
Public health	\$ 4,778,285	\$ 4,778,285
Capital outlay	<u>178,117</u>	<u>178,117</u>
Total expenditures	<u>\$ 4,956,402</u>	<u>\$ 4,956,402</u>
Excess revenues over (under) expenditures	<u>\$ 416,697</u>	<u>\$ 416,697</u>
OTHER FINANCING SOURCES (USES):		
Total other financing sources (uses)	<u>\$...</u>	<u>\$...</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ 416,697</u>	<u>\$ 416,697</u>
FUND BALANCES - beginning of year	<u>2,962,464</u>	<u>2,962,464</u>
FUND BALANCES - end of year	<u>\$ 3,379,161</u>	<u>\$ 3,379,161</u>

"The notes to the financial statements are an integral part of this statement."

TRICOUNTY HEALTH DEPARTMENT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Net changes in fund balances - total governmental funds	\$ 416,697
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<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$178,117) did not exceed depreciation (\$81,398) in the current period.</p>	96,719
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<p>Governmental funds do not accrue other post employment benefits. In the statement of activities, the net effect of reporting the benefit expenditures has been reported. This is the net amount of increase to other post employment benefits recorded as an expense for the year on an accrual basis.</p>	(64,216)
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Change in net position of governmental activities	<u>\$ 449,200</u>
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"The notes to the financial statements are an integral part of this statement."

**TRICOUNTY HEALTH DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

TriCounty Health Department (Health Department) operates as a multi-county health department under Utah State Code, Annotated, Section 26A. The Health Department provides public health related services and capital expenditures to the residents of Daggett County, Duchesne County and Uintah County.

The accompanying financial statements of TriCounty Health Department have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments. Certain significant changes in the Statement include the following:

The financial statements include:

- A Management's Discussion and Analysis (MD&A) providing an analysis of the Health Department's overall financial position and results of operations.
- Financial statements prepared using full-accrual accounting for all the Health Department's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including the notes to financial statements).

A. Reporting Entity

For financial reporting purposes, TriCounty Health Department has included all funds, organizations, account groups, agencies, and boards. The Health Department has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Health Department are such that exclusion would cause the Health Department's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Health Department to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to or impose specific burdens on the Health Department. According to these criteria, the Health Department does not have any component units that are required to be included in their financial reports, but the Health Department is considered to be a joint venture of Daggett, Duchesne, and Uintah Counties. Further discussion of the joint venture is reflected in footnote disclosure number 11.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Accounting

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties for goods and services.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Direct expenses can include certain indirect costs (administrative overhead charges) that are automatically allocated to the various functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental-wide Financial Statements -The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce the long-term debt of the Health Department are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. “Measurable” means that amounts can be reasonably determined within the current period. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Health Department considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Exceptions to this general rule include accumulated unpaid compensated absences and principal and interest on general long-term debt which are recognized when due.

The Health Department reports the following major governmental funds:

- General Fund – The General Fund accounts for all activities of the Health Department. The principal source of revenue for this fund is intergovernmental revenue.

The Health Department has no non-major governmental funds that are required to be presented in the financial statements.

Proprietary fund financial statements include enterprise funds and internal service funds. The financial statements for the proprietary funds are reported similar to the government-wide financial statements in that they both use the economic resources measurement focus and the accrual basis of accounting. Operating revenues and expenses result from providing goods and services relating to the primary operations of the proprietary fund. The Health Department does not have any proprietary funds.

D. Budgetary Data

Budgets are presented on the modified accrual basis of accounting for all governmental funds. All annual appropriations lapse at fiscal year-end. The following procedures are used in establishing the budgetary data reflected in the financial statements.

1. A formal budget is adopted for the general fund. The budget is a complete financial plan, which identifies all estimated revenues and all appropriations for expenditure for the year. The budget must balance that is estimated revenues and other financing sources must equal appropriated expenditures.
2. At the November meeting, the Health Department finance director submits to the Board a proposed operating budget for the fiscal year for all funds beginning January 1.
3. The Board discusses and approves the budget and sets a date for a public hearing on the proposed budget.
4. A public hearing is held to obtain residents' comments and the budget is adopted.
5. The Board can transfer budgeted amounts between line items or departments by resolution, but any action that increases the total general fund budget must be approved by resolution only after a public hearing.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Cash Equivalents and Investments

Cash and investment management in the Health Department is administered by the Health Department finance director in accordance with the Utah Money Management Act, Section 51-7 of the Utah code. The Health Department's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the Public Treasurers' Investment Fund (PTIF).

When both restricted and unrestricted resources are available for use, it is the Health Department's general policy to use restricted resources first, and then unrestricted resources as they are needed.

F. Inventories

Inventories are stated at the lower of cost or market, determined on a first-in, first-out basis. Inventories are accounted for under the consumption method where inventories are recorded as expenditures when consumed rather than when purchased.

G. Compensated Absences/Other Postemployment Obligations

It is the Health Department's policy to permit employees to accumulate earned, but unused, vacation and sick pay benefits. An estimate of Personal time off (PTO), sick leave liability and vacation pay is accrued when incurred in government-wide financial statements and reported as a liability.

Employees can carry over up to 300 hours of unused PTO from one year to the next. Hours that exceed the 300 hours are lost if unused. PTO balance will be paid to employees upon termination. Payment will be made at the employee's base rate at the time of the applicable change. Employees who were hired prior to October 25, 2015, may have a sick leave reserve account available for use when they have been absent for more than sixteen hours. The first sixteen hours shall be counted as PTO or leave without pay. Upon retirement, the sick leave reserve account balance shall be paid to the employee at a rate of 50%. If an employee terminated employment prior to retirement eligibility, sick leave reserve balance shall be forfeited.

Accrued unpaid PTO and other employee benefit amounts, which vest to the employee in the government-wide financial statements for governmental activities, total \$367,669. \$239,319 of this total has been considered other postemployment benefit obligations.

H. Long-Term Obligations

In the government-wide financial statements, long-term capital leases and other long-term obligations are reported as liabilities in the applicable governmental activities fund type statement of net position. Net pension liability, compensated absences and other postemployment benefit obligations are considered long-term.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets

Capital assets include land, buildings, improvements other than buildings, work in progress, and furniture and equipment. These assets are reported in the government-wide financial statements in the relevant column on the Statement of Net Position under governmental activities. Capital assets acquired by governmental funds are recorded as expenditures in the governmental fund financial statements. The capitalization threshold for personal property is defined to be assets with a useful life of at least one year and costing at least \$5,000. Assets purchased or constructed are generally recorded at cost. If precise cost is not available, the asset is recorded at estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

When constructing capital assets, interest expense incurred relating to governmental activities are not capitalized.

Depreciation of all exhaustible capital assets is charged to the various functional expense activities in the government-wide Statement of Activities. Depreciation is provided over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Buildings	20-50 years
Improvements	15-40 years
Furniture and Equipment	5-10 years

J. Net Position/Fund Balances

The difference between assets and deferred outflows and liabilities and deferred inflows is “Net Position” on the government-wide fund financial statements and “Fund Balance” on the governmental fund financial statements. Net position is divided into net investment in capital assets, restricted, and unrestricted. Net position is reported as restricted when constraints are placed upon them by external parties or are imposed by constitutional provisions or enabling legislation.

In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, committed, assigned and unassigned.

K. Pensions

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to and deductions from URS's fiduciary net position, have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

L. **Deferred Outflows /Inflows of Resources**

In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

2. **CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2023 was as follows:

Primary Government Governmental activities:	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Capital assets not being depreciated:				
Work in progress	\$ 19,221		\$ (19,221)	\$...
Total capital assets not being depreciated	\$ 19,221	\$...	\$ (19,221)	\$...
Capital assets being depreciated:				
Buildings/Portable structures	\$ 56,631			\$ 56,631
Improvements other than buildings	210,802	\$ 197,338	\$ (45,239)	362,901
Furniture and equipment/intangibles	<u>643,854</u>	<u>4,781</u>	<u>40,458</u>	<u>689,093</u>
Total capital assets being depreciated	\$ 911,287	\$ 202,119	\$ (4,781)	\$ 1,108,625
Less accumulated depreciation for:				
Buildings/Portable structures	\$ 3,192	\$ 2,605		\$ 5,797
Improvements other than buildings furniture and equipment	16,598	17,526	\$ (905)	33,219
	<u>211,502</u>	<u>61,267</u>	<u>905</u>	<u>273,674</u>
Total accumulated depreciation	\$ 231,292	\$ 81,398	\$...	\$ 312,690
Total capital assets, being depreciated, net	\$ 679,995	\$ 120,721	\$ (4,781)	\$ 795,935
Governmental activities capital assets, net	\$ 699,216	\$ 120,721	\$ (24,002)	\$ 795,935

2. **CAPITAL ASSETS (Continued)**

Depreciation was recorded as an expense in the following function:

Governmental activities:	
General government - public health	<u>\$ 81,398</u>
Total depreciation expense	<u><u>\$ 81,398</u></u>

3. **LONG-TERM DEBT**

Currently, the Health Department does not have any debt service requirements, nor any capital lease obligations. The Health Department has a long-term obligation identified as net pension liability, compensated absences and other postemployment benefits and is summarized as follows:

SUMMARY OF NET CHANGES

<u>Description</u>	<u>Balance</u> 12-31-22	<u>Decreases</u>	<u>Increases</u>	<u>Balance</u> 12-31-23	<u>Due</u> <u>Within</u> <u>One Year</u>
<u>Governmental Activities</u>					
Net pension liability			\$ 222,776	\$ 222,776	
Compensated absences			128,350	128,350	
Other postemployment benefits	\$ 290,277	\$ 50,958		239,319	
	<u>\$ 290,277</u>	<u>\$ 50,958</u>	<u>\$ 351,126</u>	<u>\$ 590,445</u>	<u>\$...</u>

4. **DEPOSITS AND INVESTMENTS**

It is the Health Department's policy to follow the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 51, Chapter 7) (the Act) in handling its depository and investment transactions. The Act creates the Utah Money Management Council (the "Council"), a five-member body, appointed by the Governor of the State, which exercises oversight of public deposits and investments.

The Health Department maintains a cash and investment pool that is used by the general fund. The amounts are displayed on the Balance Sheet for Governmental Funds as "cash and cash equivalents." Income from the investment of cash is recorded as interest earnings in the general fund.

4. DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk-Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Health Department's deposits may not be returned to it. The Health Department's deposits are insured up to \$250,000, per account by the Federal Deposit Insurance Corporation. The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Uninsured deposits are not collateralized nor are they required to be by State statute. At December 31, 2023, the bank balance of the Health Department's deposits was \$774,598, of which Federal Deposit Insurance Corporation covers \$493,829. The remaining \$280,769 is not insured.

Investments

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment public funds.

The Health Department follows the requirements of the Utah Money Management Act (Utah Code, Title 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of the Health Department's funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government, and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Money Management Act defines the types of securities authorized as appropriate investments for the Health Department's funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the Health Department to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares of certificates in a money market mutual fund as defined in the money Management Act; and the Utah State Public Treasurers' Investment Fund.

4. **DEPOSITS AND INVESTMENTS (continued)**

The Utah State Treasurer's Office operates the Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act (Utah Code, Title 51, Chapter 7). The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses of the PTIF, net of administration fees, are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

Fair Value of Investments

The Health Department measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1 Quoted prices for identical investments in active markets;
- Level 2 Observable inputs other than quoted market prices: and
- Level 3 Unobservable inputs.

At December 31, 2023, the Health Department had the following recurring fair value measurements.

<u>Investments by fair value level</u>	Fair Value Measurements Using		
	12/31/2023	Level 1	Level 2
Debt Securities			
<u>State of Utah Public Treasurer's</u>			
Investment Fund	\$ 1,959,540		\$ 1,959,540
Total investments	\$ 1,959,540	\$...	\$ 1,959,540

4. DEPOSITS AND INVESTMENTS (continued)

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Corporate and Municipal Bonds: quoted prices for similar securities in active markets;
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities' relationship to benchmark quoted prices;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund;
- Utah Public Treasurers' investment Fund: application of the December 31, 2023 fair value factor, as calculated by the Utah State Treasurer, to the Health Department's average daily balance in the Fund; and
- Donated Real Estate: recent appraisals of the real estate's value.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Health Department's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days – 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 5 years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years.

4. **DEPOSITS AND INVESTMENTS (continued)**

As of December 31, 2023 the Health Department's investments had the following maturities:

<u>Investment Type</u>	12/31/2023 Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Debt Securities					
State of Utah Public					
Treasurer's Investment Fund	\$ 1,959,540	\$ 1,959,540			
Total investments	<u>\$ 1,959,540</u>	<u>\$ 1,959,540</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Health Department's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act, as previously discussed.

At December 31, 2023, the Health Department's investments had the following quality ratings:

<u>Investment Type</u>	12/31/2023 Fair Value	Quality	
			Rating
Debt Securities			
State of Utah Public			
Treasurer's Investment Fund	\$ 1,959,540		Unrated
Total investments	<u>\$ 1,959,540</u>		

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Health Department's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

4. DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the Health Department will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Health Department complies with the custody requirements of the Utah Money Management Act and Rules of the Money Management Council. All investment securities are required to be held by the public treasurer, in safekeeping by a bank or trust company, or in a book-entry-only record maintained by a securities depository, in the Federal Book Entry system or in the book-entry records of the issuer of the security in the name of the public entity. All investment securities are held in a qualified depository certified by the Commissioner of Financial Institutions as adhering to the rules of the Utah Money Management Council or in the book entry records of the issuer of the security.

The Health Department's investments at December 31, 2023 were held by the Health Department or in the Health Department's name by the Health Department's custodial banks with qualified depositories totaling \$1,959,540 where the underlying securities were uninsured and held by the investment's counterparty.

5. PENSION PLANS

General Information about the Pension Plan

Plan description: Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

Defined Benefit Plans

- Public Employees Noncontributory Retirement System (Noncontributory System); is a multiple employer, cost sharing, public employees, retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer, cost sharing, public employees, retirement systems.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org/general/publications.

5. **PENSION PLANS (Continued)**

Benefits provided: URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

Summary of Benefits by System

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA **
Noncontributory System	Highest 3 years	30 years, any age 25 years, any age* 20 years, age 60* 10 years, age 62* 4 years, age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years, any age 20 years, any age 60* 10 years, age 62* 4 years, age 65	1.5% per year all years	Up to 2.5%

*Actuarial reductions are applied.

**All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

Contribution Rate Summary

Contributions: As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable), is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of December 31, 2023 are as follows:

5. **PENSION PLANS (Continued)**

Utah State Retirement Systems

	Employee	Employer	Employer 401(k)
Contributory System			
111 - Local Governmental Division - Tier 2	N/A	16.01	0.18
Noncontributory System			
15 - Local government Division - Tier 1	N/A	17.97	N/A
Tier 2 DC Only			
211 - Local Government	N/A	6.19	10.00

***Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

For fiscal year ended December 31, 2023, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 106,582	N/A
Tier 2 Public Employees System	166,655	
Tier 2 DC Only System	22,114	N/A
Total Contributions	\$ 295,351	\$...

Contributions reported are the URS Board-approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

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

At December 31, 2023, the Health Department reported a net pension asset of \$0 and a net pension liability of \$222,776.

5. **PENSION PLANS (Continued)**

(Measurement Date): December 31, 2022					
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share	
				December 31, 2021	Change (Decrease)
Noncontributory System		\$173,953	0.1015636%	0.0855895%	0.0159741%
Tier 2 Public Employees System		\$48,823	0.0448376%	0.0417939%	0.0030437%
	<u>\$</u>	<u>...</u>	<u>\$222,776</u>		

The net pension asset and liability were measured as of December 31, 2022, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended December 31, 2023, the Health Department recognized pension expense of \$281,470.

At December 31, 2023, the Health Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 75,493	\$ 1,937
Changes in assumptions	44,359	819
Net difference between projected and actual earnings on pension plan investments	134,425	
Changes in proportion and differences between contributions and proportionate share of contributions	132,805	2,138
Contributions subsequent to the measurement date	<u>295,351</u>	
 Total	 <u>\$ 682,433</u>	 <u>\$ 4,894</u>

\$295,351 reported as deferred outflows of resources related to pensions resulting from contributions made by the Health Department prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

5. **PENSION PLANS (Continued)**

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (inflows) of Resources</u>	
	<u>Health Department</u>	
2023	\$	83,123
2024		24,907
2025		55,563
2026		194,113
2027		4,457
Thereafter		20,023

Noncontributory System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2023, the Health Department recognized pension expense of \$187,774.

At December 31, 2023, the Health Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 59,002	
Changes in assumptions	28,509	\$ 695
Net difference between projected and actual earnings on pension plan investments	114,741	
Changes in proportion and differences between contrib- utions and proportionate share of contributions	119,868	
Contributions subsequent to the measurement date	<u>106,582</u>	<u></u>
 Total	 <u>\$ 428,702</u>	 <u>\$ 695</u>

\$106,582 reported as deferred outflows of resources related to pensions resulting from contributions made by the Health Department prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

5. PENSION PLANS (Continued)

<u>Year Ended December 31,</u>		<u>Net Deferred Outflows (inflows) of Resources</u>
		<u>Health Department</u>
2023	\$	80,224
2024		18,906
2025		46,087
2026		176,208
2027		-
Thereafter		-

Tier 2 Public Employees System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2023, the Health Department recognized pension expense of \$93,696.

At December 31, 2023, the Health Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 16,491	\$ 1,937
Changes in assumptions	15,850	124
Net difference between projected and actual earnings on pension plan investments	19,684	-
Changes in proportion and differences between contrib- utions and proportionate share of contributions	12,936	2,138
Contributions subsequent to the measurement date	188,769	-
 Total	 \$ 253,730	 \$ 4,199

\$188,769 reported as deferred outflows of resources related to pensions resulting from contributions made by the Health Department prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

5. **PENSION PLANS (Continued)**

<u>Year Ended December 31,</u>	Net Deferred Outflows (inflows) of Resources	
	<u>Health Department</u>	
2023	\$	2,899
2024		6,000
2025		9,476
2026		17,905
2027		4,457
Thereafter		20,023

Actuarial assumptions - The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	3.25 - 9.25 percent, average, including inflation
Investement Rate of Return	6.85 percent, net of pension plan investment expense, including inflation

Mortality rates were adopted from an actuarial experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80% of the ultimate rates from the MP-2019 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2022, valuation were based on an experience study of the demographic assumptions as of January 1, 2020, and a review of economic assumptions as of January 1, 2021.

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

5. **PENSION PLANS (Continued)**

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	35.00%	6.58%	2.30%
Debt securities	20.00%	1.08%	0.22%
Real assets	18.00%	5.72%	1.03%
Private equity	12.00%	9.80%	1.18%
Absolute return	15.00%	2.91%	0.44%
Cash and cash equivalents	0.00%	(0.11)%	0.00%
Totals	100.00%		5.17%
		Inflation	2.50%
		Expected arithmetic nominal return	7.67%

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.35% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 6.85 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current, active, and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments, to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate.

Sensitivity of the Proportionate Share of the Net Pension Asset and Liability to Changes in the Discount Rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.85 percent, as well as what the proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.85 percent) or 1 percentage point higher (7.85 percent) than the current rate:

5. **PENSION PLANS (Continued)**

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 1,096,310	\$ 173,953	\$ (596,725)
Tier 2 Public Employees System	213,331	48,823	(77,909)
Total	\$ 1,309,641	\$ 222,776	\$ (674,634)

***Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

Defined Contribution Savings Plans

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

TriCounty Health Department participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- *401(k) Plan
- *457(b) Plan
- *Roth IRA Plan

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended December 31, were as follows:

	2023	2022	2021
401 (k) Plan			
Employer Contributions	\$ 122,731	\$ 124,325	
Employee Contributions	66,218	28,282	
457 (b) Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	5,708	5,936	
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	16,004	8,701	

5. **PENSION PLANS (Continued)**

Pension Beginning and Ending Values

GASB 68 schedule	Beginning values			Ending values		
	NPL/(NPA)	Asset	Liability	NPL/(NPA)	Asset	Liability
Noncontributory	\$ (490,180)	\$ (490,180)	\$ -	\$ (490,180)	\$ (490,180)	
Tier 2 Public employees	(17,689)	(17,689)		(17,689)	(17,689)	
Total	\$ (507,869)	\$...	\$ -	\$ (507,869)	\$ (507,869)	\$...

Net Pension Liability/Asset at 12/31/20 Net Pension Liability/Asset as 12/31/21

Retirement System	System Total	Proportionate	Beginning	System Total	Proportionate	Beginning
	NPL/(NPA)	Share	Values	NPL/(NPA)	Share	Values
Southeastern Utah Health						
Noncontributory						
Local Government	(572,710,696)	0.085590%	(490,180)			
Tier 2 Public Employees	(42,323,712)	0.041794%	(17,689)			

6. **OTHER POST EMPLOYMENT BENEFITS (OPEB)**

Plan Description

The Health Department provides a health care incentive comprising of payments made by the Health Department for its employees. During January of 2022, the District hired a firm to help in calculating the Health Department's annual required contribution. Milliman used the Alternative Measurement Method in their calculation, and it was determined that the Health Department has an annual required contribution of \$29,100. Some of the key results of the analysis are normal costs equaling \$11,314. The unfunded actuarial accrued liability was calculated to be \$239,319. As of December 31, 2023, the Health Department fully funded their obligation for the health care incentive. Since the 2023 calculation of the Health Department's actuarial pension liability is fully funded, there is not a need for any additional calculation on what current and future liability the Health Department may have accrued. The Health Department has changed its policy regarding how employees qualify for other postemployment benefits. The Health Department currently has 6 available employees on the Census summary and 3 on the Subscribers status who are eligible for this benefit. The Plan does not issue a publicly available financial report.

The Health Department has committed \$239,319 of the General Fund's fund balance for the purpose of funding the post-employment benefits. The Health Department's actuarial valuation performed on December 31, 2023 provides the information for GASB Statement 74 and 75 for the evaluation of the medical benefit. The Health Department's actuarial liability calculation changed from \$290,277 to \$239,319 as of December 31, 2023.

6. **OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)**

Employees Covered by Benefit Terms

As of December 31, 2023, the Health Department had the following employees covered by the benefits:

Active employees eligible for plan benefits - GASB 74/75

Participant	GASB 74/75	Total
Actives	2	2
Retirees	1	1
Spouses of Retirees	3	3
Beneficiaries	-	-
Total	6	6

Funding Policy

The District finances the Plan on a pay-as-you-go basis. For the year ended December 31, 2023, the District contributed \$2,222 for the medical benefit.

Net OPEB liability

The District's net other postemployment benefit (OPEB) of \$239,319 for the medical benefit provides a total OPEB liability of \$239,319 as measured as of December 31, 2023 and was determined by a nonformal actuarial as of that date. All of the District's liability is recorded in the governmental activities in the government-wide financial statements. Actuarial measurements were made for the current year ending December 31, 2023.

Actuarial Assumptions and Other Inputs

The net OPEB liability as of December 31, 2023 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified. The Plan had a formal actuarial experience study performed. The actuarial assumptions apply to both the retirement benefit and health benefit:

Inflation	2.40%
Salary increases – including inflation	3.50%
Discount rate	11.056%

6. **OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)**

Net OPEB Liability	Total Medical Liability
Balance as of December 31, 2022	\$ 290,277
Changes for the year:	
Service cost	2,222
Interest on total pension liability	5,907
Effect of plan changes	
Effect of economic/demographic gains or losses	342,661
Effect of assumptions changes or inputs	(368,635)
Benefit payments	<u>(33,113)</u>
Balance as of December 31, 2023	<u>\$ 239,319</u>

Sensitivity Analysis – changes in the discount rate

The following presents the total OPEB liability of the Health Department calculated using the discount rate of 11.056%, as well as what the Health Department's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

Net OPEB Liability	1% Decrease 10.056%	Discount Rate 11.056%	1% Increase 12.056%
Medical benefit	\$ 223,734	\$ 239,319	\$ 261,284
Total	<u>\$ 223,734</u>	<u>\$ 239,319</u>	<u>\$ 261,284</u>

Sensitivity Analysis – changes in the Healthcare cost trend rates

The following presents the total OPEB liability of the Health Department calculated using the discount rate of 11.056%, as well as what the Health Department's total OPEB liability would be if it were calculated using healthcare cost trend rates that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

Net OPEB Liability	1% Decrease 10.056%	Discount Rate 11.056%	1% Increase 12.056%
Medical benefit	\$ 217,451	\$ 239,319	\$ 254,332
Total	<u>\$ 217,451</u>	<u>\$ 239,319</u>	<u>\$ 254,332</u>

6. OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Medical Benefit expenses and Deferred Outflows and Deferred Inflows

The Health Department recognized \$2,222 in direct medical benefit expenses as of December 31, 2023. The Health Department did not report any deferred outflows of resources or deferred inflows of resources related to OPEB.

The Health Department has committed in excess of \$239,319 for the funding of these benefits and will continue to commit funding in future years if not fully funded. Currently, based on actuarial assumptions, the Health Department has fully funded their obligation.

7. CONTINGENT LIABILITIES

The Health Department and its Board members are not involved in legal actions involving matters of contract, property, tort, taxation, and civil rights, according to legal representatives.

8. OFF BALANCE SHEET RISK

TriCounty Health Department has bank accounts with one banking institution. Some of the bank account balance is over \$250,000, which is over the limitation for FDIC insurance. Consequently, there is a potential loss to the extent that amounts are not insured.

9. RISK MANAGEMENT

The Health Department 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 disasters. The Health Department pays an annual premium to UCIP (Utah Counties Indemnity Pool) for its general insurance coverage.

10. BUDGETARY COMPLIANCE

The Health Department did not have any unfavorable budget variances during the year ended December 31, 2023.

11. JOINT VENTURE

The TriCounty Health Department operates as a multi-county health department under Utah State Code Section 26A that is governed by three counties, which qualifies the Health Department to be reported as a joint venture for these counties. The three counties, which include Daggett, Duchesne, and Uintah, retain an ongoing financial responsibility to the Health Department. Each County contributes funds to the Health Department, on a yearly basis, which assists in the operational expenses. For the year ended December 31, 2023, Daggett County made contributions of \$13,905, Duchesne County made contributions of \$290,270 and Uintah County made contributions of \$535,124. Each County is assessed a yearly contribution, based on several financial and participation factors of each County.

11. JOINT VENTURE (continued)

Each of these Counties has representation on the Board, which are appointed by their respective County Commissioners. Each Board member has the opportunity and the right to vote on policy, establish budgets, authorize expenditures, create, and change policies and procedures, deal with personnel matters and many other aspects in the processes of providing the residents of each County the opportunity to achieve and maintain optimal health and wellness.

12. FUND EQUITY

In February 2009, GASB issued Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*, effective for fiscal years beginning after June 15, 2010. Fund balance classification changes apply only to governmental fund types; thus, only fund financial statements are affected.

Nonspendable Fund Balance – Fund balances are reported as nonspendable when they cannot be spent because they are not spendable in form or are legally or contractually required to be maintained intact.

Restricted Fund Balance – Fund balances are reported as restricted when they are constrained by externally imposed legal restrictions, or by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Fund balances are reported as committed when the Health Department Board, the Health Department's highest level of decision-making authority, formally designates the use of resources, by resolution, for a specific purpose. The same formal action must be taken to remove or change the constraints placed on the resources.

Assigned Fund Balance – Fund balances are reported as assigned when the Health Department intends to use funds which are neither restricted nor committed for a specific purpose. Additionally, funds in special revenue, debt service, and capital project funds are by their nature assigned to the purpose of those respective funds.

Unassigned Fund Balance – Fund balances in the general fund are reported as unassigned when they are neither restricted, committed nor assigned. They may be used for any governmental purpose. In other governmental funds, the unassigned classification is only used to report a negative fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the unwritten policy and practice of the Health Department to consider restricted amounts to have been spent first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the unwritten policy and practice of the Health Department that committed amounts will be spent first, followed by assigned amounts, and then unassigned amounts.

The Health Department has not adopted a formal policy regarding a minimum fund balance but follows Utah State law which requires all Health Department's to maintain a minimum general fund balance equal to 5% of total general fund revenues to be maintained and not budgeted.

13. USE OF ESTIMATES

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

14. SUBSEQUENT EVENTS

As of the time of the issuance of these financial statements, the Health Department was not involved in any subsequent events that are required to be reported.

15. UNEARNED REVENUE

As part of the ongoing funding for the Health Department, some payments at the end of the year were received for the next year's funding or were an overpayment. CARES Act funding of \$18,052 was received and unused at the end of the calendar year. This amount has been recorded as unearned revenue, in the amount of \$18,052.

TRICOUNTY HEALTH DEPARTMENT

Required Supplementary Information

SCHEDULE 1 Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual – General Fund

SCHEDULE 2 Schedule of the Proportionate Share of the Net Pension Liability as of
December 31, 2023

SCHEDULE 3 Schedule of Contributions as of December 31, 2023

SCHEDULE 4 Schedule of the Changes in Net OPEB Liability as of
December 31, 2023

Notes to the Required Supplementary Information

TRICOUNTY HEALTH DEPARTMENT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>BUDGET AMOUNTS</u>		<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>	
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL AMOUNTS</u>	
REVENUES				
Intergovernmental				
Federal, State and Local funds	\$ 3,582,856	\$ 3,964,361	\$ 4,285,605	\$ 321,244
Total Intergovernmental	\$ 3,582,856	\$ 3,964,361	\$ 4,285,605	\$ 321,244
Charges for services				
Charges for services	\$ 730,000	\$ 849,065	\$ 875,097	\$ 26,032
Total Charges for services	\$ 730,000	\$ 849,065	\$ 875,097	\$ 26,032
Miscellaneous				
Miscellaneous	\$ 15,000	\$ 100,935	\$ 113,617	\$ 12,682
Investment earnings	\$ 70,000	\$ 85,000	\$ 98,780	\$ 13,780
Total miscellaneous	\$ 85,000	\$ 185,935	\$ 212,397	\$ 26,462
Total Revenues	\$ 4,397,856	\$ 4,999,361	\$ 5,373,099	\$ 373,738
EXPENDITURES				
Current:				
Public health	\$ 4,392,352	\$ 4,819,361	\$ 4,778,285	\$ 41,076
Capital outlay	\$ 5,504	\$ 180,000	\$ 178,117	\$ 1,883
Total public health	\$ 4,397,856	\$ 4,999,361	\$ 4,956,402	\$ 42,959
Total expenditures	\$ 4,397,856	\$ 4,999,361	\$ 4,956,402	\$ 42,959
Excess of revenue over (under) expenditures			\$ 416,697	\$ 416,697
Fund balance - beginning of year	\$ 2,962,464	\$ 2,962,464	\$ 2,962,464	
Fund balance - end of year	\$ 2,962,464	\$ 2,962,464	\$ 3,379,161	\$ 416,697

"The notes to the financial statements are an integral part of this schedule."

TRICOUNTY HEALTH DEPARTMENT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF DECEMBER 31, 2023

	Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered-employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension (liability) asset
Noncontributory Retirement System	2021	0.0855895%	(\$490,180)	\$532,910	(91.98%)	108.7%
	2022	0.1015636%	\$173,953	\$635,958	27.35%	97.5%
Tier 2 Public Employees Retirement System	2021	0.0417939%	(\$17,689)	\$774,583	(2.28%)	103.8%
	2022	0.0448376%	48,823	979,718	4.98%	92.3%

* In accordance with paragraph 81.a GASB 68, employers will need to disclose a 10-year history of their proportionate share of the net pension liability (asset) in their RSI. This schedule will need to be built prospectively.,

The schedule above is only for the current year. Prior numbers are available from your prior year note disclosure.

"The accompanying notes are an integral part of this schedule."

TRICOUNTY HEALTH DEPARTMENT
SCHEDULE OF CONTRIBUTIONS
AS OF DECEMBER 31, 2023

			Contributions in relation to the contractually required Contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered employee payroll
	As of fiscal year ended December 31,	Actuarial Determined Contributions				
Noncontributory System	2020	\$ -	\$ -	\$ -	\$ -	0.00%
	2021	100,844	100,844		545,988	18.47%
	2022	115,987	115,987		635,958	18.24%
	2023	106,582	106,582		593,109	17.97%
 <hr/>						
Tier 2 Public Employees System*	2020	\$ -	\$ -	\$ -	\$ -	0.00%
	2021	124,974	124,974		783,303	15.95%
	2022	157,892	157,892		984,320	16.04%
	2023	166,655	166,655		1,040,946	16.01%
 <hr/>						
Tier 2 Public Employees DC Only System*	2020	\$ -	\$ -	\$ -	\$ -	0.00%
	2021	10,916	10,916		163,172	6.69%
	2022	21,834	21,834		338,876	6.44%
	2023	22,114	22,114		357,249	6.19%

* Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011.

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

"The accompanying notes are an integral part of this schedule."

TRICOUNTY HEALTH DEPARTMENT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND
RELATED RATIOS POST - MEDICAL BENEFITS PLAN
FOR THE YEAR ENDED DECEMBER 31, 2023

	Medical Benefit Plan	
	December 31, 2022	December 31, 2023
Total OPEB Liability:		
Service cost	\$ 6,958	\$ 2,222
Interest	-	5,907
Changes of benefits terms	-	-
Differences between expected and actual experience	Not available	342,661
Changes of assumptions and other inputs	Not available	(368,635)
Benefit payments	(6,958)	(33,113)
 Net change in total OPEB liability	 -	 (50,958)
 Total OPEB liability - beginning	 <u>290,277</u>	 <u>290,277</u>
 Total OPEB liability - ending	 <u>\$ 290,277</u>	 <u>\$ 239,319</u>
 Fiduciary net position:		
Employer contributions	6,958	2,222
Net investment income	5,907	-
Benefit payments	(6,958)	(33,113)
Administrative expenses	-	-
 Net change in fiduciary net position	 \$ -	 \$ (24,984)
 Fiduciary net position - beginning		
Fiduciary net position - ending		
 Net OPEB liability	 <u>\$ 290,277</u>	 <u>\$ 239,319</u>
 Fiduciary net position as a percentage of total OPEB liability	 N/A	 N/A
 Number of covered-employees and spouses	 9	 6
 Net OPEB obligation as an average dollar amount per eligible	 \$ 32,253	 \$ 39,887

Note: This schedule is intended to show information for ten years; prior year information is not available.
Additional years will be displayed as they become available.

"The accompanying notes are an integral part of these financial statements."

TRICOUNTY HEALTH DEPARTMENT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

CHANGES IN ASSUMPTIONS – NET PENSION LIABILITY

No changes were made in actuarial assumptions from the prior year's valuation.

CAVEATS AND LIMITATIONS:

The reported information is based on the data, methods, assumptions, and plan provisions specified by the TriCounty Health Department. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if any of the underlying data is incomplete or missing. If any data or other information is inaccurate or incomplete, the calculations may need to be revised. Furthermore, the emerging costs will vary from those presented in the reported information to the extent that actual experience differs from that projected by the actuarial assumptions, which have been summarized in the footnote disclosures. Actuarial computations under GASB 74 and GASB 75 are for the purposes of fulfilling financial accounting requirement for public employers and trusts. The calculations in the report have been made on a basis consistent with the Alternative Measurement Method under GASB 74 and GASB 75. Actuarial computations or adjustments were made for the current reporting year.

TRICOUNTY HEALTH DEPARTMENT
Supplementary Information

SMUIN, RICH & MARSING

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Board of Directors
TriCounty Health Department
Vernal, Utah 84078

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

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 of TriCounty Health Department as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Health Department's basic financial statements and have issued our report thereon dated June 16, 2024.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function, 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 Health Department'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 the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs as item 2023-1 that we consider to be a significant deficiency.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Health Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2023-1.

Response to Findings

The Health Department's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Health Department's response was not subject 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 results of that testing, and not to provide an opinion on the effectiveness of the Health Department'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 Health Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SMUIN, RICH & MARSING



Price, Utah

June 16, 2024

SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

294 East 100 South

Price, Utah 84501

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Board of Directors
TriCounty Health Department
Vernal, Utah 84078

RE: Independent Auditor's Report on Compliance for
Each Major Federal Program and Report on Internal
Control over Compliance and Report on Schedule of
Expenditures of Federal Awards Required by the
Uniform Guidance

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited TriCounty Health Department's ("Health Department") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Health Department's major federal programs for the year ended December 31, 2023. The Health Department's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Health Department complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Health Department and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Health Department's compliance with the compliance requirements referred to above.



Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Health Department's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Health Department's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Health Department's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Health Department's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Health Department's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Health Department's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

SMUIN, RICH & MARSING



Price, Utah

June 16, 2024

TRICOUNTY HEALTH DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCURRED (DEFERRED)		RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCURRED (DEFERRED) REVENUE AT DECEMBER 31, 2023
				REVENUE AT JANUARY 1, 2023			
U.S. DEPARTMENT OF AGRICULTURE								
Pass Through State Department:								
WIC Administration and Nutrition (Note 2)	10,557 *	202700364	\$ 328,531			\$ 328,531	\$ 328,531	
WIC Food Vouchers (Note 2)	10,557 *	202700364	577,848			577,848	577,848	
Total U.S. Department of Agriculture			\$ 906,379			\$ 906,379	\$ 906,379	
U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION								
Direct Program:								
Performance partnership grants - DEQ	66,605	210347/220030	\$ 26,691			\$ 26,691	\$ 26,691	
Total U.S. Department of Environmental Protection			\$ 26,691			\$ 26,691	\$ 26,691	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Pass through State Department:								
MCH - Title V Block Grant	93,994	232700593	\$ 2,886			\$ 2,886	\$ 2,886	
COVID-19 ELC Cares PPP HEA contract/EED Infect/ELC	93,323	222700940/212700325	357,458			357,458	357,458	
Cardiovascular - Reduce Obesity/Improve Health	93,988	232702173/192700000	5,642			5,642	5,642	
Diabetes - Reduce Type 2/Quality of Care	93,988	232702173	7,671			7,671	7,671	
Crisis Workforce Development	93,354	222700710	164,354			164,354	164,354	
Mobility limitations/Intellectual/Developmental	93,184	242700357	4			4	4	
Asthma, Child Heath, Consumer Education and Case Mgmt.	93,778	212702238/62700979	24,132			24,132	24,132	
Syringe Services	93,788	222700822	33,758			33,758	33,758	
Centers for Disease Control Prevention	93,967	232701313	36,088			36,088	36,088	
Diabetes/Heart Disease and Stroke	93,435	192700380	19,695			19,695	19,695	
Preschool Development - Birth to Five	93,434	242700090	30,316			30,316	30,316	
Chronic Disease Prevention and Control	93,439	192700380	7,803			7,803	7,803	
Total U.S. Department of Health and Human Services (page total)			\$ 689,807			\$ 689,807	\$ 689,807	

TRICOUNTY HEALTH DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTORS NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCURRED (DEFERRED)		RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCURRED (DEFERRED) REVENUE AT DECEMBER 31, 2023
				REVENUE AT JANUARY 1, 2023	REVENUE AT JANUARY 1, 2023			
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)								
Pass through State Department:								
TB Elimination	93.116	202700583	\$ 1,200		\$ 1,200	\$ 1,200		\$ 1,200
Heal Schools	93.988	232702173	9,403		9,403	9,403		9,403
PH Emergency Preparedness	93.069	222700149/212700122	224,628		224,628	224,628		224,628
Prescription Drug Overdose Prevention	93.136	222700554	15,686		15,686	15,686		15,686
Rape Prevention and Education	93.136	192700951	63,105		63,105	63,105		63,105
COVID 19 Vaccinations/Immunizations	93.268	212701518/192701013	288,671		288,671	288,671		288,671
Integrated Viral Hepatitis Surveillance and Prevention	93.270	212702416	1,500		1,497	1,497		1,497
National and State Tobacco Control	93.387	212700214	32,062		32,062	32,062		32,062
Covid 19 - Health Disparities	93.391	222700143	273,165		273,165	273,165		273,165
Personal Responsibility Education	93.902	232701357	13,322		13,322	13,322		13,322
Sexually Transmitted Disease Prevention	93.977	192700669	62,851		62,851	62,851		62,851
National Diabetes Prevention - Type 2	93.261	1450-527-FX	5,000		5,000	5,000		5,000
CSHCN Care Coordination	93.994	182700579	122,310		122,310	122,310		122,310
Violence and Injury Prevention	93.994	21270065/222700554	9,066		9,066	9,066		9,066
Maternal and Child Health Services - Injury	93.994	212700510	29,370		29,370	29,370		29,370
Medical Reserve Corp	93.889	222700149/212700122	10,003		10,003	10,003		10,003
National Bioterrorism Hospital Preparedness	93.889	222700149/212700122	149,895		149,895	149,895		149,895
HIV Prevention, Counseling and Testing/STD	93.940	1827006/0/192700669	4,363		4,363	4,363		4,363
Injury - Prevention Block grant	93.991	212700665	24,276		24,276	24,276		24,276
EPICC - Prevention Block grant	93.991	192700380	23,334		23,334	23,334		23,334
Total U.S. Department of Health and Human Services (page total)			\$ 1,365,110	\$...	\$ 1,365,107	\$ 1,365,107	\$...	\$...
U.S. DEPARTMENT OF TRANSPORTATION								
Pass through State Department:								
Highway Safety - Rural Seat Belts	20,600	N/A	\$ 13,669		\$ 13,669	\$ 13,669		\$ 13,669
Highway Safety - Child Passenger Safety	20,616	N/A	5,125		5,125	5,125		5,125
Total U.S. Department of Environmental Protection			\$ 18,794	\$...	\$ 18,794	\$ 18,794		\$...
TOTAL FEDERAL ASSISTANCE			\$ 3,006,781	\$...	\$ 3,006,778	\$ 3,006,778		\$...

* Tested as Major Programs

TRICOUNTY HEALTH DEPARTMENT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of program activity of the TriCounty Health Department's federal award programs and does not necessarily present transactions that would be included in financial statements of the Health Department presented on the modified accrual basis of accounting, as contemplated by generally accepted accounting principles.

The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Health Department, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the Health Department.

The TriCounty Health Department has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

2. FOOD INSTRUMENTS

The amounts shown on the schedule of expenditures of federal awards as WIC food vouchers are not direct cash expenditures of TriCounty Health Department. The Health Department operates the Women, Infant and Children program. As part of this program the Health Department distributes food instruments provided by the State of Utah that can be redeemed at local stores for food items. The dollar amounts, reported on the schedule of expenditures of federal awards, are the fair market value of the food instruments.

3. VACCINATIONS/IMMUNIZATIONS

Amounts shown on the schedule of expenditures of federal awards as Vaccinations/Immunizations are not all direct cash expenditures of TriCounty Health Department. The Health Department receives vaccines at no cost from the State of Utah Department of Health & Human Services. As part of this program the Health Department distributes vaccines and immunizations provided by the State of Utah to eligible individuals. The dollar amounts reported on the schedule of expenditures of federal awards, are provided by the Department of Health & Human Services and reflect fair market values.

**TRICOUNTY HEALTH DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the basic financial statements of TriCounty Health Department.
2. There was one significant deficiency and no material weaknesses disclosed in internal control by the audit over the financial statements.
3. No instances of noncompliance material to the financial statements of TriCounty Health Department were disclosed by the audit.
4. There were no significant deficiencies and no material weaknesses in internal control over major programs disclosed by the audit.
5. The auditors' report on compliance for the major federal award programs for TriCounty Health Department expresses an unmodified opinion.
6. The audit of TriCounty Health Department's major programs disclosed no audit findings relating to major programs that the auditor is required to report.
7. The programs tested as major programs included:

<u>Program</u>	<u>CFDA#</u>
US Dept of Health – Women, Infant & Children Administration/Nutrition/Food Vouchers	10.557

8. The threshold for distinguishing Type A programs was \$750,000.
9. TriCounty Health Department was determined to be a low-risk auditee.

B. FINDINGS-FINANCIAL STATEMENTS AUDIT

Finding: Noncompliance with Notice Requirements for Budget Adoption Hearings

Condition: During our audit of the TriCounty Health Department for the fiscal year ending December 31, 2023, we observed that the department did not comply with the notice requirements for budget adoption hearings as stipulated by the Utah Code Annotated (UCA).

Criteria: According to UCA 11-13-509, local health departments are required to provide a 7-day notice before the public hearing on budget adoption. The notice must be published as a class A notice under Section 63G-30-102.

Cause: The Health Department did not follow the established procedures for providing notice within the specified time frames. This oversight may have been due to a lack of awareness of the specific requirements or insufficient internal controls over the budget adoption process.

B. FINDINGS-FINANCIAL STATEMENTS AUDIT (continued)

Effect: Failure to comply with the notice requirements may result in a lack of transparency and insufficient public participation in the budget adoption process. This noncompliance could undermine public trust and result in potential legal ramifications.

Recommendation: We recommend that the Health Department implement the following corrective actions:

1. **Review and Update Policies:** Update internal policies to ensure compliance with UCA notice requirements for budget adoption hearings.
2. **Training:** Conduct training sessions for staff involved in the budget adoption process to ensure they are aware of and understand the notice requirements.
3. **Internal Controls:** Establish stronger internal controls to monitor and verify that the required notices are provided within the specified time frames.
4. **Documentation:** Maintain certified copies of the notices provided for both the original and final budget adoption hearings to demonstrate compliance.

Management Response: The management of the TriCounty Health Department acknowledges the finding regarding noncompliance with the notice requirements for budget adoption hearings. To address this issue, we have taken the following actions:

1. **Policy Review and Update:** We have reviewed and updated our internal policies to align with the UCA notice requirements for budget adoption hearings.
2. **Staff Training:** We have conducted comprehensive training sessions for all staff involved in the budget adoption process to ensure they understand the notice requirements.
3. **Enhanced Internal Controls:** We have established stronger internal controls to monitor and verify that notices are provided within the specified time frames.
4. **Documentation Procedures:** We have implemented procedures to maintain certified copies of the notices for both the original and final budget adoption hearings to ensure future compliance.

We are committed to enhancing our transparency and ensuring compliance with all statutory requirements.

C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

TRICOUNTY HEALTH DEPARTMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2023

TriCounty Health Department had no follow-up findings that need to be reported in the December 31, 2022 audit report. The Health Department has corrected all and any findings that may have been reported in prior audit reports.

SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

294 East 100 South

Price, Utah 84501

Phone (435) 637-1203 • Fax (435) 637-8708

Board of Directors
TriCounty Health Department
Vernal, Utah 84078

RE: Independent Auditor's Report on Compliance and
Report on Internal Control over Compliance as
Required by the State Compliance Audit Guide

To the Board of Directors:

Report On Compliance

We have audited TriCounty Health Department's compliance with the following applicable state requirements described in the *State Compliance Audit Guide* issued by the Office of the State Auditor, for the year ended December 31, 2023.

State compliance requirements were tested for the year ended December 31, 2023 in the following areas:

Treasurer's Bond
Fund Balance
Open & Public Meeting Act

Budgetary Compliance
Fraud Risk Assessment
Governmental fees

Opinion on Compliance

In our opinion, TriCounty Health Department complied, in all material respects, with the state compliance requirements referred to above for the year ended December 31, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the *State Compliance Audit Guide* (Guide). Our responsibilities under those standards and the *State Compliance Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of TriCounty Health Department and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of TriCounty Health Department's compliance with the compliance requirements referred to above.



Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to TriCounty Health Department's government programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on TriCounty Health Department's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about TriCounty Health Department's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding TriCounty Health Department's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of TriCounty Health Department's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide* but not for the purpose of expressing an opinion on the effectiveness of TriCounty Health Department's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed one instance of noncompliance, which is required to be reported in accordance with the *Guide* and which is described in the accompanying schedule of findings and questioned costs as item 2023-1. Our opinion on compliance is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Health Department's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The Health Department's response was not subject to the other auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a state compliance requirement on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs, listed as item 2023-1, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Health Department's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The Health Department's response was not subject to the other auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

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

SMUIN, RICH & MARSING

Price, Utah

A handwritten signature in black ink that reads "SMUIN, RICH & MARSING". The signature is fluid and cursive, with the company name written in a bold, stylized font.

June 16, 2024