

**TRICOUNTY HEALTH DEPARTMENT**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

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FINANCIAL STATEMENTS  
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# SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

294 East 100 South

Price, Utah 84501

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

## 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, 2021, 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, 2021, 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.



## **Responsibilities of Management for the Financial Statements (continued)**

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.

## **Auditor’s Responsibilities for the Audit of the Financial Statements (continued)**

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 and budgetary comparison information, on pages 4-12 and 36-38 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquires, 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 Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated June 30, 2022, 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 30, 2022

**TRICOUNTY HEALTH DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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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, 2021. 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, 2021 by \$3,156,171 (net position), compared to \$2,715,848 as of December 31, 2020, an increase of \$440,323. Of this amount, \$2,541,666 (unrestricted net position) may be used to meet the health departments' ongoing obligations to residents and creditors. Current year net position increased by \$701,861.
- The governmental activity (the only activity of the health department) total net position increased by \$387,467. Net position increased by \$458,938 in the prior year. The major difference between the two years was a decrease in funding of tax revenue and an 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 \$2,831,943, a decrease of \$71,471 in comparison with the prior year. The General Funds' total fund balance (committed and unassigned) is \$2,818,677. This is approximately 99.53 percent of the total fund balance and is available for spending at the Health Department's discretion.
- TriCounty Health Department's does not currently have any debt/capital lease obligations as of December 31, 2021.

**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 13-14), 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 15. 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 13. 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 15. The fund financial statements begin on page 15 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 fall 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 16 through 18.

### **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 \$3,156,171 at December 31, 2021.

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		
	2021	2020	Difference - Incr/(Decr)
Current and other assets	\$ 2,939,987	\$ 2,352,282	\$ 587,705
Capital assets	614,505	271,372	343,133
Deferred outflows of resources		389,048	(389,048)
Total assets/deferred outflows	\$ 3,554,492	\$ 3,012,702	\$ 541,790
Accounts payable, Wages payable, Other liabil	\$ 86,229	\$ 129,960	\$ (43,731)
Unearned revenue	21,815	18,052	3,763
Net other postemployment benefit obligations	290,277	261,536	28,741
Deferred inflows of resources			-
Total liabilities/deferred inflows	\$ 398,321	\$ 409,548	\$ (11,227)
Net position:			
Net invest. in capital assets	\$ 614,505	\$ 271,372	\$ 343,133
Unrestricted	2,541,666	2,331,782	209,884
Total net position	\$ 3,156,171	\$ 2,603,154	\$ 553,017

A portion of the Health Department's net position (19.47 percent) represents resources that are invested in capital assets (net of capital lease debt). The remaining balance of unrestricted net position \$2,541,666 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 \$701,861. Key elements of the increase are as follows:

**Table 2  
Change in Net Position**

	Governmental Activities		Difference - Incr/(Decr)
	2021	2020	2020
<b>Revenues</b>			
Program Revenues:			
Charges for services	\$ 807,637	\$ 570,650	\$ 236,987
General Revenues:			
Intergovernmental revenues	3,783,785	3,626,287	157,498
Investment earnings	38,468	12,156	26,312
Miscellaneous	47,779	19,603	28,176
Total revenues	\$ 4,677,669	\$ 4,228,696	\$ 448,973
<b>Program expenses</b>			
General government - public health	\$ 3,975,808	\$ 3,804,758	\$ 171,050
Total expenses	\$ 3,975,808	\$ 3,804,758	\$ 171,050
Change in net position	\$ 701,861	\$ 423,938	\$ 277,923
Net assets - beginning	\$ 2,454,310	\$ 2,030,372	
Net assets - ending	\$ 3,156,171	\$ 2,454,310	
Change in net position	\$ 701,861	\$ 423,938	

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 \$2,831,943, which is an increase of \$387,467 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 \$2,528,400.

## GENERAL FUND BUDGETARY HIGHLIGHTS

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

<u>Function</u>	<u>Original</u>	<u>Final</u>	<u>Inc. (Dec.)</u>
General Government - public health	\$ 4,967,095	\$ 5,647,095	\$ 680,000
Capital Outlay	29,700	29,700	
Net	<u>\$ 4,996,795</u>	<u>\$ 5,676,795</u>	<u>\$ 680,000</u>

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

TriCounty Health Department's investment in capital assets for its governmental activities as of December 31, 2021, amounts to \$1,018,579 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, and furniture and equipment. The total increases in the Health Department's governmental activities capital assets for the current year was \$193,134.

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

	<u>Governmental Activities</u>		
	<u>2021</u>	<u>2020</u>	<u>Changes - Incr/(Decr)</u>
Land			
Buildings/Portable structures	\$ 42,899		\$ 42,899
Improvements other than buildings	86,189	\$ 19,981	66,208
Furniture and equipment	473,707	251,391	222,316
Work in progress	11,710		11,710
	<u>\$ 614,505</u>	<u>\$ 271,372</u>	<u>\$ 343,133</u>

The Health Department's major purchases - mobile vaccine clinic vehicle for \$187,000, a new phone system for \$24,252, quarantine and isolation trailer for \$79,803, a GMC truck for \$56,533, a hazmat decontamination shower system for \$27,219 and EV station for \$69,366.

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, 2021 was \$290,277, which includes other postemployment benefit obligations.

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

**Table 4**  
**Outstanding Debt/Noncurrent Liabilities at Year-End**

	Governmental Activities		
	2021	2020	Changes - Incr/(Decr)
Other postemployment benefit obligations	\$ 290,277	\$ 261,536	\$ 28,741
	<u>\$ 290,277</u>	<u>\$ 261,536</u>	<u>\$ 28,741</u>

## Economic Forecast and Future Budget

While home prices and financial markets cool in 2022, the consensus forecast generally predicts another year of potential economic expansion for Utah as a whole, and the TriCounty area will likely continue to trend in the same direction as the state overall, despite recent turmoil in mining, oil, and gas markets. The most pressing risks include the potential of a limited labor supply, increasing costs (inflation), and housing affordability. Additional downside risks include the potential for COVID-19 variants of concern, inflation, declining fertility (which may impact ongoing WIC funding), air quality issues, and the impact of drought-related challenges: all of which could impact TriCounty Health in various ways in the near future. Northeastern Utah's economic position in 2022 and beyond may also be impacted by future rail projects, with the potential of increased economic activity as rail projects solidify and move forward. Utah's economy, and the Tri-County Area along with it, appear to be in a generally favorable position looking forward.

## Economic Forecast and Future Budget (Continued)

Activities with potential meaningful impacts in 2022:

- Public Health Infrastructure Funding and the UDOH DHS merger.

The recent CDC funding opportunity announcement, (Center for Surveillance, Epidemiology, and Laboratory Services, Strengthening U.S. Public Health, Infrastructure, Workforce, and Data Systems), touted as the “first of its kind, non-categorical and cross-cutting” funding, coupled with the recent merger of Health and Human Services at the state level, has the potential to have a significant impact on TriCounty Health. The prospect of future flexible federal funding for local health in Utah is indeed potentially reformative and could create lasting effects on public health at both the state and local level in Utah. Coupled with the recent commitment from the combined DHHS agency that they, “recognize the importance and value of allocating funds to support the local level directly, while working together to use funds allocated at the state level to tackle the opportunities that will best bolster the public health system as a whole in Utah”, represents a potential new funding direction for local health in Utah.

- 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.

- Online Payments

It is anticipated that in the near future online payments and applications will be accepted. The fiscal impact should be minimal but will greatly increase convenience to the general public.

- Roof Repair

The roof on the Vernal building is nearing its life expectancy and will need to be replaced in the coming year. To date, leaks inside the building have caused minimal damage and have been temporarily repaired, but a total roof replacement is now necessary. The cost is anticipated to be \$125,000.

## **Economic Forecast and Future Budget (Continued)**

- Budget Process Changing

In order for Division Directors to be more accountable for their contracts and the public funding attached to them, a new budgeting process will take place for the CY23 budget. Pelorus Methods, the new accounting software put in place in CY21, will accommodate this change.

## **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, 2021**

		<b>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES</b>
<b><u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Cash and cash equivalents	\$	2,201,431
Cash and cash equivalents - restricted		293,212
Due from other governmental units		432,078
Inventory		13,266
Capital assets (net of accumulated depreciation):		
Buildings/Portable structures		42,899
Improvements other than buildings		86,189
Furniture and equipment		473,707
Work in progress		11,710
Total assets	\$	<u>3,554,492</u>
Deferred outflows of resources related to pensions	\$	<u>-</u>
Total assets and deferred outflows of resources	\$	<u>3,554,492</u>
<b><u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u></b>		
Current Liabilities		
Accounts payable	\$	14,743
Wages payable		33,356
Accrued payroll liabilities payable		38,130
Unearned revenue		21,815
Noncurrent liabilities:		
Net other postemployment benefit obligations		290,277
Total liabilities	\$	<u>398,321</u>
Deferred inflows of resources - related to pensions	\$	<u>-</u>
Total liabilities and deferred inflows of resources	\$	<u>398,321</u>
<b><u>NET POSITION</u></b>		
Net Investment in capital assets	\$	614,505
Unrestricted		<u>2,541,666</u>
Total net position	\$	<u><u>3,156,171</u></u>

"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, 2021**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b><u>FUNCTION/PROGRAMS</u></b>					
<b>Primary Government:</b>					
Governmental activities:					
General government - public health	\$ 3,975,808	\$ 807,637			\$(3,168,171)
Total governmental activities	\$ 3,975,808	\$ 807,637	\$ ...	\$ ...	\$(3,168,171)
General Revenues:					
Intergovernmental revenue					\$ 3,783,785
Investment earnings					38,468
Miscellaneous					47,779
Total general revenues, special items, and transfers					\$ 3,870,032
Change in net position					\$ 701,861
Net position - beginning					2,454,310
Net position - ending					\$ 3,156,171

"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, 2021**

	<u>GENERAL FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 2,201,431	\$ 2,201,431
Cash and cash equivalents - restricted	293,212	293,212
Due from other governments	432,078	432,078
Inventories	13,266	13,266
Total assets	\$ 2,939,987	\$ 2,939,987
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 14,743	\$ 14,743
Accrued wages payable	33,356	33,356
Accrued liabilities	38,130	38,130
Unearned revenue	21,815	21,815
Total liabilities	\$ 108,044	\$ 108,044
Fund balances:		
Nonspendable:		
Inventory	\$ 13,266	\$ 13,266
Committed::		
Employee obligations	290,277	290,277
Unassigned:		
General	2,528,400	2,528,400
Total fund balances	\$ 2,831,943	\$ 2,831,943
Total liabilities and fund balances	\$ 2,939,987	\$ 2,939,987

"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, 2021**

Total fund balances - governmental fund types: \$ 2,831,943

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	\$ 42,899	
Improvements other than buildings	86,189	
Furniture and equipment	473,707	
Work in progress	<u>11,710</u>	
Total		614,505

To recognize resources associated with deferred outflows related to pensions.

Deferred outflows of resources - related to pension

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>(290,277)</u>	
Total		(290,277)

Net position of government activities \$ 3,156,171

"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, 2021**

	<u>GENERAL FUND</u>		<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:			
Intergovernmental revenues	\$ 3,783,785	\$	3,783,785
Charges for services	807,637		807,637
Interest income	38,468		38,468
Miscellaneous	47,779		47,779
Total revenues	\$ 4,677,669	\$	4,677,669
EXPENDITURES:			
Current:			
Public health	\$ 3,895,740	\$	3,895,740
Capital outlay	394,462		394,462
Total expenditures	\$ 4,290,202	\$	4,290,202
Excess revenues over (under) expenditures	\$ 387,467	\$	387,467
OTHER FINANCING SOURCES (USES):			
Total other financing sources (uses)	\$ ...	\$	...
Excess of revenues and other sources over (under) expenditures and other uses	\$ 387,467	\$	387,467
FUND BALANCES - beginning of year	2,204,270		2,204,270
Prior period adjustment	240,206		240,206
FUND BALANCES - end of year	\$ 2,831,943	\$	2,831,943

"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, 2021**

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

Net changes in fund balances - total governmental funds	\$	387,467
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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 (\$394,462) did not exceeded depreciation (\$51,327) in the current period.		343,135
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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.		(28,741)
--	--	----------

		701,861
Change in net position of governmental activities	\$	701,861

"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, 2021**

**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 this 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 10.

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 of 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 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. On 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 \$290,277 and have 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. Other postemployment benefit obligations is 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 expenses 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. Although the Health Department has URS pension, the Health Department does not have a reporting requirement for 2021.

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. Although the Health Department has URS pension, the Health Department does not have a reporting requirement for 2021.

2. **CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2021 was as follows:

<b>Primary Government Governmental activities:</b>	<b>BEGINNING BALANCE</b>	<b>INCREASES</b>	<b>DECREASES</b>	<b>ENDING BALANCE</b>
Capital assets not being depreciated:				
Work in progress		\$ 11,710		\$ 11,710
Total capital assets not being depreciated	\$ ...	\$ 11,710	\$ ...	\$ 11,710
Capital assets being depreciated:				
Buildings/Portable structures		\$ 44,106		\$ 44,106
Improvements other than buildings	\$ 23,836	69,366		93,202
Furniture and equipment/intangibles	355,642	269,279		624,921
Total capital assets being depreciated	\$ 379,478	\$ 382,751	\$ ...	\$ 762,229
Less accumulated depreciation for:				
Buildings/Portable structures		\$ 1,207		\$ 1,207
Improvements other than buildings	\$ 3,856	3,157		7,013
Furniture and equipment	104,251	46,963		151,214
Total accumulated depreciation	\$ 108,107	\$ 51,327	\$ ...	\$ 159,434
Total capital assets, being depreciated, net	\$ 271,371	\$ 331,424	\$ ...	\$ 602,795
Governmental activities capital assets, net	<u>\$ 1,018,579</u>	<u>\$ 343,134</u>	<u>\$ ...</u>	<u>\$ 614,505</u>

**2. CAPITAL ASSETS (Continued)**

Depreciation was recorded as an expense in the following function:

Governmental activities:	
General government - public health	<u>\$ 51,327</u>
Total depreciation expense	<u><u>\$ 51,327</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 and other postemployment benefits and is summarized as follows:

**SUMMARY OF NET CHANGES**

<u>Description</u>	<u>Balance</u> <u>12-31-20</u>	<u>Decreases</u>	<u>Increases</u>	<u>Balance</u> <u>12-31-21</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
<u>Governmental Activities</u>					
Other postemployment benefits	261,536		\$ 28,741	290,277	
	<u>\$ 871,534</u>	<u>\$ -</u>	<u>\$ 28,741</u>	<u>\$ 900,275</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, 2021, the bank balance of the Health Department's deposits was \$1,441,242, of which Federal Deposit Insurance Corporation covers \$250,000.

##### *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, 2021, the Health Department had the following recurring fair value measurements.

	<u>12/31/2021</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b><u>Investments by fair value level</u></b>				
<u>Debt Securities</u>				
<u>State of Utah Public Treasurer's</u>				
Investment Fund	\$ 1,111,654		\$ 1,111,654	
Total investments	<u>\$ 1,111,654</u>	<u>\$ ...</u>	<u>\$ 1,111,654</u>	<u>\$ ...</u>

#### 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, 2021 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, 2021 the Health Department’s investments had the following maturities:

<b><u>Investment Type</u></b>	12/31/2021 Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
<b><u>Debt Securities</u></b>					
State of Utah Public					
Treasurer's Investment Fund	\$ 1,111,654	\$ 1,111,654			
Total investments	<u>\$ 1,111,654</u>	<u>\$ 1,111,654</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, 2021, the Health Department’s investments had the following quality ratings:

<b><u>Investment Type</u></b>	12/31/2021 Fair Value	Quality Rating
<b><u>Debt Securities</u></b>		
State of Utah Public		
Treasurer's Investment Fund	\$ 1,111,654	Unrated
Total investments	<u>\$ 1,111,654</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, 2021 were held by the Health Department or in the Health Department's name by the Health Department's custodial banks with qualified depositories totaling \$1,111,654 where the underlying securities were uninsured and held by the investment's counterparty.

5. **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 is normal costs equaled \$14,831. The unfunded actuarial accrued liability was calculated to be \$290,277. As of December 31, 2021, the Health Department fully funded their obligation for the health care incentive. Since the 2021 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 9 available employees on the Census summary and 5 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 \$290,277 of the General Fund fund's balance for the purpose of funding the post employment benefits. The Health Department's actuarial valuation performed on January 19, 2022 for the year ended December 31, 2021 provides the information for GASB Statement 74 and 75 for the evaluation of the medical benefit.

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

**Employees Covered by Benefit Terms**

As of December 31, 2021, the Health Department had the following employees covered by the benefits:

**Active employees eligible for plan benefits - GASB 74/75**

<u>Participant</u>	<u>GASB 74/75</u>	<u>Total</u>
Actives	4	4
Retirees	1	1
Spouses of Retirees	4	4
Beneficiaries	-	-
Total	<u>9</u>	<u>9</u>

**Funding Policy**

The District finances the Plan on a pay-as-you-go basis. For the year ended December 31, 2021, the District contributed \$5,511 for the medical benefit.

**Net OPEB liability**

The District's net other postemployment benefit (OPEB) of \$290,277 for the medical benefit provides a total OPEB liability of \$290,277 as measured as of December 31, 2021 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 Assumptions and Other Inputs**

The net OPEB liability as of December 31, 2021 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified. The Plan has not 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	9.835%

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

<u>Net OPEB Liability</u>	<u>Total Medical Liability</u>
Balance as of December 31,, 2020	\$ 261,536
Changes for the year:	
Service cost	14,831
Interest on total pension liability	5,535
Effect of plan changes	(15,007)
Effect of economic/demographic gains or losses	487,194
Effect of assumptions changes or inputs	(458,301)
Benefit payments	(5,511)
Balance as of December 31, 2021	<u>\$ 290,277</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 2.14%, 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:

<u>Net OPEB Liability</u>	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	1.14%	2.14%	3.14%
Medical benefit	<u>264,200</u>	<u>290,277</u>	<u>313,489</u>
Total	<u>\$ 264,200</u>	<u>\$ 290,277</u>	<u>\$ 313,489</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 2.14%, 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:

<u>Net OPEB Liability</u>	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	1.14%	2.14%	3.14%
Medical benefit	<u>\$ 267,135</u>	<u>\$ 290,277</u>	<u>\$ 316,424</u>
Total	<u>\$ 267,135</u>	<u>\$ 290,277</u>	<u>\$ 316,424</u>

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

**Medical Benefit expenses and Deferred Outflows and Deferred Inflows**

The Health Department recognized the following medical benefit expenses as of December 31, 2021, as presented by the following table. The Health Department did not report any deferred outflows of resources or deferred inflows of resources related to OPEB.

<u>Description</u>	<u>Medical Benefit December 31,, 2020 to December 31, 2021</u>
Service cost	\$ 14,831
Interest on total pension liability	5,534
Interest on total medical liability	-
Effect of plan changes	-
Recognition of Deferred Inflows/ Outflows of Resources	
Economic/demographic gains/losses	-
Assumption changes or inputs	-
Investment gains/losses	-
Total	<u>\$ 20,365</u>

The Health Department has committed in excess of \$290,277 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.

**6. 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.

**7. 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.

**8. 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.

9. **BUDGETARY COMPLIANCE**

The Health Department did not have any unfavorable budget variances during the year ended December 31, 2021.

10. **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, 2021, Daggett County made contributions of \$14,775, Duchesne County made contributions of \$298,880 and Uintah County made contributions of \$532,068. Each County is assessed a yearly contribution, based on several financial and participation factors of each County.

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.

11. **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.

**11. FUND EQUITY (Continued)**

**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.

**12. 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.

**13. 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.

**14. 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 years funding or was an overpayment. An advance payment of \$200 was received before the year end that was for January 2022, CARES funding of \$18,052 was received and unused at the end of the calendar year, and Uintah County overpaid the Health Department \$3,563 upon separation from the County. These amounts have been recorded as unearned revenue, in the amount of \$21,815.

**15. PRIOR PERIOD ADJUSTMENT**

The Health Department's financial statements were previously generated and included in the Uintah County audit. Since the Health Department has been recording their own transactions, some items from previous years have been identified and need to be included the financial statements as of December 31, 2021. These items have been recorded and constitute the adjustment.



**TRICOUNTY HEALTH DEPARTMENT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES</b>				
Intergovernmental				
Federal, State and Local funds	\$ 4,280,664	\$ 4,960,664	\$ 3,783,785	\$ (1,176,879)
Total Intergovernmental	<u>\$ 4,280,664</u>	<u>\$ 4,960,664</u>	<u>\$ 3,783,785</u>	<u>\$ (1,176,879)</u>
Charges for services				
Charges for services	\$ 694,131	\$ 694,131	\$ 807,637	\$ 113,506
Total Charges for services	<u>\$ 694,131</u>	<u>\$ 694,131</u>	<u>\$ 807,637</u>	<u>\$ 113,506</u>
Miscellaneous				
Miscellaneous	\$ 22,000	\$ 22,000	\$ 47,779	\$ 25,779
Investment earnings			38,468	38,468
Total miscellaneous	<u>\$ 22,000</u>	<u>\$ 22,000</u>	<u>\$ 86,247</u>	<u>\$ 64,247</u>
Total Revenues	<u>\$ 4,996,795</u>	<u>\$ 5,676,795</u>	<u>\$ 4,677,669</u>	<u>\$ (999,126)</u>
<b>EXPENDITURES</b>				
Current:				
Public health	\$ 4,967,095	\$ 5,647,095	\$ 3,895,740	\$ 1,751,355
Capital outlay	29,700	29,700	394,462	(364,762)
Total public health	<u>\$ 4,996,795</u>	<u>\$ 5,676,795</u>	<u>\$ 4,290,202</u>	<u>\$ 1,386,593</u>
Total expenditures	<u>\$ 4,996,795</u>	<u>\$ 5,676,795</u>	<u>\$ 4,290,202</u>	<u>\$ 1,386,593</u>
Excess of revenue over (under) expenditures			\$ 387,467	\$ 387,467
Fund balance - beginning of year	<u>\$ 2,444,476</u>	<u>\$ 2,444,476</u>	2,444,476	
Fund balance - end of year	<u><u>\$ 2,444,476</u></u>	<u><u>\$ 2,444,476</u></u>	<u><u>\$ 2,831,943</u></u>	<u><u>\$ 387,467</u></u>

"The notes to the financial statements 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, 2021**

	Medical Benefit Plan	
	December 31, 2020	December 31, 2021
Total OPEB Liability:		
Service cost	Not available	\$ 14,831
Interest	-	5,535
Changes of benefits terms	-	-
Differences between expected and actual experience	-	487,194
Changes of assumptions and other inputs	-	(458,301)
Benefit payments	(5,511)	(5,511)
Net change in total OPEB liability	(5,511)	43,748
Total OPEB liability - beginning	252,040	246,529
Total OPEB liability - ending	\$ 246,529	\$ 290,277
Fiduciary net position:		
Employer contributions	5,511	5,511
Net investment income		
Benefit payments	(5,511)	(5,511)
Administrative expenses		
Net change in fiduciary net position	\$ -	\$ -
Fiduciary net position - beginning		
Fiduciary net position - ending		
Net OPEB liability	\$ 246,529	\$ 290,277
Fiduciary net position as a percentage of total OPEB liability	N/A	N/A
Number of covered-employees and spouses	9	9
Net OPEB obligation as an average dollar amount per eligible	\$ 27,392	\$ 32,253

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, 2021**

**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 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.

**TRICOUNTY HEALTH DEPARTMENT**  
**Supplementary Information**

# 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 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, 2021, 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 30, 2022.

## **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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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

A handwritten signature in cursive script that reads "Smuin, Rich & Marsing".

Price, Utah

June 30, 2022

# 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 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**

We have audited TriCounty Health Department's compliance with the types of compliance requirements described 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, 2021. 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.

## **Management's Responsibility**

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

## **Auditor's Responsibility**

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

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



## Opinion on Each Major Federal Programs

In our opinion TriCounty Health Department complied, in all material respect, 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, 2021.

## Report on Internal Control over Compliance

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

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

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

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

SMUIN, RICH & MARSING



Price, Utah

June 30, 2022

TRICOUNTY HEALTH DEPARTMENT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2021

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCRUED (DEFERRED) REVENUE AT JANUARY 1, 2021	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCRUED (DEFERRED) REVENUE AT DECEMBER 31, 2021
<b>U.S. DEPARTMENT OF AGRICULTURE</b>							
Pass Through State Department:							
WIC Administration and Nutrition (Note 2)	10.557 *	202700364	\$ 244,948	\$	\$ 244,948	\$ 244,948	
WIC Food Vouchers (Note 2)	10.557 *	202700364	467,169		467,169	467,169	
Total U.S. Department of Agriculture			\$ 712,117	\$ ...	\$ 712,117	\$ 712,117	\$ ...
<b>U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION</b>							
Direct Program:							
Performance partnership grants - DEQ	66.605	210347220030	\$ 19,104		\$ 19,104	\$ 19,104	
Total U.S. Department of Environmental Protection			\$ 19,104	\$ ...	\$ 19,104	\$ 19,104	\$ ...
<b>U.S. DEPARTMENT OF JUSTICE</b>							
Pass through State Department							
OPIOID Safety & Health	16.754	212700665	\$ 776		\$ 776	\$ 776	
Total U.S. Department of Justice			\$ 776	\$ ...	\$ 776	\$ 776	\$ ...
<b>U.S. DEPARTMENT OF TREASURY</b>							
Pass through State Department:							
COVID - Carers Act	21.019	212700096/222700142	\$ 179,285		\$ 179,285	\$ 179,285	
Total U.S. Department of Treasury			\$ 179,285	\$ ...	\$ 179,285	\$ 179,285	\$ ...
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>							
Pass through State Department:							
MCH - Title V Block Grant	93.994	212700510	\$ 22,843		\$ 22,843	\$ 22,843	
COVID-19 ELC Carers/PPP HEA contract	93.323	202700956/212700325	450,381		450,381	450,381	
Title V - Sexual Risk Avoidance	93.235	212700574	91,770		91,770	91,770	
Asthma, Child Health, Consumer Education and Case Mgmt	93.778	202700481/162700979	28,185		28,185	28,185	
COVID - 1817/CVD - Heart Disease and Stroke	93.435	192700380	7,333		7,333	7,333	
COVID- Diabetes 1817	93.435	192700380	18,338		18,338	18,338	
COVID - 1815 diabetes	93.439	192700380	349		349	349	
Total U.S. Department of Health and Human Services (page total)			\$ 619,199	\$ ...	\$ 619,199	\$ 619,199	\$ ...



TRICOUNTY HEALTH DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2021

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTORS NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCRUED (DEFERRED) REVENUE AT JANUARY 1, 2021	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCRUED (DEFERRED) REVENUE AT DECEMBER 31, 2021
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)							
Pass through State Department:							
TB Elimination	93.116	152700358	\$ 1,000	\$	\$ 1,000	\$ 1,000	
PH Emergency Preparedness	93.069	222700149/212700122	274,160		274,160	274,160	
PH Emergency Preparedness	93.069	212700122	50,250		50,250	50,250	
Prescription Drug Overdose Prevention	93.136	212700665/222700554	22,478		22,478	22,478	
COVID 19 Vaccinations	93.268	* 212701059/212701518	749,296		749,296	749,296	
Integrated Viral Hepatitis Surveillance and Prevention	93.270	212702416	55		55	55	
National and State Tobacco Control	93.387	212700214	16,374		16,374	16,374	
Prevention and Management - Diabetes/Heart Disease	93.426	192700380	9,950		9,950	9,950	
Sexually Transmitted Disease	93.977	192700669	516		516	516	
National Diabetes Prevention - Type 2	93.261	1450.527.EX	6,000		6,000	6,000	
CSHCN Care Coordination	93.994	182700579	56,902		56,902	56,902	
Violence and Injury Prevention - MCH	93.994	212700665/222700554	14,349		14,349	14,349	
COVID-19 Project (HPP)	93.889	202700061	9,563		9,563	9,563	
Medical Reserve Corp	93.889	222700149/212700122	12,892		12,892	12,892	
Healthcare Preparedness Program	93.889	222700149/212700122	135,753		135,753	135,753	
HIV Prevention, Counseling and Testing	93.940	182700670/192700669	2,500		2,500	2,500	
EPICC - PBG	93.991	192700380/222700494	54,726		54,726	54,726	
Total U.S. Department of Health and Human Services (page total)			\$ 1,416,764	\$	\$ 1,416,764	\$ 1,416,764	\$
U.S. DEPARTMENT OF TRANSPORTATION							
Pass through State Department:							
Highway safety - Rural Seat Belts	20.600	N/A	\$ 13,500	\$	\$ 13,500	\$ 13,500	
Highway Safety - Child Passenger Safety	20.616	N/A	3,550		3,550	3,550	
Total U.S. Department of Environmental Protection			\$ 17,050	\$	\$ 17,050	\$ 17,050	\$
TOTAL FEDERAL ASSISTANCE			\$ 2,964,295	\$	\$ 2,964,295	\$ 2,964,295	\$

\* Major Programs

**TRICOUNTY HEALTH DEPARTMENT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AS OF DECEMBER 31, 2021**

**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**

Amounts shown on the schedule of expenditures of federal awards as WIC food vouchers are not direct cash expenditures of TriCountyHealth 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.

**TRICOUNTY HEALTH DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**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 no 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>
WIC Admin and Nutrition/Food Vouchers/Infrastructure	10.557/10.578
US Dept of Health – Immunizations/COVID 19	93.268

8. The threshold for distinguishing Type A programs was \$750,000.
9. TriCounty Health Department was determined not to be a low-risk auditee.

**B. FINDINGS-FINANCIAL STATEMENTS AUDIT**

None

**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, 2021**

TriCounty Health Department had no follow-up findings that need to be reported in the December 31, 2021 audit report. The Health Department has corrected 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

## Report on Compliance

We have audited TriCounty Health Department's compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended December 31, 2021.

State compliance requirements were tested for the year ended December 31, 2021 in the following areas:

Cash Management  
Fraud Risk  
Budgetary Compliance  
URS Compliance

Public Treasurer's Bond  
Open and Public Meetings Act  
Fund Balance Limitations

## Management's Responsibility

Management is responsible for compliance with the state requirements referred to above.

## Auditor's Responsibility

Our responsibility is to express an opinion on the Health Department's compliance based on our audit of the state compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about the Health Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement referred to above. However, our audit does not provide a legal determination of the Health Department's compliance with those requirements.



## 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, 2021.

## Other Matters

The results of our auditing procedures disclosed no instance of noncompliance, which are required to be reported in accordance with the State Compliance Audit Guide.

## Report on Internal Control over Compliance

Management of TriCounty Health Department is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Health Department's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Health Department's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned function, 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.

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

## Purpose of Report

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 State Compliance Audit Guide. Accordingly, this report is not suitable for any other purpose.

SMUIN, RICH & MARSING

Price, Utah

June 30, 2022

