

# **Denver Health and Hospital Authority**

## **Independent Auditor's Report and Financial Statements**

**December 31, 2022 and 2021**



# Denver Health and Hospital Authority

## December 31, 2022 and 2021

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## Independent Auditor's Report

Board of Directors  
Denver Health and Hospital Authority  
Denver, Colorado

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the business-type activities, the aggregate discretely presented component units, and the fiduciary activities of Denver Health and Hospital Authority (the Authority), as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements 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 business-type activities, the aggregate discretely presented component units and the fiduciary activities of the Authority as of December 31, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the years 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 (*Government Auditing Standards*). 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 the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Emphasis of Matter*

As discussed in Note 1 to the financial statements, in 2022, the Authority adopted Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

#### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, 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 opinions. 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 GAAS 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 the Authority'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 the Authority's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other postemployment benefits information 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 GAAS, which

Board of Directors  
Denver Health and Hospital Authority

consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The consolidating statements of net position information, consolidating revenue and expense information, and the budget to actual information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, consolidating statements of net position information, consolidating revenue and expense information, and the budget to actual information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2023, on our consideration of the Authority'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 Authority'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 the Authority's internal control over financial reporting and compliance.

**FORVIS, LLP**

Denver, Colorado  
April 4, 2023

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# Denver Health and Hospital Authority

## Management's Discussion and Analysis (Unaudited)

### December 31, 2022 and 2021

The following discussion and analysis provides management's view of the financial position and results of operations for the Authority as of and for the year ended December 31, 2022 and 2021, with comparative information presented for year 2020, which has not been restated for the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. This analysis should be read in conjunction with Authority's financial statements and notes to the financial statements.

#### 2022 Highlights

In 2022, the Authority continued to face unprecedented challenges while continuing to recover from the COVID-19 pandemic. With healthcare workers leaving the workforce, the cost of healthcare labor continues to rise and the Authority had to utilize an unprecedented amount of contract clinical labor at higher than historical rates (along with higher premium pay to employees) to meet the medical needs of its patients. The Authority was able to recognize substantial support in the form of CARES Act Provider Relief Funds (CARES) and FEMA funds at the beginning of the pandemic. However, FEMA revenue recognized in 2022 was \$14.3 million less than 2021 and \$80.9 million less than 2020. Due to the COVID-19 variant Omicron, the Authority faced unexpected staffing challenges at the beginning of 2022 resulting in the temporary closure of operating rooms. The bond and stock market also historically underperformed in 2022 resulting in a decrease in fair value of investments of \$36.6 million. The Authority performed better financially in the 2<sup>nd</sup> half of 2022 as operating rooms were fully utilized and contract labor rates decreased. The Authority has budgeted for continued recovery in 2023.

In July 2022, Denver Health's Medical Plan switched to a fee for service model from the capitated (per member per month) model. The Outpatient Medical Center (OMC), which opened in February of 2021, continues to expand services in the new, state-of-the-art facility which includes a day surgery center, new space for the Adult Urgent Care Center, and expanded pharmacy, lab and radiology services. At the end of 2022, the decision was made to open two additional operating rooms in the OMC at the beginning of 2023.

The following table summarizes key metrics:

Volume Metrics	Variance				Variance			
	2022 Actual	2021 Actual	2021/2022 I/(D)	%	2022 Actual	2022 Budget	2022/Bud I/(D)	%
Admissions	21,374	21,579	(205)	-0.95%	21,374	22,413	(1,039)	-4.64%
Discharges	20,182	20,188	(6)	-0.03%	20,182	20,009	173	0.86%
Adjusted Discharges	44,802	43,720	1,082	2.47%	44,802	44,187	615	1.39%
Patient Days	129,678	134,692	(5,014)	-3.72%	129,678	136,662	(6,984)	-5.11%
ADC	355	369	(14)	-3.72%	355	374	(19)	-5.10%
Discharged ALOS	6.1	6.7	(0.6)	-8.96%	6.1	6.6	(0.5)	-7.58%
ED Visits	84,794	80,804	3,990	4.94%	84,794	85,344	(550)	-0.64%
Outpatient Clinic Visits	802,205	750,517	51,688	6.89%	802,205	845,434	(43,229)	-5.11%
IP Surgeries	4,784	4,585	199	4.34%	4,784	4,528	256	5.65%
OP Surgeries	9,225	8,987	238	2.65%	9,225	9,675	(450)	-4.65%
Total Surgeries	14,009	13,572	437	3.22%	14,009	14,203	(194)	-1.37%
Deliveries	3,482	3,430	52	1.52%	3,482	3,400	82	2.41%
ACUTE Census Days	8,153	8,874	(721)	-8.12%	8,153	9,406	(1,253)	-13.32%



# **Denver Health and Hospital Authority**

## **Management's Discussion and Analysis (Unaudited)**

### **December 31, 2022 and 2021**

#### **Overview of the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements, which consist of business-type activities, discretely presented component units and fiduciary fund statements, and notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements. The business-type activities of the Authority include the following basic financial statements:

The *statement of net position* presents information on the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between these items as net position. Over time, increases or decreases in net position may indicate whether the financial position of the Authority is improving or deteriorating.

The *statement of revenues, expenses and changes in net position* presents both the operating revenues and expenses and nonoperating revenues and expenses along with other changes in net position for the year. This statement is an indication of the success of the Authority's operations over the past year.

The *statement of cash flows* presents the change in cash and cash equivalents for the year resulting from operating activities, capital and related financing activities and investing activities. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the year.

#### **Financial Analysis and Results of Operations**

Changes to net position over time may serve as a useful indicator of the Authority's financial position. At December 31, 2022, the Authority's total net position decreased by approximately \$56.6 million from 2021, or 8.6%. The following table summarizes total assets, deferred outflows of resources, total liabilities, deferred inflows of resources and net position at December 31.

**Denver Health and Hospital Authority**  
**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2022 and 2021**

	Net Position		
	2022	2021 *	2020
Current and noncurrent assets	\$ 557,351,884	\$ 628,210,614	\$ 654,141,156
Capital and leased assets, net	<u>640,640,976</u>	<u>684,175,767</u>	<u>648,251,923</u>
Total assets	1,197,992,860	1,312,386,381	1,302,393,079
Deferred outflows of resources	<u>22,080,734</u>	<u>25,833,140</u>	<u>26,479,179</u>
Total assets and deferred outflows of resources	<u>\$ 1,220,073,594</u>	<u>\$ 1,338,219,521</u>	<u>\$ 1,328,872,258</u>
Current liabilities	\$ 185,435,369	\$ 189,837,511	\$ 193,605,993
Other long-term liabilities	71,112,697	109,037,494	112,704,840
Long-term debt and leases outstanding	<u>335,551,321</u>	<u>350,267,026</u>	<u>341,905,599</u>
Total liabilities	592,099,387	649,142,031	648,216,432
Deferred inflows of resources	<u>22,904,724</u>	<u>27,368,240</u>	<u>33,242,552</u>
Net investment in capital and leased assets	301,179,213	327,650,489	302,722,723
Unrestricted	<u>303,890,270</u>	<u>334,058,761</u>	<u>344,690,551</u>
Total net position	<u>605,069,483</u>	<u>661,709,250</u>	<u>647,413,274</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,220,073,594</u>	<u>\$ 1,338,219,521</u>	<u>\$ 1,328,872,258</u>

\* Restated for Implementation of GASB 87

***Current and Noncurrent Assets***

Current and noncurrent assets decreased by approximately \$70.8 million, or 11.3%, compared to 2021. Cash and investments decreased approximately \$78.7 million compared to 2021 due to higher labor and supply costs, as well as a historical downturn in the bond and stock markets. Patient receivables and other receivables increased \$6.9 million.

***Capital and Leased Assets***

Capital and leased assets, net of accumulated depreciation and amortization, decreased approximately \$43.5 million over the prior year. Additions totaled approximately \$19.4 million, compared to approximately \$70.8 million in 2021. Significant changes include:

- Buildings and improvement increased \$6.0 million mainly driven by remodel of Pavilions D and E, Pavilion A 7<sup>th</sup> floor remodel, and OBGYN expansion remodel.
- Equipment and Software purchases totaled approximately \$13.3 million.

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**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2022 and 2021**

- Increase in construction in process driven by WorkDay implementation (human resources software upgrade) and Energy Performance Contracting initiative to have more efficient energy use – both of which will be completed in 2023.
- Removal of fully depreciated equipment and software of \$122 million.

Depreciation and amortization expense for the year was approximately \$65.2 million. Listed below is a summary of capital and leased assets, net of accumulated depreciation and amortization at December 31, 2022 and 2021:

	<b>December 31,</b>	
	<b>2022</b>	<b>2021 *</b>
Land	\$ 43,383,776	\$ 43,324,527
Buildings and improvements	485,485,556	511,546,740
Equipment and software	72,270,550	87,101,230
Leased assets	23,729,563	28,487,679
Construction in process	15,771,531	13,715,591
Total	<u>\$ 640,640,976</u>	<u>\$ 684,175,767</u>

\* Restated for Implementation of GASB 87

***Current Liabilities***

Current Liabilities decreased by approximately \$4.4 million driven by a decrease in the current portion of the accelerated Medicare payments, partially offset by an increase in unearned revenue and an increase in accounts payable.

***Other Liabilities***

The long-term portion of liability for estimated third-party settlements decreased approximately \$17.3 million. The decrease is primarily due to a decrease in the accrual for estimated hospital specific DSH audit repayment and decreased RAC liability.

Net pension liability represents the actuarially estimated cost of the Authority's pension plan, the Denver Employees Retirement Plan (DERP) and the replacement benefits agreement (RBA). The net liability is the amount owed for the pension benefit above the currently invested assets. This liability decreased approximately \$15.1 million, or 19.8%, mainly driven by a decrease in proportionate share of the liability.

***Debt***

Bonds and notes payable, and leases payable, excluding the deferred loss on refunding, decreased by approximately \$15.1 million due to principal payments of bonds and notes payable of approximately \$13.6 million.

# Denver Health and Hospital Authority

## Management's Discussion and Analysis (Unaudited)

### December 31, 2022 and 2021

#### *Long-term Debt*

Long-term debt as of December 31, 2022, net of current portion and excluding deferred loss on bond refunding, is approximately \$335.6 million compared to \$350.3 million and \$341.9 million for 2021 and 2020, respectively. The decrease of \$14.7 million is primarily due to principal payments of \$12.2 million.

Below is a listing of the Authority's outstanding long-term debt, net of current portion at December 31, 2022, 2021 and 2020:

	2022	2021 *	2020
2014 Revenue Bonds	\$ 72,884,604	\$ 74,375,891	\$ 75,822,179
2017A Revenue Bonds	75,605,884	80,587,376	85,353,867
2019A and B Bonds	121,541,142	128,147,038	134,632,934
2022 Revenue Bond	4,657,166	-	-
Program support payable	-	-	39,615,794
550 Acoma Inc. notes payable	37,992,165	38,821,493	4,381,920
Other notes payable	1,700,181	3,021,925	2,098,905
Lease liability	21,170,179	25,313,304	-
	<u>\$ 335,551,321</u>	<u>\$ 350,267,027</u>	<u>\$ 341,905,599</u>

\* Restated for Implementation of GASB 87

Other notes payable includes a Housing and Urban Development (HUD) loan of approximately \$1.4 million, the proceeds of which were utilized to build the Park Hill Family Health Center. Also included in other notes payable is a Community Development Block Grant (CDBG) loan of \$1.2 million. Both loans are between the Authority and the City.

The Authority issued Healthcare Revenue Bonds, Series 2022 primarily to provide funds to finance certain energy efficiency improvements. The bonds were issued as a draw down bond with a stated aggregate principal amount not to exceed \$12,900,000 bearing interest at a rate of 3.33%, with principal payments beginning in 2024 through 2031. During 2022, the Authority had drawn approximately \$4,657,000.

The Authority's 2019A, 2019B, 2017A, 2014A, and 2014B bond series ratings are BBB by Standard and Poor's and by Fitch for December 31, 2022 and 2021.

#### **Revenue and Expenses**

The following table compares 2022, 2021 and 2020 revenues and expenses and shows the resulting changes in net position:

**Denver Health and Hospital Authority**  
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**December 31, 2022 and 2021**

	<b>Changes in Net Position</b>		
	<b>2022</b>	<b>2021 *</b>	<b>2020</b>
Operating revenues			
Net patient service revenue	\$ 901,027,279	\$ 866,349,897	\$ 769,673,893
Capitation earned net of reinsurance	2,502,535	10,600,000	(12,600,000)
Medicaid disproportionate share and other safety net reimbursement	148,120,716	123,810,297	131,245,683
City and County of Denver payment for patient care services	29,700,000	27,700,002	27,773,299
Federal, state and other grants	99,509,389	87,345,995	77,222,260
City and County of Denver purchased services	30,007,576	27,158,245	25,373,371
Poison and drug center contracts	20,478,071	20,009,515	24,303,056
Other operating revenue	52,414,502	57,022,472	44,328,770
Total operating revenues	1,283,760,068	1,219,996,423	1,087,320,332
Operating expenses			
Salaries and benefits	773,970,366	746,896,687	685,809,148
Contracted services and nonmedical supplies	274,092,096	241,462,370	203,654,814
Medical supplies and pharmaceuticals	194,269,667	175,826,200	148,260,160
Managed care outside provider claims	-	-	(1,361,653)
Depreciation and amortization	65,206,324	64,998,772	51,622,108
Total operating expenses	1,307,538,453	1,229,184,029	1,087,984,577
Operating loss	(23,778,385)	(9,187,606)	(664,245)
Nonoperating revenues (expenses)			
Decrease in equity in joint venture	(62,454)	(955,533)	(306,600)
Nonoperating grant revenue (CARES/FEMA)	6,089,020	20,408,273	86,998,388
Interest income	10,197,601	15,570,917	12,352,582
Interest expense	(14,011,163)	(13,890,717)	(15,523,703)
Gain on dissolution of Southwest Clinic	-	4,982,853	-
Net increase (decrease) in fair value of investments	(36,563,351)	(7,016,141)	7,495,684
Gain (loss) on disposition of capital assets	3,734	(4,166)	5,444,447
Total nonoperating revenues (expenses)	(34,346,613)	19,095,486	96,460,798
Income (loss) before capital contributions	(58,124,998)	9,907,880	95,796,553
Contributions restricted for capital assets	1,485,231	4,388,096	3,409,930
Increase (decrease) in net position	(56,639,767)	14,295,976	99,206,483
Net position, at beginning of year	661,709,250	647,413,274	548,206,791
Net position, at end of year	\$ 605,069,483	\$ 661,709,250	\$ 647,413,274

\* Restated for Implementation of GASB 87

# Denver Health and Hospital Authority

## Management's Discussion and Analysis (Unaudited)

### December 31, 2022 and 2021

#### *Gross Patient Service Revenue*

Gross patient service revenue increased approximately \$321.7 million, or 11.1%, for the year ended December 31, 2022, compared with the year ended December 31, 2021, as shown in the following table:

	<b>Gross Patient Revenue</b>		<b>Dollar</b>	<b>Percentage</b>
	<b>2022</b>	<b>2021</b>	<b>Change</b>	<b>Change</b>
Inpatient revenue	\$ 1,214,112,837	\$ 1,149,463,393	\$ 64,649,444	5.6%
Outpatient revenue	1,780,098,253	1,498,644,928	281,453,325	18.8%
Physician billing	359,128,886	341,933,347	17,195,539	5.0%
Ambulance	112,160,691	120,355,440	(8,194,749)	-6.8%
<b>Total</b>	<b>3,465,500,667</b>	<b>3,110,397,108</b>	<b>355,103,559</b>	<b>11.4%</b>
Charges forgone for charity care	(246,378,557)	(213,024,583)	(33,353,974)	15.7%
<b>Total gross patient revenue</b>	<b>\$ 3,219,122,110</b>	<b>\$ 2,897,372,525</b>	<b>\$ 321,749,585</b>	<b>11.1%</b>

The inpatient gross revenue increased notably in the areas of Medicine, Surgery, Emergency Medicine, and OBGYN driven by a combination of volume and price changes. Inpatient surgeries were 4.3% higher than prior year and deliveries were 1.5% higher than prior year.

The outpatient gross revenue increased in the areas of Lab, Radiology, Surgery, Emergency Medicine, and Ambulatory Care Services (ACS). Total outpatient clinic visits increased 6.9% over prior year. Retail pharmacy increased \$150.2 million, or 52%, driven by an adjustment in gross charge methodology. Prescriptions in 2022 increased 11.7% over prior year.

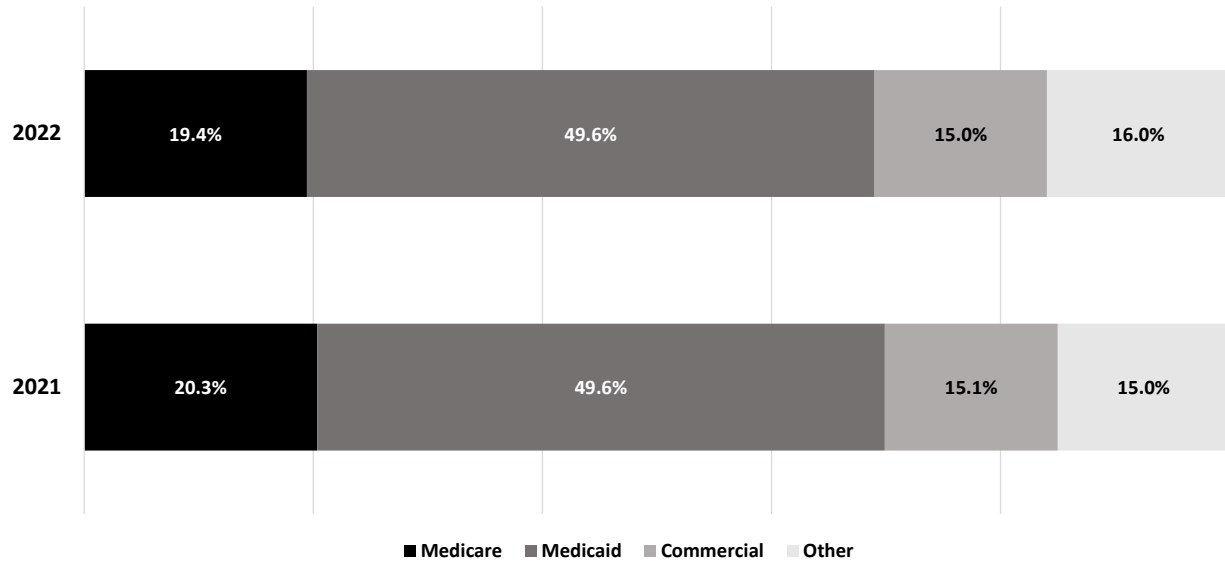
The physician revenue increased in the areas of Radiology, Ambulatory Care Services (ACS), Surgery, and Emergency Medicine.

Ambulance revenue decreased 6.8% primarily due to transport volume 8.6% lower than prior year, driven by staffing constraints.

#### *Payor Mix*

Below is the Authority's payor mix as a percent of gross charges in 2022 versus 2021.

**Denver Health and Hospital Authority**  
**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2022 and 2021**



***Indigent Care, Charity Care and Community Service***

The Authority, as part of its mission, provides healthcare services to the City's residents, regardless of ability to pay. Many of the Authority's patients are unable to obtain benefits from insurance companies or do not have personal resources to cover costs. The financial burden, however, is in part offset by various federal, state, local and private programs in which such patients are enrolled. Foregone charges for charity care provided by the Authority were approximately \$246.4 million and \$213.0 million, for the years ended December 31, 2022 and 2021, respectively.

Records are maintained to identify and monitor the level of charity care the Authority provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy. This policy directly relates to that of the state Colorado Indigent Care Program (CICP) and an internal charity program which provides a sliding fee scale based on the patient's percentage of Federal Poverty Level (FPL). The level of uncompensated care provided during the years ended December 31, 2022 and 2021 is as follows:

	<b>2022</b>	<b>2021</b>
Uncompensated care		
Contractual adjustments	\$ 2,206,413,737	\$ 1,917,835,125
Provision for bad debts	109,178,559	102,587,503
Charity care	<u>246,378,557</u>	<u>213,024,583</u>
	<u><u>\$ 2,561,970,853</u></u>	<u><u>\$ 2,233,447,211</u></u>

***Net Patient Service Revenue***

For the year ended December 31, 2022, net patient service revenue increased from 2021 by approximately \$34.7 million, or 4.0%. There was a 1.9% reduction in the overall realization rate (net patient service revenue including capitation divided by gross patient revenue). The reduction in the overall realization rate

# Denver Health and Hospital Authority

## Management's Discussion and Analysis (Unaudited)

### December 31, 2022 and 2021

was driven by a change in DH Medicaid Choice reimbursement model (partially offset by a bed price increase). In July 2022, DH Medicaid Choice transitioned to a fee for service model from the capitated (per member per month) model.

For the year ended December 31, 2021, net patient service revenue increased from 2020 by approximately \$96.7 million, or 12.6%. There was a 0.4% reduction in the overall realization rate. DH Medicaid Choice increased in membership in 2021 to 110,428, a 9.8% increase compared to 2020. The increased membership was due to the state increasing DHMP's membership cap and the federal requirement to delay dis-enrolling Medicaid members through emergency declaration in response to COVID-19. The increased membership resulted in an increase in DH Medicaid Choice capitation revenue of \$19.4 million, or 14.0%.

#### Medicaid Disproportionate Share Hospital (DSH) and Other Safety Net Reimbursement

2022 Medicaid disproportionate share (DSH) revenue and other safety net reimbursement increased approximately \$24.3 million, or 19.6%, compared to 2021.

DSH revenue, and another supplemental payment source, Upper Payment Limit (UPL) are paid to the Authority through the Colorado Healthcare Affordability and Sustainability Provider Fee program (CHASE). Hospitals pay the fee to the state, and the fee revenue is matched with federal funding related to the DSH and UPL sources. Calculations of fees and payments in the CHASE program are based on prior year data.

The Authority had an increase in CHASE revenue of \$6.6 million compared to 2021. In 2022, the Authority reevaluated its open Hospital Specific DSH Cap (HSDC) reserve and decreased its reserve by \$13.8 million compared to an increase of \$3.2 million in 2021. This reserve is for the audits of the HSDC calculations under which the DSH payment cannot exceed the cost of uninsured care plus Medicaid shortfall or surplus.

There was a decrease in outstationing revenue of \$945,000 compared to 2021 because of the recategorization of some of this revenue as grant revenue in 2022. Additional changes in the Medicaid DSH and other safety net reimbursement line included an increase of \$1.2 million in primary care funds, a \$1.1 million decrease in ambulance UPL, and a \$576,000 increase in physician certification revenue.

Medicaid DSH, other safety net revenue and expense, and primary care funds for 2022 and 2021 are as follows:

	2022	2021	Increase/ Decrease	Increase/ Decrease Percentage Change
Medicaid Disproportionate Share revenue	\$ 64,606,971	\$ 80,421,196	\$ (15,814,225)	-19.7%
Supplemental Medicaid base rate revenue	47,435,037	13,729,682	33,705,355	245.5%
Supplemental Medicaid outpatient hospital revenue	9,498,777	7,802,829	1,695,948	21.7%
Hospital quality incentive payment	10,647,524	5,648,437	4,999,087	88.5%
Ambulance upper payment limit revenue	1,770,000	2,913,113	(1,143,113)	-39.2%
Outstationing revenue	1,155,423	2,099,998	(944,575)	-45.0%
Primary care funds	8,606,986	7,370,842	1,236,144	16.8%
Physician certification revenue	4,399,998	3,824,200	575,798	15.1%
Medicaid DSH and Other Safety Net Revenue	<u>\$ 148,120,716</u>	<u>\$ 123,810,297</u>	<u>\$ 24,310,419</u>	<u>19.6%</u>



# **Denver Health and Hospital Authority**

## **Management's Discussion and Analysis (Unaudited)**

### **December 31, 2022 and 2021**

#### ***City and County of Denver Payment for Patient Care Services***

For the years ended December 31, 2022, 2021 and 2020, as part of the Operating Agreement between the Authority and the City (Note 1 to the basic financial statements), the City paid approximately \$29.7, \$27.7 and \$27.8 million, respectively to the Authority to cover a portion of the cost of treating the medically indigent. There was a decrease in 2020 due to the City budget cuts in response to COVID-19 (2019 payment was \$30.8 million).

#### ***Grant Revenue***

In 2022, federal, state and other grant revenue increased by approximately \$12 million, or 14%, primarily due to eight relatively large grants received in 2022. There was also \$856,000 in COVID related grants for vaccine purchases and \$3 million in new CO Access funding. The remaining increase is comprised of smaller grant awards.

In 2021, federal, state and other grant revenue increased by approximately \$10 million, or 13%, primarily due to five COVID-19 related grants including \$3.2 million in American Rescue Plan funding. The remaining increase is comprised of smaller grant awards.

#### ***City and County of Denver Purchased Services***

As part of the Operating Agreement between the Authority and the City (Note 1 to the basic financial statements), the Authority under a purchased services agreement receives payments from the City to provide services, including, but not limited to: medical care for the city inmates, public health, and operation of Denver Community Addictions Rehabilitation and Evaluation Services (CARES), which is a 100-bed nonmedical detoxification center. Payment for costs of providing these services totaled approximately \$30.0 million in 2022, which is approximately \$2.8 million, or 10.5%, higher than 2021 driven by increased volumes. Payments were primarily based on reimbursement of direct cost, which is driven by volumes in Denver CARES and the health care provided at Denver County Jail and Downtown Detention Center.

Payment for costs of providing these services totaled approximately \$27.2 million in 2021, which is approximately \$1.8 million, or 7.0%, higher than 2020 driven by increased volumes.

#### ***Poison and Drug Center Contracts***

The Rocky Mountain Drug Safety (RMDS) is a certified regional poison center, recognized by the American Association of Poison Control Centers and serves as a regional drug information center. The RMDS includes RADARS® System, which collects, compiles, analyzes and maintains certain de-identified health care and other information in proprietary databases containing data from several signal detection system networks. The program provides expert analysis and interpretation of data and includes a Scientific Advisory Board. Subscribing organizations are provided with timely geographic-specific surveillance and monitoring reports to detect and characterize prescription drug abuse, misuse, and diversion. Typical organizations using such information include the pharmaceutical industry, regulatory agencies, policymakers, and medical/public health officials to aid in understanding trends in the abuse, misuse, and diversion of prescription drugs in the United States. Poison and Drug Center contract revenue for 2022 was approximately \$20.5 million, a 2.3% increase over the prior year. Poison and Drug Center contract revenue for 2021 was approximately \$20.0 million, a 17.7% decrease from the prior year.

# **Denver Health and Hospital Authority**

## **Management's Discussion and Analysis (Unaudited)**

### **December 31, 2022 and 2021**

#### **Other Operating Revenue**

For 2022, other operating revenue (excluding Poison and Drug Center contracts revenue) decreased by \$3.9 million, or 6.9%, compared to 2021. Decreases in 340B contract pharmacy revenue and vital statistics revenue were partially offset by increases in psychiatric bed contract revenue, nurse-line services, City funded programs, and enrollment services contract revenue.

For 2021, other operating revenue (excluding Poison and Drug Center contracts revenue) increased by \$7.8 million, or 14.4%, over 2020 driven by increases in federal Electronic Health Record (EHR) "Meaningful Use" (Promoting Interoperability Program) revenue for demonstration of use of the Authority's electronic health record, Regional Accountable Entity (RAE) delegated care coordination revenue, additional psychiatric bed contract revenue, and enrollment services contract revenue.

#### **Operating Expenses**

*Year ended December 31, 2022 compared with year ended December 31, 2021*

Operating expenses increased approximately \$78.4 million, or 6.4%, for the year ended December 31, 2022, compared with the prior year.

- Salary and benefit expense increased approximately \$27.1 million, or 3.6%, from 2021. Normal wage increases for merit and market adjustments, continued reliance on overtime and premium pay due to staff vacancies, and increased surgical and outpatient volumes contributed to the overall salary and benefits increase.
- Contracted services and nonmedical supplies increased approximately \$32.7 million, or 13.3%, from 2021. The increase in expense is primarily driven by higher use of contract labor, the continued increase in contract labor rates, and increased repairs and maintenance expenses. With healthcare workers leaving the workforce due to the pandemic, the Authority had to utilize an unprecedented amount of contract clinical labor at higher than historical rates to meet the medical needs of its patients.
- Medical supplies and pharmaceuticals increased approximately \$18.4 million, or 10.5%, from 2021. This increase is related to inflation, higher surgeries, prescriptions, and inpatient and outpatient pharmaceutical usage. The Authority participates in the Federal Health Services and Resources Administration 340b program which results in significant pharmaceutical savings for patients treated in the Federally Qualified Health Centers (FQHC) and other Hospital outpatient sites
- Depreciation and amortization expense increased \$0.2 million, or 0.3%, from 2021.

#### **Nonoperating Revenues (Expenses)**

Nonoperating revenues and expenses consist primarily of income from the Authority's cash, short- and long-term investments, interest expense, the change in the fair value of investments, the decrease in equity investment in joint venture, grant revenue for CARES/FEMA, and the gain or loss on disposal of capital assets.

# Denver Health and Hospital Authority

## Management's Discussion and Analysis (Unaudited)

### December 31, 2022 and 2021

Net nonoperating expenses in 2022 was approximately \$34.3 million, compared to net nonoperating income of \$19.1 million in 2021. The largest driver for the decrease was net decrease in fair value of investments of \$36.6 million. The bond and stock market historically underperformed in 2022. FEMA revenue recognized in 2022 was also \$14.3 million less than 2021.

Net nonoperating revenue in 2021 was approximately \$19.4 million, compared to net nonoperating income of \$96.5 million in 2020. The largest driver for this decrease was \$66.6 million less CARES and FEMA revenue recognized in 2021 compared to 2020.

CARES revenue was derived from a calculation of lost revenue compared to budget, and expenses associated with the response to COVID-19. FEMA revenue was calculated based on eligible expenses as outlined in the Authority's FEMA grant application.

#### ***Capital Contributions***

Capital contributions in 2022 totaled \$1.5 million, compared to \$4.4 million in 2021, and were received primarily from the City.

Capital contributions in 2021 totaled \$4.4 million, compared to \$3.4 million in 2020, and were received primarily from the City.

#### ***Budgetary Highlights***

For the year ended December 31, 2022, the Authority's total loss before contributions was \$58.1 million, \$66.5 million lower than budget due to higher contract labor usage and a large decrease in fair value of investments.

	<b>2022 Actual</b>	<b>2022 Budget</b>	<b>Dollar Change</b>	<b>Percentage Change</b>
Total gross patient revenue	\$ 3,465,500,666	\$ 3,301,594,120	\$ 163,906,546	4.96%
Total operating revenue	1,283,781,232	1,264,531,539	19,249,693	1.52%
Salaries and benefits	773,970,367	773,399,736	570,631	0.07%
Contract labor	82,727,442	52,070,666	30,656,776	58.88%
Total operating expenses	1,307,538,454	1,253,167,272	54,371,182	4.34%
Total nonoperating expense	(34,346,612)	(2,982,095)	(31,364,517)	1051.76%
Income before capital contributions	(58,103,834)	8,382,171	(66,486,005)	-793.18%

# **Denver Health and Hospital Authority**

## **Management's Discussion and Analysis (Unaudited)**

### **December 31, 2022 and 2021**

#### **Economic Factors and Next Year's Budget**

The Authority's budget for 2023 reflects the organization's focus on operational efficiency, cost savings, and revenue optimization. The Executive Staff and Physician Directors of Service teams, and the Authority Board, have determined the highest priority areas for the organization to target improvement in financial and clinical performance. There are specific budgetary and operational performance goals and metrics for each.

The Authority's 2023 budget targets a \$49.9 million net revenue increase compared to 2022. This increase is driven by initiatives targeted at increasing patient care service volumes, access to care, and revenue cycle initiatives. Total operating expenses are budgeted to increase \$17.8 million driven primarily by labor expense increases (partially offset by contract labor decreases).

Salary and benefit costs are budgeted to increase 4.4% over the 2022 actual personnel cost. This is driven primarily by merit and market increases to address the challenging labor market and to retain employees. Contract labor is budgeted to decrease 28.4% with expectation of filling open positions to help control the cost of human capital. In 2023, 65.4% of the Authority's budgeted cost is personnel-related and drives most of the overall increase in budgeted expense. The Authority has implemented budget controls around labor productivity and hiring, and goals for growth initiatives.

#### **Requests for Information**

This financial report is designed to provide a general overview of the Authority's financial results for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Chief Financial Officer, 601 Broadway, MC 0278, Denver, CO 80203.

# Denver Health and Hospital Authority

## Statements of Net Position December 31, 2022 and 2021

### Assets and Deferred Outflows of Resources

	2022	2021 *
<b>Current Assets</b>		
Cash and cash equivalents	\$ 45,859,134	\$ 34,764,152
Patient accounts receivable, net of estimated uncollectibles of approximately \$65,700,000 and \$58,300,000 in 2022 and 2021, respectively	101,222,178	85,793,299
Due from other governmental entities	42,728,580	39,338,502
Due from City and County of Denver	5,699,020	10,566,148
Other receivables	7,534,963	14,646,851
Interest receivable	1,503,291	1,486,244
Due from other funds and investment in discretely presented component units	10,821,071	7,312,026
Inventories	18,903,095	16,672,270
Prepaid expenses and other assets	17,500,891	18,813,488
Total current assets	251,772,223	229,392,980
<b>Noncurrent Assets</b>		
Notes receivable	14,957,348	14,957,348
Estimated third-party payor settlements receivable	3,865,767	5,339,026
Equity interest in joint venture	586,958	1,269,500
Restricted investments	19,344,067	19,299,010
Capital and leased assets, net of accumulated depreciation and amortization	640,640,976	684,175,767
Long-term investments	254,290,496	335,726,635
Board-designated investments	1,800,001	10,200,000
Other long-term assets	10,735,024	12,026,115
Total noncurrent assets	946,220,637	1,082,993,401
Total assets	1,197,992,860	1,312,386,381
<b>Deferred Outflows of Resources</b>		
Deferred outflows of resources related to pension benefits	8,564,580	10,799,589
Deferred outflows of resources related to other postemployment benefits	304,595	462,225
Loss on refunding of debt	13,211,559	14,571,326
Total deferred outflows of resources	22,080,734	25,833,140
Total assets and deferred outflows of resources	\$ 1,220,073,594	\$ 1,338,219,521

\* Restated for Implementation of GASB 87

# Denver Health and Hospital Authority

## Statements of Net Position December 31, 2022 and 2021

### Liabilities, Deferred Inflows of Resources and Net Position

	2022	2021 *
<b>Current Liabilities</b>		
Current maturities of bonds payable	\$ 12,639,999	\$ 12,483,132
Current maturities of leases	4,196,919	4,198,584
Current maturities of notes payable	1,321,757	1,848,036
Medical malpractice liability	8,204,603	7,459,198
Accounts payable and accrued expenses	48,114,243	44,110,678
Accrued salaries, wages and employee benefits	34,649,173	39,546,269
Accrued compensated absences	40,923,538	40,578,869
Accelerated Medicare payments	-	12,881,163
Unearned revenue	35,385,137	26,731,582
Total current liabilities	185,435,369	189,837,511
<b>Long-term Liabilities</b>		
Long-term portion of liability for estimated third-party settlements	6,496,967	23,752,700
Long-term portion of compensated absences	116,077	116,076
Long-term portion of accelerated Medicare payments	-	4,743,748
Bonds payable, less current maturities	270,031,630	283,110,305
Lease liability, less current maturities	21,170,179	25,313,304
Notes payable, less current maturities	44,349,512	41,843,417
Net pension liability	61,162,594	76,277,183
Postemployment benefits	3,337,059	4,147,787
Total long-term liabilities	406,664,018	459,304,520
Total liabilities	592,099,387	649,142,031
<b>Deferred Inflows of Resources</b>		
Deferred inflows of resources related to pension benefits	15,349,458	19,350,058
Deferred inflows of resources related to other postemployment benefits	895,145	925,681
Deferred inflows of resources related to leases	6,660,121	7,092,501
Total deferred inflows of resources	22,904,724	27,368,240
Total liabilities and deferred inflows of resources	615,004,111	676,510,271
<b>Net Position</b>		
Net investment in capital and leased assets	301,179,213	327,650,489
Unrestricted	303,890,270	334,058,761
Total net position	605,069,483	661,709,250
Total liabilities, deferred inflows of resources and net position	\$ 1,220,073,594	\$ 1,338,219,521

\* Restated for Implementation of GASB 87

**Denver Health Medical Plan, Inc.**  
**(A Component Unit of Denver Health and Hospital Authority)**  
**Balance Sheets**  
**December 31, 2022 and 2021**

**Assets**

	<b>2022</b>	<b>2021</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 2,449,920	\$ 8,246,731
Premiums receivable, net of allowance	1,577,006	-
Reinsurance recoverable	11,340,517	5,746,521
Interest receivable	464,998	293,303
Premiums and other receivables	27,901,384	22,494,068
Contract receivables	6,724,325	4,576,832
Related-party receivables	9,974,735	-
Prepaid expenses	1,620,118	1,413,072
	<hr/>	<hr/>
Total current assets	62,053,003	42,770,527
	<hr/>	<hr/>
<b>Noncurrent Assets</b>		
Restricted investments	1,094,475	1,145,968
Intangible assets	803,269	1,700,201
Unrestricted investments	58,314,264	37,714,413
	<hr/>	<hr/>
Total noncurrent assets	60,212,008	40,560,582
	<hr/>	<hr/>
Total assets	<u><u>\$ 122,265,011</u></u>	<u><u>\$ 83,331,109</u></u>

**Liabilities and Net Assets**

<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 5,554,770	\$ 4,083,345
Due to Denver Health and Hospital Authority	6,199,618	2,690,580
Medical loss ratio payable and other unearned premiums	27,974,173	1,528,636
Liability for amounts held under uninsured plans	382,753	959,293
Accrued claims and loss adjustment expenses	45,172,956	32,447,261
Other current liabilities	-	44,451
	<hr/>	<hr/>
Total current liabilities	85,284,270	41,753,566
	<hr/>	<hr/>
Total liabilities	85,284,270	41,753,566
	<hr/>	<hr/>
<b>Net Assets</b>		
Net assets without donor restriction	36,980,741	41,577,543
	<hr/>	<hr/>
Total net assets	36,980,741	41,577,543
	<hr/>	<hr/>
Total liabilities and net assets	<u><u>\$ 122,265,011</u></u>	<u><u>\$ 83,331,109</u></u>

**DHHA Southwest Clinic, Inc.**  
**(A Component Unit of Denver Health and Hospital Authority)**  
**Balance Sheets**  
**December 31, 2022 and 2021**

**Assets**

	<b>2022 *</b>	<b>2021 *</b>
<b>Current Assets</b>		
Restricted cash and cash equivalents	\$ -	\$ -
<b>Noncurrent Assets</b>		
Land	-	-
Building	-	-
Total property	-	-
Accumulated depreciation	-	-
Net property and equipment	-	-
Total noncurrent assets	-	-
Total assets	\$ -	\$ -

**Liabilities and Net Assets (Deficit)**

<b>Current Liabilities</b>		
Due to Denver Health and Hospital Authority	\$ -	\$ -
Total current liabilities	-	-
<b>Notes Payable</b>	-	-
Total liabilities	-	-
<b>Net Assets (Deficit)</b>		
Without donor restrictions	-	-
Total net assets (deficit)	-	-
Total liabilities and net assets (deficit)	\$ -	\$ -

\* Southwest Clinic was dissolved on December 31, 2021. All closing activity is shown in the accompanying Statements of Operations and Changes in Net Assets (Deficit)



**DHHA OMC QALICB, Inc.**  
**(A Component Unit of Denver Health and Hospital Authority)**  
**Balance Sheets**  
**December 31, 2022 and 2021**

**Assets**

	<b>2022</b>	<b>2021</b>
<b>Current Assets</b>		
Restricted cash and cash equivalents	\$ 646,567	\$ 771,718
<b>Noncurrent Assets</b>		
Equipment	23,093,561	23,093,561
Accumulated depreciation	(5,880,745)	(2,932,994)
Net property and equipment	17,212,816	20,160,567
Total noncurrent assets	17,212,816	20,160,567
Total assets	<u>\$ 17,859,383</u>	<u>\$ 20,932,285</u>

**Liabilities and Net Assets (Deficit)**

<b>Current Liabilities</b>		
Notes payable, short-term	\$ 520,969	\$ 2,110,760
Total current liabilities	520,969	2,110,760
<b>Notes Payable</b>	18,864,317	19,306,052
Total liabilities	19,385,286	21,416,812
<b>Net Assets (Deficit)</b>		
Without donor restrictions	(1,525,903)	(484,527)
Total net assets (deficit)	(1,525,903)	(484,527)
Total liabilities and net assets (deficit)	<u>\$ 17,859,383</u>	<u>\$ 20,932,285</u>

**Denver Health and Hospital Authority**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Years Ended December 31, 2022 and 2021**

	<b>2022</b>	<b>2021 *</b>
<b>Operating Revenues</b>		
Net patient service revenue	\$ 901,027,279	\$ 866,349,897
Capitation earned net of reinsurance expense	2,502,535	10,600,000
Medicaid disproportionate share and other safety net reimbursement	148,120,716	123,810,297
City and County of Denver payment for patient care services	29,700,000	27,700,002
Federal, state and other grants	99,509,389	87,345,995
City and County of Denver purchased services	30,007,576	27,158,245
Poison and drug center contracts	20,478,071	20,009,515
Other operating revenue	52,414,502	57,022,472
Total operating revenues	<u>1,283,760,068</u>	<u>1,219,996,423</u>
<b>Operating Expenses</b>		
Salaries and benefits	773,970,366	746,896,687
Contracted services and nonmedical supplies	274,092,096	241,462,370
Medical supplies and pharmaceuticals	194,269,667	175,826,200
Depreciation and amortization	65,206,324	64,998,772
Total operating expenses	<u>1,307,538,453</u>	<u>1,229,184,029</u>
Operating loss	<u>(23,778,385)</u>	<u>(9,187,606)</u>
<b>Nonoperating Revenues (Expenses)</b>		
Decrease in equity in joint venture	(62,454)	(955,533)
Nonoperating grant revenue (CARES Act/FEMA)	6,089,020	20,408,273
Interest income	10,197,601	15,570,917
Interest expense	(14,011,163)	(13,890,717)
Gain on dissolution of Southwest Clinic	-	4,982,853
Net decrease in fair value of investments	(36,563,351)	(7,016,141)
Gain (loss) on disposition of capital assets	3,734	(4,166)
Total nonoperating revenues (expenses)	<u>(34,346,613)</u>	<u>19,095,486</u>
Income (loss) before capital contributions	(58,124,998)	9,907,880
<b>Contributions Restricted for Capital Assets</b>	<u>1,485,231</u>	<u>4,388,096</u>
Increase (decrease) in net position	<u>(56,639,767)</u>	<u>14,295,976</u>
<b>Total Net Position, Beginning of Year</b>	<u>661,709,250</u>	<u>647,413,274</u>
<b>Total Net Position, End of Year</b>	<u><u>\$ 605,069,483</u></u>	<u><u>\$ 661,709,250</u></u>

\* Restated for Implementation of GASB 87

**Denver Health Medical Plan, Inc.**  
**(A Component Unit of Denver Health and Hospital Authority)**  
**Statements of Operations and Changes in Net Assets**  
**Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Operating Revenues</b>		
Premiums earned, net of reinsurance, including \$81 million and \$83 million received from Denver Health and Hospital Authority in 2022 and 2021	\$ 470,412,507	\$ 472,478,471
Total operating revenues	<u>470,412,507</u>	<u>472,478,471</u>
<b>Operating Expenses</b>		
Leased employee services from Denver Health and Hospital Authority	18,987,916	18,175,870
Rent and other administrative expenses paid to Denver Health and Hospital Authority	2,080,958	1,770,753
Contracted services and nonmedical supplies	23,063,506	23,176,374
Medical claims and capitation paid to Denver Health and Hospital Authority	121,522,887	250,918,351
Medical and pharmacy claims incurred	306,378,162	189,261,856
Other expenses	<u>671,652</u>	<u>857,214</u>
Total operating expenses	<u>472,705,081</u>	<u>484,160,418</u>
Operating loss	(2,292,574)	(11,681,947)
<b>Nonoperating Revenues (Expenses)</b>		
Investment income	1,334,309	1,335,093
Net decrease in fair value of investments	(3,638,537)	(1,143,231)
Transfer from affiliate	<u>-</u>	<u>4,112,143</u>
Total nonoperating revenues (expenses)	(2,304,228)	4,304,005
Net decrease in net assets	(4,596,802)	(7,377,942)
<b>Total Net Assets, Beginning of Year</b>	<u>41,577,543</u>	<u>48,955,485</u>
<b>Total Net Assets, End of Year</b>	<u><u>\$ 36,980,741</u></u>	<u><u>\$ 41,577,543</u></u>

**DHHA Southwest Clinic, Inc.**  
**(A Component Unit of Denver Health and Hospital Authority)**  
**Statements of Operations and Changes in Net Assets (Deficit)**  
**Years Ended December 31, 2022 and 2021**

	<b>2022 *</b>	<b>2021</b>
<b>Revenues, Gains and Other Support Without Donor Restrictions</b>		
Contributed management services	\$ -	\$ 44,667
Facility rental from Denver Health and Hospital Authority	-	365,000
Interest income	-	23
	<hr/>	<hr/>
Total revenues, gains and other support without donor restrictions	-	409,690
	<hr/>	<hr/>
<b>Operating Expenses</b>		
Contributed management services	-	44,667
Other operating expenses	-	75,247
Depreciation expense	-	370,335
Interest expense, including amortization of loan costs of \$0 in 2022 and \$133,992 in 2021	-	454,204
	<hr/>	<hr/>
Total operating expenses	-	944,453
	<hr/>	<hr/>
<b>Change in Net Assets Before Nonoperating Activities</b>	-	(534,763)
	<hr/>	<hr/>
<b>Nonoperating Activities</b>		
Transfer of net assets to affiliate	-	(286,971)
Gain on forgiveness of debt	-	1,549,499
	<hr/>	<hr/>
<b>Change in Net Assets After Nonoperating Activities</b>	-	727,765
	<hr/>	<hr/>
<b>Net Deficit Without Donor Restrictions, Beginning of Year</b>	-	(727,765)
	<hr/>	<hr/>
<b>Net Deficit Without Donor Restrictions, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>

\* Southwest Clinic was dissolved on December 31, 2021

**DHHA OMC QALICB, Inc.**  
**(A Component Unit of Denver Health and Hospital Authority)**  
**Statement of Operations and Changes in Net Assets (Deficit)**  
**Years Ended December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Revenues, Gains and Other Support Without Donor Restrictions</b>		
Equipment rental from Denver Health and Hospital Authority	\$ 2,393,887	\$ 2,388,091
Interest income	345	440
	<hr/>	<hr/>
Total revenues, gains and other support without donor restrictions	<hr/> 2,394,232	<hr/> 2,388,531
<b>Operating Expenses</b>		
Other operating expenses	216,810	215,371
Depreciation expense	2,947,751	2,932,994
Interest expense, including amortization of loan costs of \$79,234 in 2022 and \$79,236 in 2021	<hr/> 271,047	<hr/> 271,048
	<hr/>	<hr/>
Total operating expenses	<hr/> 3,435,608	<hr/> 3,419,413
<b>Operating Loss</b>	<hr/> (1,041,376)	<hr/> (1,030,882)
<b>Change in Net Deficit Without Donor Restrictions</b>	(1,041,376)	(1,030,882)
<b>Net Assets (Deficit) Without Donor Restrictions, Beginning of Year</b>	<hr/> (484,527)	<hr/> 546,355
<b>Net Deficit Without Donor Restrictions, End of Year</b>	<hr/> <u>\$ (1,525,903)</u>	<hr/> <u>\$ (484,527)</u>

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**Denver Health and Hospital Authority**  
**Statements of Cash Flows**  
**Years Ended December 31, 2022 and 2021**

	<b>2022</b>	<b>2021 *</b>
<b>Cash Flows from Operating Activities</b>		
Collections from patient services	\$ 881,526,317	\$ 862,254,499
Medicaid disproportionate share reimbursement and upper payment limit reimbursement	133,394,708	120,428,242
City and County of Denver payment for hospital services	31,707,389	24,129,943
Collections from poison and drug center contracts	22,501,527	20,803,311
Collections from federal, state and other grants	99,167,710	77,634,150
City and County of Denver purchased services	32,867,436	27,063,694
Other operating receipts	53,841,844	57,507,957
Payments for salaries and benefits	(796,094,248)	(746,622,137)
Payments to suppliers	(463,566,706)	(430,867,883)
Net cash provided by (used in) operating activities	<u>(4,654,023)</u>	<u>12,331,776</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Purchases of capital assets	(21,519,232)	(48,958,970)
Receipt of capital contributions	1,378,112	4,297,581
Proceeds from (purchase of) joint venture ownership	620,088	(210,000)
Repayments of bonds payable, leases and other long-term debt	(18,475,959)	(22,962,081)
Proceeds from the issuance of bonds	4,657,166	-
Payment of bond issuance costs	(81,204)	-
Proceeds from the sale of capital assets	3,734	-
Cash paid for interest	(14,241,983)	(13,790,908)
Net cash used in capital and related financing activities	<u>(47,659,278)</u>	<u>(81,624,378)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale and maturities of investments	101,662,633	110,278,443
Purchases of investments	(38,392,200)	(83,585,605)
Interest income	137,850	6,123,890
Net cash provided by investing activities	<u>63,408,283</u>	<u>32,816,728</u>
Net increase (decrease) in cash and cash equivalents	11,094,982	(36,475,874)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>34,764,152</u>	<u>71,240,026</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 45,859,134</u></u>	<u><u>\$ 34,764,152</u></u>

\* Restated for Implementation of GASB 87

**Denver Health and Hospital Authority**  
**Statements of Cash Flows (continued)**  
**Years Ended December 31, 2022 and 2021**

	<b>2022</b>	<b>2021 *</b>
<b>Reconciliation of Cash and Cash Equivalents to the Statements of Net Position</b>		
Cash and cash equivalents	\$ 45,859,134	\$ 34,764,152
Total cash and cash equivalents	<u>\$ 45,859,134</u>	<u>\$ 34,764,152</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
Operating loss	<u>\$ (23,778,385)</u>	<u>\$ (9,187,606)</u>
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	65,206,324	64,998,772
Gain on dissolution of Southwest Clinic	-	(4,658,497)
Provision for bad debts	109,178,559	102,587,503
Changes in assets, liabilities, deferred outflows and deferred inflows of resources		
Receivables, net	(113,177,867)	(138,551,888)
Inventories	(2,230,825)	(248,445)
Prepaid expenses and other assets	2,684,894	(7,226,314)
Estimated third-party payor settlements	(15,782,473)	12,962,822
Accounts payable and accrued expenses	219,298	10,279,198
Accelerated Medicare payments	(17,624,911)	(10,326,479)
Net pension and other postemployment benefits liability	(15,931,310)	(2,481,065)
Deferred inflows and outflows - pension and other postemployment benefits	(2,070,882)	(13,752,208)
Unearned revenue	<u>8,653,555</u>	<u>7,935,983</u>
Total adjustments	<u>19,124,362</u>	<u>21,519,382</u>
Net cash provided by (used in) operating activities	<u>\$ (4,654,023)</u>	<u>\$ 12,331,776</u>
<b>Noncash Investing, Capital and Financing Activities</b>		
Capital asset acquisitions included in accounts payable	<u>\$ 2,377,274</u>	<u>\$ 4,972,172</u>
Capital asset acquired from payment of notes receivable	<u>\$ -</u>	<u>\$ 20,090,501</u>

\* Restated for Implementation of GASB 87



# Denver Health and Hospital Authority

## Statements of Fiduciary Net Position

### Fiduciary Funds

December 31, 2022 and 2021

	Pension and Other Employee Benefit Trust Funds	
	2022	2021
<b>Assets</b>		
Investments, at fair value	\$ 1,259,993,787	\$ 1,486,438,794
Participant loans	20,005,073	19,465,267
Total assets	<u>\$ 1,279,998,860</u>	<u>\$ 1,505,904,061</u>
<b>Net Position</b>		
Restricted for:		
Pensions (401(a) Plan)	\$ 964,791,382	\$ 1,145,649,203
Postemployment benefits other than pensions (457(b) Plan)	<u>315,207,478</u>	<u>360,254,858</u>
Total net position	<u>\$ 1,279,998,860</u>	<u>\$ 1,505,904,061</u>

**Denver Health and Hospital Authority**  
**Statements of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**Years Ended December 31, 2022 and 2021**

		<b>Pension and Other Employee Benefit Trust Funds</b>	
		<b>2022</b>	<b>2021</b>
<b>Additions</b>			
Contributions			
Participant	\$	84,801,603	\$ 79,224,853
Employer		51,540,964	49,500,950
Rollover		9,333,308	10,564,218
Total contributions		145,675,875	139,290,021
Investment earnings (losses)			
Net increase (decrease) in fair value of investments		(277,625,636)	155,299,798
Interest, dividends and other		9,924,702	29,416,695
Total investment earnings (losses)		(267,700,934)	184,716,493
Total additions (reductions)		(122,025,059)	324,006,514
<b>Reductions</b>			
Benefits paid to participants		102,628,540	105,408,965
Administrative expense		1,251,602	1,142,939
Total reductions		103,880,142	106,551,904
<b>Net Increase (Decrease) in Fiduciary Net Position</b>		(225,905,201)	217,454,610
<b>Net Position, Beginning of Year</b>		1,505,904,061	1,288,449,451
<b>Net Position, End of Year</b>	\$	1,279,998,860	\$ 1,505,904,061

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# **Denver Health and Hospital Authority**

## **Notes to Financial Statements**

**December 31, 2022 and 2021**

### **Note 1: Nature of Operations and Summary of Significant Accounting Policies**

#### ***Organization***

The Denver Health and Hospital Authority (the Authority) was created in 1994 by the State of Colorado (the State) as a political subdivision of the state pursuant to Article 29 of Title 25, Colorado Revised Statutes, as amended (the Act). As contemplated in the Act, on January 1, 1997, substantially all of the programs, services, and facilities of the City and County of Denver's (the City) Department of Health and Hospitals Enterprise Fund were transferred to the Authority pursuant to the Transfer Agreement between the Authority and the City.

#### ***Definition of Reporting Entity***

The Authority follows Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which activities, organizations, and functions are included within the financial reporting entity. GASB pronouncements set forth the financial accountability of an organization's elected governing body as the basic criterion for including a possible component organization in the primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

The Authority is financially accountable for Rocky Mountain Drug Safety Inc., Canadian Consumer Product and Pharmaceutical Safety Inc., and 550 Acoma Inc., each a blended component unit. Denver Health Medical Plan, Inc., DHHA Southwest Clinic, Inc., and DHHA OMC QALICB, Inc. are presented as discretely presented component units in the Authority's financial statements. Additionally, the Authority's 401(a) plan is considered a fiduciary component unit and is reported in accordance with GASB 84. The Authority is not a component unit of any other primary governmental entity.

#### ***The Authority***

The Authority is a fully integrated healthcare delivery system, which employs a single physician group and operates four divisions: the Denver Health Medical Center, the City Fund, the Rocky Mountain Drug Safety, Inc. (RMDS), and what is referred to by the Authority as the Restricted Fund.

The Denver Health Medical Center is an acute care hospital licensed for 555 total beds, including 101 intensive care beds, that provides inpatient medical and mental health services, an ambulatory care center, emergency medical services including Level 1 Trauma, 14 federally qualified community health centers in Denver that provide outpatient services, as well as a federally qualified Women's Mobile Clinic. The Authority also operates 19 school-based clinics in Denver that provide outpatient services to students.

The City Fund programs charge for their services and receive grant funding for the remaining expenses to run the program. Expenses are billed to the City in accordance with an operating agreement between the Authority and the City, which is amended each year. Operations included in the City Fund are the Public Health Department, which provides public health informatics, epidemiology, administration, preparedness and response services in addition to disease control

# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

outbreak investigation. Public Health Clinics and Vital Records are also Public Health functions provided to the City in the operating agreement but are funded from revenues and fees collected. Also included in the City Fund is prisoner care at the Denver Justice Center and Denver County Jail and Denver C.A.R.E.S., which is a 100-bed non-medical withdrawal management center, including limited services for residential treatment.

The RMDS is a certified regional poison center as recognized by the American Association of Poison Control Centers and serves as a regional drug information center. It also provides poison and drug information services to medical professionals and consumers in other states through contractual agreements.

The Restricted Fund consists primarily of grants the Authority has been awarded that are used as directed by the grantor. The grants are awarded from multiple sources including federal, state, and industry agencies. Annually, the Authority also conducts a single audit under Uniform Guidance to comply with federally awarded grant requirements.

### ***Rocky Mountain Drug Safety Inc. and Canadian Consumer Product and Pharmaceutical Safety Inc.***

In September 2015, the Authority created a Colorado nonprofit corporation Rocky Mountain Drug Safety Inc. (RMDS), of which it is the sole member. Three Authority employees comprise the Board of Directors. The purpose of RMDS is to be the sole member of a Canadian nonprofit corporation Canadian Consumer Product and Pharmaceutical Safety Inc. (CCPPS). The CCPPS Board of Directors is comprised of two Authority employees and one independent director. CCPPS will perform collection and analysis of drug and pharmaceutical data, to enhance treatment, prevention and mitigation of drug abuse and adverse drug events. CCPPS is presented as a blended component of the Authority. All significant balances and transactions between CCPPS and the Authority have been eliminated in the basic financial statements.

### ***550 Acoma Inc.***

550 Acoma Inc. (550 Acoma) is a Colorado nonprofit organization formed by the Authority in September 2018 to construct a parking garage on the hospital campus, in the City and County of Denver, Colorado. The Authority created 550 Acoma for the sole purpose of financing construction through a public issuance of a note payable. 550 Acoma is exempt from taxes under Section 501(c)(3) of the Internal Revenue Code.

The construction project was a parking garage for Authority employees. The cost of the garage was approximately \$38,000,000 and was completed in July of 2020. The Authority will pay 550 Acoma rent to cover the interest and principal payments for the life of the debt. The land occupied by the parking garage is leased to 550 Acoma by the Authority. The Authority is the sole member of 550 Acoma. The 550 Acoma Board of Directors consists of three Authority employees. 550 Acoma is presented as a blended component unit because it provides services entirely to the Authority and exclusion of 550 Acoma's financial statements would cause the Authority's financial statements to be misleading. All significant balances and transactions between 550 Acoma and the Authority have been eliminated in the basic financial statements.

# **Denver Health and Hospital Authority**

## **Notes to Financial Statements**

**December 31, 2022 and 2021**

### ***Denver Health Medical Plan, Inc.***

Denver Health Medical Plan, Inc. (the Plan) is a Colorado nonprofit organization formed by the Authority in 1997 as a health maintenance organization to provide comprehensive healthcare services on a prepaid basis to its members. The Plan is governed by a nine-member Board of Directors, which is appointed by the Authority. The majority of the Plan's Board of Directors consists of board members and executive staff of the Authority. The Plan's members consist of current and former employees of the Authority and their dependents, the City, the Denver Employee Retirement Plan, Child Health Plan Plus participants, Medicare Choice (dual eligibles) and Medicare Select Low Income Plan. In 2014, the Plan began offering individual commercial coverage through Connect for Health Colorado, the Colorado insurance marketplace developed as a result of the Affordable Care Act. The Authority contributed \$4,112,143 as an additional paid-in capital contribution to the Plan during 2021. The Authority did not contribute to the Plan in 2022.

The Authority is able to impose its will on the Plan and is financially accountable for the Plan. Accordingly, the Plan is presented as a discretely presented component unit.

Financial statements for the Plan, prepared on a statutory basis of accounting, can be obtained from the Authority at 303.602.0462, or by writing to the Denver Health and Hospital Authority, Division of Finance, MC 1925, 601 Broadway, Denver, Colorado 80203.

### ***DHHA OMC QALICB, Inc.***

DHHA OMC QALICB Inc. (OMC Inc.), a discretely presented component unit of the Authority, was formed in January 2020 to purchase equipment primarily used in the outpatient medical center. The members of OMC Inc. are the Authority and Denver Community Health Service Inc., (DCHS) a Colorado nonprofit corporation. The Board of Directors of OMC Inc. consists of one member who is an Authority employee, and two members who are DCHS Board Directors. Two Authority employees and one DCHS Board Director act as non-voting officers of OMC Inc.

In January of 2020, the Authority invested \$14.9 million with an equity investor in the form of a note receivable. The equity investor contributed \$6.9 million and the total of \$21.8 million was loaned to three Community Development Entities (CDEs). OMC Inc. received the proceeds of six note payables to these CDEs related to New Market Tax Credit (NMTC) financing. The proceeds of this financing were used to acquire medical equipment to be used primarily in the new outpatient medical center on the Authority's main campus. The OMC, Inc. building was opened in February 2021. The Authority began leasing the equipment from OMC Inc. during 2020.

### ***DHHA Southwest Clinic, Inc.***

DHHA Southwest Clinic, Inc. (Southwest Clinic) was a Colorado nonprofit organization formed by the Authority in September 2014 to purchase land and construct, finance and own an outpatient and urgent care clinic in Southwest Denver, which began providing outpatient medical services associated with the Authority's operations in April 2016. The Authority created Southwest Clinic for the sole purpose of financing and constructing the facility. By structuring the arrangements for owning and financing the facility to take advantage of New Market Tax Credits, the Authority significantly reduced the net funding that it must provide to construct the facility. Southwest Clinic was exempt from taxes under Section 501(c)(3) of the Internal Revenue Code.

# **Denver Health and Hospital Authority**

## **Notes to Financial Statements**

**December 31, 2022 and 2021**

In May 2014, the Authority issued bonds which were subsequently invested with an equity investor in the form of a note receivable. The equity investor contributed \$7,300,000 and the total was invested in three CDEs. Southwest Clinic was loaned the proceeds of these funds in six note payables to these CDEs related to New Market Tax Credit financing. The proceeds of this financing were used to purchase land and was used to construct the facility. The Authority leased the building from Southwest Clinic starting in April 2016 for 20 years. Lease payments were made of \$365,000 during 2021. The Authority was financially accountable for Southwest Clinic, and therefore it was a discretely presented component unit.

As of November 30, 2021, the Authority became the sole owner of the equity investment entity and the notes payable to Southwest Clinic were forgiven. Additionally, the Authority forgave its notes receivable of \$15,432,000. Southwest Clinic was officially dissolved on December 31, 2021. The land, building and other assets of \$20,377,000 were transferred to Denver Health Medical Center.

### ***Denver Health and Hospitals Foundation***

The Denver Health and Hospitals Foundation (the Foundation) is a nonprofit charity formed for the benefit of the Authority. The Foundation's mission is to support the Authority in its mission to provide quality patient care. Significant areas of support include, but are not limited to, maternal and child health, community health, volunteer functions, trauma prevention and care, among others. Fund-raising efforts for the benefit of the Authority are undertaken by the Foundation, and the Authority is entitled to and has the ability to access resources held by the Foundation to fund its programs; however, the assets held by the Foundation and the annual funding are not significant to the Authority's operations as a whole and the Authority does not appoint a voting majority of the Foundation's Board. Therefore, the Foundation is not presented as a component unit of the Authority.

The Authority does provide certain accounting and administrative functions for the Foundation at no cost. During 2022 and 2021, the Foundation paid the Authority approximately \$7,010,000 and \$4,600,000, respectively, in pass through grants and donations.

### ***HSS, Inc.***

The Authority was an equity owner of HSS, Inc. (HSS). As of March 2022, HSS was acquired by a third party and Authority shares were sold receiving total cash \$598,000. HSS services customers in the healthcare industry, as well as other organizations and governmental agencies. Services provided by HSS include security services and courier services, which are utilized by the Authority. In 2009, the Authority was granted 9.5% of the outstanding shares of stock in HSS at no cost. The Authority had recorded this as an investment in equity of a joint venture until the sale in 2022, at which time the Authority no longer owns an interest in HSS. The change in the value of the Authority's share of net equity has been recorded as nonoperating income. The Authority paid HSS approximately \$5,400,000 and \$5,300,000 in 2022 and 2021, respectively, for services rendered for security and transportation.

# **Denver Health and Hospital Authority**

## **Notes to Financial Statements**

**December 31, 2022 and 2021**

### ***Fresenius Joint Venture***

In February 2019, the Authority entered into a Limited Liability Company agreement with Fresenius Medical Care – Sloan’s Lake. The Authority made a capital contribution of approximately \$713,000 for 30% ownership or “units” in this joint venture. In 2022 and 2021, the Authority contributed an additional \$0 and \$210,000, respectively, for ongoing support. There are two members in this venture – the Authority and Fresenius Medical Care Venture, LLC. This contribution is reflected in the statements of net position as equity interest in joint venture. The change in the value of the Authority’s share of net equity is recorded as nonoperating income.

### ***Relationship with the City and County of Denver***

The Act states that the City shall have no control over the operations of the Authority. Principal agreements between the Authority and the City dated January 1, 1997 include the Operating Agreement and the Personnel Services Agreement. The Operating Agreement is amended annually.

The Operating Agreement provides for and defines the services the Authority will provide to the City and be provided by the City to the Authority as well as the basis for determining compensation for such services. The agreement was entered into in order to ensure the citizens of the City would have access to quality preventative, acute, and chronic healthcare regardless of their ability to pay. The Authority and the City intend to continue to be collaborative and supportive in carrying out the objectives through annual City payments to the Authority.

The Personnel Services Agreement provides for the lease of City employees to the Authority and the Authority’s payment obligations with respect to such employees.

For the years ended December 31, 2022 and 2021, the Authority recognized revenue from the City for Authority services of approximately \$29,700,000 and \$27,700,000, respectively, as compensation for costs incurred for treatment of medically indigent Denver residents.

The City purchased services revenue includes amounts relating to support services and expenses incurred by the Authority for other City agencies. These costs are reimbursed by the City and amounted to approximately \$30,008,000 and \$27,158,000 in 2022 and 2021, respectively. Revenue is recognized as services are provided. As of December 31, 2022, the City has an outstanding commitment to provide funding to the Authority not to exceed \$11,200,000 for debt financed clinic construction within the city limits of Denver, Colorado.

### ***Basis of Presentation***

The Authority prepares its financial statements in conformity with applicable pronouncements of GASB.



# **Denver Health and Hospital Authority**

## **Notes to Financial Statements**

**December 31, 2022 and 2021**

### ***Use of Estimates***

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

### ***Cash and Cash Equivalents***

The Authority considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2022 and 2021, cash equivalents consisted primarily of operational depository accounts, checking accounts and repurchase agreements.

### ***Investments, Restricted and Board-designated Investments***

Investments consist of U.S. treasuries and government obligations, asset-backed securities, corporate notes and bonds, mutual funds, and certificates of deposit. Investments are carried at fair value, which is based upon quoted market prices, except the bond reserve funds invested in guaranteed investment contracts, which are carried at cost. Money market accounts, local government investment pools, and investments whose maturities at the time of acquisition are one year or less are classified as short-term investments. All other investments are classified as long-term.

Restricted investments include assets held in investment accounts restricted for future debt service as specified in the related bond agreement.

Board-designated investments include assets held in investment accounts set aside by the Board of Directors for future capital projects, over which the board retains control and at its discretion subsequently use for other purposes.

Interest, dividends, and realized and unrealized gains and losses, based on the specific-identification method, are included in nonoperating revenue and expenses when earned or realized.

### ***Patient Accounts Receivable***

The Authority reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients and others. The Authority provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions.

### ***Inventories***

Inventories consist principally of medical and surgical supplies, pharmaceuticals, and food products and are stated at the lower of cost or market, with cost determined on an average-cost basis.

# **Denver Health and Hospital Authority**

## **Notes to Financial Statements**

**December 31, 2022 and 2021**

### ***Capital Assets***

Capital assets are recorded at cost at the date of acquisition or, fair value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. The Authority uses the estimated useful lives recommended by the American Hospital Association. Useful lives for building and improvements are 15 to 40 years and equipment and software are 3 to 20 years. The Authority's capitalization threshold for capital purchases is \$5,000. The presentation of capital assets has changed to incorporate lease assets as per GASB 87 lease reporting requirements that took effect January 1, 2021. For additional information, refer to Note 6, Note 8 and Note 10.

### ***Lease Assets***

Lease assets are initially recorded at the initial measurement of the lease payable, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset.

### ***Capital and Leased Asset Impairment***

The Authority evaluates capital and leased assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital and leased asset has occurred. If a capital and leased asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, capital and leased asset historical cost and related accumulated depreciation and amortization are decreased proportionately such that the net decrease equals the impairment loss.

No asset impairment was recognized during the years ended December 31, 2022 and 2021.

### ***Accrued Compensated Absences***

The Authority has vacation and sick leave policies covering substantially all of its employees. Employees may accumulate earned but unused benefits up to a specified maximum. The Authority has recorded the accrued liability for these compensated absences in the basic financial statements. The Authority has recorded a long-term liability for supplemental sick leave benefits for certain employees that were eligible for this benefit as of January 1, 1997, at the time the Department of Health and Hospital's Enterprise Fund was transferred to the Authority.

### ***Unearned Revenue***

Unearned revenue consists primarily of certain grant receipts received in advance of the applicable expenditures including CARES Act and FEMA funds (2021 only), advance payments received for the Disproportionate Share Hospital (DSH) Program and Upper Payment Limit (UPL) Programs, from the Plan for Medicaid Choice Fee for Service (2022 only), as well as RMDS contract revenue received in advance of performing contract services.

# **Denver Health and Hospital Authority**

## **Notes to Financial Statements**

**December 31, 2022 and 2021**

### ***Accelerated Medicare Payments***

During the year ended December 2020, the Authority requested accelerated Medicare payments as provided for in the CARES Act, which allowed for eligible health care facilities to request advance Medicare payments in response to the COVID-19 pandemic. These amounts were repaid to the Centers for Medicare Services (CMS) according to the payback provisions.

### ***Accrued Claims***

Claim liabilities are based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. Claim liabilities are recomputed using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to claim liabilities are charged or credited to expense in the periods in which they are made.

### ***Cost-sharing Defined Benefit Pension Plan***

The Authority participates in a cost-sharing multiple-employer defined benefit pension plan, Denver Employees Retirement Plan (DERP). 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 DERP and additions to/deductions from DERP's fiduciary net position have been determined on the same basis as they are reported by DERP. 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.

### ***Cost-sharing Defined Benefit Other Postemployment Benefit Plan***

The Authority participates in a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan, the OPEB DERP Plan. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB DERP Plan and additions to/deductions from the OPEB DERP Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB DERP Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### ***Deferred Outflows of Resources and Deferred Inflows of Resources***

The Authority reports in a separate section of its statements of net position the consumption of net position that is applicable to a future reporting period as deferred outflows of resources and reports the acquisition of net position that is applicable to a future reporting period as deferred inflows of resources.

The Authority reports deferred outflows of resources for pension benefits, other postemployment benefits, acquisitions, and loss on refunding of debt. The Authority reports deferred inflows of resources for pension benefits, other postemployment benefits and leases.

# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

*Deferred Loss on Refunding* – The cost of debt refunding is deferred and amortized using the straight-line method over the remaining life of the old debt or the life of the new debt, whichever is shorter, and reported as deferred outflows of resources on the Authority's statements of net position.

### **Net Position**

The Authority's net position is classified as follows:

*Net Investment in Capital and Leased Assets* – consists of capital and leased assets net of accumulated depreciation and amortization and reduced by the outstanding balances of borrowings and lease liabilities used to finance the purchase, use, construction or improvement of those assets. Any significant unspent related debt proceeds and the corresponding portion of the debt would be included in either restricted or unrestricted net position.

*Unrestricted* – consists of the remaining net position that does not meet the definition of net investment in capital and leased assets or restricted net position.

When the Authority has both restricted and unrestricted resources available to finance a particular program, it is the Authority's policy to use restricted resources before unrestricted resources.

### **Revenues and Expenses**

The Authority's statements of revenues, expenses and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing healthcare services and include patient service and other revenue. Nonoperating revenues include interest income and unrealized gains/losses on investments, change in equity in joint venture, grant revenue, and gain (loss) on disposition of capital assets and gain on dissolution of Southwest Clinic (2021 only). Nonoperating expenses include interest expense on outstanding debt. Operating expenses are all expenses incurred to provide healthcare services, excluding financing costs.

### **Net Patient Service Revenue**

The Authority has agreements with third-party payers that provide for payments to the Authority at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments and a provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

### **Capitation Earned**

Capitation revenue was earned based on the month in which members are entitled to healthcare services. Excess of loss reinsurance expense is deducted from gross capitation revenue.

# **Denver Health and Hospital Authority**

## **Notes to Financial Statements**

**December 31, 2022 and 2021**

### ***Federal, State and Other Grants***

Grants and contracts consist primarily of contractual agreements with governments and private entities for the Authority to conduct research and education and to provide healthcare services. These agreements represent exchange transactions between the Authority and the grantors and, accordingly, are included in operating activities. Revenue is recognized under these agreements as related expenses are incurred or upon achieving milestones depending on respective grant covenants.

### ***Poison and Drug Safety Contracts***

Poison and Drug Safety contract revenue is derived primarily from contractual agreements with public and private entities for the provision of a medical call center and other consultative services. Revenue is recognized based on the performance of contract deliverables or as related (cost-reimbursable) expenses are incurred.

### ***Income Taxes***

The income generated by the Authority, as an instrumentality of the state, is excluded from federal income taxes under Section 115 of the Internal Revenue Code (the Code). However, taxes will be assessed on income derived from business activities not substantially related to the Authority's, CCPPS, or 550 Acoma's Inc. exempt function (unrelated business income).

### ***Electronic Health Records Incentive Program***

The Electronic Health Records Incentive Program, which is now known as the Promoting Interoperability Program, enacted as part of the *American Recovery and Reinvestment Act of 2009*, provides for one-time incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate Meaningful Use of certified electronic health records technology (EHR). Payments under the Medicare program are generally made for up to four years based on a statutory formula. Payments under the Medicaid program are generally made for up to four years based upon a statutory formula, as determined by the state, which is approved by the Centers for Medicare and Medicaid Services (CMS). Payment under both programs are contingent on meeting specific requirements that are applicable for the reporting period. The final amount for any payment year is determined based upon an audit by the fiscal intermediary. Events could occur that would cause the final amounts to differ materially from the initial payments under the program.

The Authority recognizes revenue at the end of the reporting period starting when management is reasonably assured it will meet all of the Promoting Interoperability Program objectives and all other contingencies have been met.

Regarding the Promoting Interoperability Program for eligible hospitals, in 2022, the Authority attested that it met all applicable program year 2021 objectives for the Medicare EHR Incentive Programs during the reporting period January 1 through December 31, 2021. EHR incentive payments are no longer available to the Authority after 2017.

Regarding the Promoting Interoperability Program for eligible providers, in 2021, the Authority attested on behalf of 188 eligible providers for program year 2021 that they met all applicable Medicaid EHR Incentive Program objectives. In 2021, the Authority recorded approximately

# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

\$4,500,000 of Promoting Interoperability Program Revenue for eligible providers. EHR incentive payments will no longer be available to the Authority after 2021.

### ***COVID-19 Pandemic Funding***

#### **Provider Relief Fund**

During the year ended December 31, 2020, the Authority received \$92.8 million of distributions from the CARES Act Provider Relief Fund. Based on an analysis of the compliance and reporting requirements of the Provider Relief Fund and the effect of the pandemic on the Authority's operating revenues and expenses through December 31, 2021, the Authority recognized \$10.9 million related to the Provider Relief Fund, and these payments are recorded as nonoperating grant revenue – CARES Act/FEMA in the statements of revenues, expenses and changes in net position. As of December 31, 2021, all revenue had been recognized.

Distributions from the Provider Relief Fund are not subject to repayment, provided the Authority is able to attest to and comply with the terms and conditions of the funding, including demonstrating that the distributions received have been used for qualifying expenses or lost revenue attributable to COVID-19, as defined by the Department of Health and Human Services.

The Authority accounted for payments as nonoperating grant revenue once the applicable terms and conditions required to retain the funds have been met.

#### **Medicare Accelerated and Advanced Payment Program**

During the year ended December 31, 2020, the Authority requested accelerated Medicare payments as provided for in the CARES Act, which allows for eligible health care facilities to request up to six months of advance Medicare payments for acute care hospitals or up to three months of advance Medicare payments for other health care providers. These amounts were expected to be recaptured by CMS according to the payback provisions.

The payback period was to begin one year after the issuance of the advance payment through a phased payback period approach. The first 11 months of the payback period was at 25% of the remittance advice payment followed by a six-month payback period at 50% of the remittance advice payment. After 29 months, CMS expected any amount not paid back through the withhold amounts to be paid back in a lump-sum or interest will begin to accrue subsequent to the 29th month at a rate of 4%.

During the year ended December 31, 2022, Medicare has applied approximately \$17.6 million, from these accelerated Medicare payment requests against filed claims. The Authority paid the accelerated payments in full as of December 31, 2021.

#### **FEMA Funding**

During the year ended December 31, 2020, the Authority was awarded \$25.3 million and received approximately \$11.5 million from FEMA, in a joint application with the City and County of Denver for FEMA funding to support Denver Health's COVID-19 emergency response. Payments are recognized as contribution revenue once the applicable terms and conditions required to retain the funds have been met. Based on an analysis of the compliance and reporting requirements of FEMA, the Authority recognized approximately \$6.1 million and \$9.5 million, respectively, during

# Denver Health and Hospital Authority

## Notes to Financial Statements

### December 31, 2022 and 2021

December 31, 2022 and 2021. These payments are recorded as nonoperating grant revenue – CARES Act/FEMA in the statements of revenues, expenses and changes in net position.

#### ***Implementation of New Accounting Standard***

In June 2017, the GASB issued Statement No. 87, *Leases*. The statement requires recognition of lease assets and liabilities for certain leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the lease contract. It establishes a single model for lease accounting based on the foundational principle that leases are the financing of the right-to-use an underlying asset. Under the statement, a lessee is required to recognize a lease liability and a tangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Effective January 1, 2021, the Authority implemented the provisions of GASB Statement No. 87. The impact of the implementation at January 1, 2021 resulted in the recognition of right to use leased assets of \$31,505,797 and increased lease liabilities of \$29,551,888. The implementation also resulted in a decrease to the 2021 ending net position of \$367,776. For additional information, refer to Note 6, Note 8 and Note 10.

#### **Note 2: Net Patient Service Revenue**

The Authority has agreements with third-party payors that provide for payments to the Authority at amounts different from its established rates. A summary of the payment arrangements with major third-party payors is as follows:

*Medicare.* Inpatient acute care services and rehabilitation services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Hospital outpatient services are reimbursed on a prospective payment system. Outpatient services and procedures that are clinically comparable and use similar resources are grouped into Ambulatory Payment Classifications. Federally Qualified Healthcare (FQHC) services rendered to Medicare program beneficiaries are paid under a prospective payment system (PPS). Medicare payment, including patient coinsurance, is paid based on the lesser of the Authorities' actual charge or the applicable PPS rate. The Authority is also reimbursed for certain capital and medical education costs and allowable bad debts at a tentative rate with final settlement determined after submission of annual cost reports by the Authority and audits thereof by the Medicare Administrative Contractor. The Authority's classification of patients under the Medicare program and the appropriateness of the admissions are subject to an independent audit by a peer review organization under contract with the Authority. The Authority's Medicare cost reports have been audited by the Medicare Administrative Contractor through December 31, 2018.

# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

*Medicaid.* Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a prospectively determined system similar to Medicare. Outpatient services rendered are paid prospectively under the Enhanced Ambulatory Patient Grouping (EAPG) System, a patient classification system that is based on clinical, diagnostic, and other factors. Federally Qualified Healthcare (FQHC) services rendered to Medicaid program beneficiaries are paid at the higher of prospective payment system (PPS) rates or alternative payment rates, which are calculated based on an inflated cost per visit. The Authority's Medicaid cost reports have been audited by the Colorado Department of Health Care Policy and Financing through the year ended December 31, 2016. Denver Health Medicaid Choice (DH Medicaid Choice) members were reimbursed under the same Medicaid reimbursement systems for inpatient, outpatient and FQHC services beginning July 1, 2022.

*Subcapitation:* The Authority also provided services under a Medicaid prepaid health plan referred to as the DH Medicaid Choice program for which it received capitation for services up to June 2022. The Authority received subcapitation revenue from the Plan for DH Medicaid Choice members. The Plan received the capitation premium directly from the state. Subcapitation revenue reported as a component of net patient service revenue was approximately \$76,513,000 and \$158,270,000 in 2022 (up to June 2022) and 2021, respectively.

*Other Payors.* The Authority has also entered into payment agreements with commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Authority under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined rates per day or visit.

*Indigent Care, Charity Care and Community Service.* The Authority, as part of its mission, provides healthcare services to city residents, regardless of ability to pay. Many of the Authority's patients are unable to obtain benefits from insurance companies or do not have personal resources to cover costs. The financial burden, however, is in part offset by various federal, state, local, and private programs in which such patients are enrolled. The costs of charity care provided under the Authority's charity care policy was approximately \$80,324,000 and \$69,713,000 for the years ended December 31, 2022 and 2021, respectively, based on cost to charge ratios.

Records are maintained to identify and monitor the level of charity care the Authority provides based on cost to charge ratios. These records include the amount of charges foregone for services and supplies furnished under its charity care policy. This policy directly relates to that of the Colorado Disproportionate Share Hospital Program (DSH Program).



# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

Gross patient service revenue and the level of uncompensated care provided, based on the Authority's established rates, during the years ended December 31, 2022 and 2021 are as follows:

	<b>2022</b>	<b>2021</b>
Gross charges, including charges forgone for charity	\$ 3,465,500,667	\$ 3,110,397,108
Charges forgone for charity care	<u>(246,378,557)</u>	<u>(213,024,583)</u>
Gross patient service revenue	3,219,122,110	2,897,372,525
Capitation earned under prepaid health plans	(2,502,535)	(10,600,000)
Contractual adjustments	(2,206,413,737)	(1,917,835,125)
Provision for bad debts	<u>(109,178,559)</u>	<u>(102,587,503)</u>
Net patient service revenue	<u><u>\$ 901,027,279</u></u>	<u><u>\$ 866,349,897</u></u>
Uncompensated care		
Contractual adjustments	\$ 2,206,413,737	\$ 1,917,835,125
Provision for bad debts	109,178,559	102,587,503
Charity care	<u>246,378,557</u>	<u>213,024,583</u>
	<u><u>\$ 2,561,970,853</u></u>	<u><u>\$ 2,233,447,211</u></u>

The Authority receives partial reimbursement for uncompensated care from the DSH Program, provider fee payments and the City. The Authority estimates the level of uncompensated care by payor classification based on established rates.

### Note 3: Disproportionate Share Hospital (DSH) Program and Upper Payment Limit (UPL) Programs

The Authority participates in the DSH Program. The Authority qualifies as a DSH as it serves a high proportion of medically indigent and uninsured patients. The DSH Program was created in 1991 through an amendment to the Colorado State Medicaid Program and was approved by the Centers for Medicare and Medicaid (CMS).

Under the DSH Program, the state utilizes a provider fee as the local match for federal funding. The state pays the Authority two months in advance at the end of the year. This results in unearned revenue included in the statements of net position. The state has paid the Authority approximately \$19,358,000 and \$18,302,000 in advance for the years ended December 31, 2022 and 2021, respectively. The payments received through the DSH Program are based on the cost of uncompensated charity care. Laws and regulations governing the DSH programs are complex and subject to interpretation and change. The Authority has ongoing communications with the state regarding annual settlements. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

In addition, the Authority receives UPL reimbursements, which is designed to increase the Medicaid reimbursement rate up to the Authority's Medicaid cost not to exceed the Medicare reimbursement rate.

The provider fee serves as the state match for federal DSH and UPL funds which are drawn by the state and paid to the Authority using the provider fee methodology developed as part of the Colorado Healthcare Affordability Act. The Authority recognizes revenue to align with the current state fiscal year that the award relates to. The revenue is based off of the initial award amount communicated and adjusted when it's approved by the state of Colorado. The Authority recognizes revenue in the year in which notification of the award amount has been received and ratably over the state fiscal year. The Authority recorded safety net reimbursements (net of provider fee expense paid) totaling approximately \$108,300,000 and \$88,596,000 for the years ended December 31, 2022 and 2021, respectively. The Authority records as expense the corresponding provider fee assessment due the state and the Colorado Hospital Association.

The Colorado Healthcare Affordability Act, designated as House Bill 1293 (HB 1293), was passed during 2009 implementing a fee on hospitals to generate matching funds to the state from federal sources. Implementation of this act occurred during April of 2010. HB 1293 was superseded by Senate Bill 17-267 which repealed the Hospital Provider Fee and created the Colorado Healthcare Accountability and Sustainability Enterprise (CHASE). The resulting safety net revenue and expense for 2022 and 2021 had the following effect on the financial statements:

	<b>2022</b>	<b>2021</b>
Medicaid Disproportionate Share revenue	\$ 102,719,967	\$ 80,421,196
Supplemental Medicaid base rate revenue	14,885,094	13,729,682
Supplemental Medicaid outpatient hospital revenue	8,459,470	7,802,829
Hospital quality incentive payment	<u>6,123,778</u>	<u>5,648,437</u>
Total hospital provider fee revenue	132,188,309	107,602,144
Provider fee expense (included in contracted services and non-medical supplies)	<u>(39,821,083)</u>	<u>(35,159,507)</u>
Total net hospital provider fee	<u>\$ 92,367,226</u>	<u>\$ 72,442,637</u>

**Denver Health and Hospital Authority**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
Total hospital provider fee revenue	\$ 132,188,309	\$ 107,602,144
Ambulance Upper Payment Limit revenue	1,770,000	2,913,113
Outstationing revenue	1,155,423	2,099,998
Primary care funds	8,606,986	7,370,842
Physician certification revenue	4,399,998	3,824,200
Total other safety net	15,932,407	16,208,153
Total safety net revenue	<u>\$ 148,120,716</u>	<u>\$ 123,810,297</u>

At December 31, 2022 and 2021, the Authority had a prepaid for provider fee expense which is recorded on the statements of net position in the amounts of approximately \$7,196,000 and \$6,274,000, respectively.

**Note 4: Investments and Restricted Investments (Excluding Fiduciary Funds)**

Colorado Statutes require that the Authority use eligible depositories for all cash deposits, as defined by the Public Deposit Protection Act (PDPA). Under PDPA, the depository is required to pledge eligible collateral having a market value at all times equal to at least 102% of the aggregate public deposits held by the depository not insured by the Federal Deposit Insurance Corporation (FDIC).

The Authority uses eligible depositories for all its deposits and investments. Remaining cash balances are swept daily to a Class I money market account or AAAM rated local government investment pool. Any cash balances in other bank accounts are negligible and covered by FDIC insurance.

**Denver Health and Hospital Authority**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

Cash, cash equivalents and investments at December 31, 2022 and 2021 are as follows:

	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	<u>\$ 45,859,134</u>	<u>\$ 34,764,152</u>
Long-term and board-designated investments		
Mortgage-backed securities	9,868,119	13,381,439
U.S. government agency notes	-	2,020,351
Corporate bonds	131,109,135	145,684,039
Corporate asset-backed bonds	5,981,522	5,573,073
Municipal bonds	10,594,409	12,390,305
U.S. government treasury bills	9,681,804	8,065,703
Mutual funds		
Global equity fund	10,004,027	9,820,485
Commodity and commodity futures fund	4,077,062	3,210,320
Debt fund	39,972,040	104,994,892
Domestic equity fund	20,487,535	23,684,885
International equity fund	1,193,110	3,445,522
Emerging markets fund	-	1,542,976
Alternative funds	<u>13,121,734</u>	<u>12,112,645</u>
Total long-term investments and board-designated investments	<u>256,090,497</u>	<u>345,926,635</u>
Total cash, cash equivalents and investments, excluding restricted investments	<u><u>\$ 301,949,631</u></u>	<u><u>\$ 380,690,787</u></u>

# Denver Health and Hospital Authority

## Notes to Financial Statements

### December 31, 2022 and 2021

Restricted investments at December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Bond proceeds restricted as provided in bond agreements		
Cash equivalents	\$ 1,433,302	\$ 4,328,323
U.S. government treasury bills	17,910,765	-
Guaranteed investment contract	<u>-</u>	<u>14,970,687</u>
	<u>\$ 19,344,067</u>	<u>\$ 19,299,010</u>

#### **Credit Risk**

The Authority's investment policy applies the prudent person standard and is applied in the context of managing an overall portfolio. Investment responsibilities shall be undertaken "with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use."

The Authority's investments are restricted to the following Standard & Poor's (S&P) or equivalent investment quality ratings or higher.

Straight-debt securities – BBB- and up to 10% of the portfolio may be rated below investment grade

Asset-backed securities – A-

Money market mutual funds – AAA

Local government investment pools – AAAm-G or AAAm

U.S. treasuries and U.S. government agencies – AA+

The Authority or its managers may purchase bonds of state governments, local governments, or corporations. New purchases will primarily be rated at a minimum Baa3/BBB- by any of the rating agencies, however, up to 10% of the combined portfolio may be rated below investment grade.

# Denver Health and Hospital Authority

## Notes to Financial Statements

### December 31, 2022 and 2021

The following is a summary of the Authority's investments at December 31, 2022 and 2021 with average credit ratings based on S&P ratings or equivalent:

	2022		2021	
	Investments	S & P Rating	Investments	S & P Rating
Cash and cash equivalents				
Cash and cash equivalents	\$ 623,823	N/A	\$ 33,561,217	N/A
Demand deposit account	42,415,126	A-	-	N/A
Class I or government money market fund	2,820,185	AAA	1,202,935	AAA
Total cash and cash equivalents	<u>45,859,134</u>		<u>34,764,152</u>	
Long-term and board-designated investments				
Mortgage-backed securities	806,155	AAA	990,657	AAA
Mortgage-backed securities	4,974,515	AA+	5,915,772	AA+
Mortgage-backed securities	4,087,449	N/A	6,475,010	N/A
U.S. government agency notes	-	N/A	2,020,351	AA+
Corporate bonds	1,543,723	AAA	2,052,867	AAA
Corporate bonds	-	N/A	1,085,601	AA+
Corporate bonds	1,992,506	AA	3,178,389	AA
Corporate bonds	3,676,300	AA-	5,308,922	AA-
Corporate bonds	2,282,704	A+	3,757,014	A+
Corporate bonds	19,578,663	A	22,475,862	A
Corporate bonds	18,235,123	A-	21,326,519	A-
Corporate bonds	50,671,235	BBB+	51,455,712	BBB+
Corporate bonds	20,181,342	BBB	25,013,322	BBB
Corporate bonds	7,082,412	BBB-	5,033,867	BBB-
Corporate bonds	513,750	BB+	-	N/A
Corporate bonds	-	N/A	604,375	BB
Corporate bonds	5,351,377	N/A	4,391,589	N/A
Corporate asset backed bonds	1,355,261	AAA	1,623,596	AAA
Corporate asset backed bonds	1,625,285	A	1,887,924	A
Corporate asset backed bonds	863,640	A-	983,173	A-
Corporate asset backed bonds	431,359	BBB	-	N/A
Corporate asset backed bonds	1,705,977	N/A	1,078,380	N/A
Municipal bonds	2,967,190	AA+	3,108,155	AA+
Municipal bonds	2,442,799	AA	2,800,473	AA
Municipal bonds	2,142,535	AA-	2,678,526	AA-
Municipal bonds	1,721,932	A+	893,826	A+
Municipal bonds	-	N/A	1,027,990	A
Municipal bonds	1,319,953	N/A	1,881,335	N/A
U.S. government treasury bills	9,681,804	AA+	8,065,703	AA+
Open end mutual funds	88,855,508	N/A	158,811,725	N/A
Total long-term and board-designated investments	<u>256,090,497</u>		<u>345,926,635</u>	
Total cash, cash equivalents and investments, excluding restricted investments	<u>\$ 301,949,631</u>		<u>\$ 380,690,787</u>	

# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

The following is a summary of the Authority's restricted investments at December 31, 2022 and 2021 with average credit ratings based on S&P ratings or equivalent:

	2022		2021	
	Investments	S & P Rating	Investments	S & P Rating
Bond proceeds restricted as provided in bond agreements				
Cash equivalents	\$ 1,433,302	N/A	\$ 4,328,323	N/A
U.S. government treasury bills *	17,910,765	AA+	-	N/A
Guaranteed investment contract	-	N/A	14,970,687	AA-
	<u>\$ 19,344,067</u>		<u>\$ 19,299,010</u>	

\* Investment is based on fair value at December 31, 2022 and is measured at Level 1 within the fair value hierarchy

### Interest Rate Risk

The Authority's investment policy manages exposure to market value losses arising from rising interest rates in several ways. The duration of total assets must be less than six years. As of December 31, 2022, approximately \$15,850,000, or 5.25%, of total long-term investments were in corporate asset-backed bonds and government mortgage-backed securities. As of December 31, 2021, approximately \$18,955,000, or 5.48%, of total long-term investments were in these types of securities. The following is a summary of the duration, average weighted maturity of the portfolio, and average weighted effective maturity as of December 31, 2022 and 2021:

Portfolio Component	Par Value	Duration	Average Weighted Maturity (Years)	Average Weighted Effective Maturity (Years)
<b>December 31, 2022</b>				
Working capital account	\$ 128,290,152	2.47	3.94	3.92
Focused alpha bond fund	9,441,184	1.42	1.51	1.51
Commerce intermediate	87,245,642	5.55	11.43	8.00
Other reserve account	373,119	2.40	2.60	2.60
Medical malpractice reserve account	<u>5,808,743</u>	<u>2.85</u>	<u>4.10</u>	<u>3.19</u>
Total components	<u>\$ 231,158,840</u>	<u>3.65</u>	<u>6.84</u>	<u>5.48</u>
<b>December 31, 2021</b>				
Working capital account	\$ 115,945,362	2.85	4.72	4.25
Commerce intermediate	95,609,949	5.99	11.38	7.87
Other reserve account	358,338	3.38	3.66	3.66
Medical malpractice reserve account	<u>5,564,299</u>	<u>2.93</u>	<u>4.52</u>	<u>3.07</u>
Total components	<u>\$ 217,477,948</u>	<u>4.26</u>	<u>7.74</u>	<u>5.86</u>

# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

### ***Concentration of Credit Risk***

The Authority's investment policy requires diversification of the portfolio to limit credit risk and states as follows:

Diversification: The investments shall be diversified by:

- i) Limiting investments to avoid over concentration in securities from a specific issuer or business.
- ii) Limiting investments in securities that have higher credit risks.
- iii) Investing in securities with varying maturities.
- iv) Continuously investing a portion of the portfolio in readily available funds, such as money market accounts, repurchase agreements, local government investment pools, and bank account sweep programs, to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.
- v) No single financial institution will hold more than 5% of the Authority's portfolio value, excluding U.S. government or U.S. government agency securities. As of December 31, 2022, the Authority owned \$9.8 million (3.26% of the portfolio) of Citigroup Inc. bonds, \$8.9 million (2.95% of the portfolio) of Jeffries Financial Group Inc. bonds, \$6.8 million (2.25% of the portfolio) of Nomura Holdings Inc. bonds, \$5.1 million (1.70% of the portfolio) of JP Morgan Chase & Co. bonds, and \$4.6 million (1.51% of the portfolio) of Capital Impact Partner bonds.
- vi) The following maximum limits, by investment type, are established for the Authority's total investments portfolio, including cash and cash equivalents. The investment policy statement limits outlined below take into consideration the Plan investments. It is the intent of the Authority to invest in the following investment categories. The percentage stated is a "not to exceed" limitation. Investments are not required in every investment type. For example, it is permitted to own 80% in agency securities and 20% in repurchase agreements and own no other securities.



# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

Investment Type	Maximum Percentage of Portfolio
Repurchase agreements	25%
Collateralized certificates of deposit	25%
U.S. Treasury notes and bills	100%
U.S. government agency securities	90%
U.S. government CMOs	20%
Bankers acceptances	10%
Commercial paper	50%
Money market funds/Local Government Investment Pools	30%
State and local government bonds	50%
Corporate bonds	75%
Commercial asset-backed securities	25%
Plus Sector Funds	5%
Long Term Growth Portfolio (Mutual Funds)	25%

- vii) Additional investments established for bond proceeds include the above investment contracts, and flexible repurchase agreements (Flex Repos), which can be up to 100% of bond proceeds.

In the event that an allocation percentage is exceeded, such event is disclosed to the Finance Committee of the Board of Directors and corrected as soon as possible. The portfolio was in compliance with the allocation percentages as of December 31, 2022 and 2021.

### Note 5: Disclosures About Fair Value of Assets and Liabilities (Excluding Fiduciary Funds)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

### Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying financial statements, long-term investments and board-designated investments, measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2022 and 2021:

	Fair Value Measurements Using			
	Fair Value	Quoted Prices in	Significant	Significant
		Active Markets	Other	Significant
		for Identical	Observable	Unobservable
		Assets	Inputs	Inputs
December 31, 2022		(Level 1)	(Level 2)	(Level 3)
Long-term investments				
Mortgage-backed securities	\$ 9,868,119	\$ -	\$ 9,868,119	\$ -
Corporate bonds	131,109,135	-	131,109,135	-
Corporate asset-backed bonds	5,981,522	-	5,981,522	-
Municipal bonds	10,594,409	-	10,594,409	-
U.S. government treasury bills	9,681,804	9,681,804	-	-
Mutual funds				
Global equity fund	10,004,027	10,004,027	-	-
Commodity and commodity futures fund	4,077,062	4,077,062	-	-
Debt fund	39,972,040	39,972,040	-	-
Domestic equity fund	20,487,535	20,487,535	-	-
International equity fund	1,193,110	1,193,110	-	-
Alternative funds	13,121,734	13,121,734	-	-
	\$ 256,090,497	\$ 98,537,312	\$ 157,553,185	\$ -

	Fair Value Measurements Using			
	Fair Value	Quoted Prices in	Significant	Significant
		Active Markets	Other	Significant
		for Identical	Observable	Unobservable
		Assets	Inputs	Inputs
		(Level 1)	(Level 2)	(Level 3)
December 31, 2021				
Long-term investments				
Mortgage-backed securities	\$ 13,381,439	\$ -	\$ 13,381,439	\$ -
U.S. government agency notes	2,020,351	-	2,020,351	-
Corporate bonds	145,684,039	-	145,684,039	-
Corporate asset-backed bonds	5,573,073	-	5,573,073	-
Municipal bonds	12,390,305	-	12,390,305	-
U.S. government treasury bills	8,065,703	8,065,703	-	-
Mutual funds				
Global equity fund	9,820,485	9,820,485	-	-
Commodity and commodity futures fund	3,210,320	3,210,320	-	-
Debt fund	104,994,892	104,994,892	-	-
Domestic equity fund	23,684,885	23,684,885	-	-
International equity fund	3,445,522	3,445,522	-	-
Emerging markets fund	1,542,976	1,542,976	-	-
Alternative funds	12,112,645	12,112,645	-	-
	\$ 345,926,635	\$ 166,877,428	\$ 179,049,207	\$ -

# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

### Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Authority does not carry any Level 3 investments.

### Note 6: Capital and Leased Assets

Capital and leased assets, by major category, at December 31, 2022 and 2021 are as follows. The presentation of capital assets has changed to incorporate leased assets as per the implementation of GASB 87 lease reporting requirements effective January 1, 2022.

December 31, 2022	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 43,324,527	\$ 59,250	\$ -	\$ 43,383,777
Construction in progress	13,715,591	2,055,940	-	15,771,531
Total capital assets, not being depreciated	57,040,118	2,115,190	-	59,155,308
Capital assets, being depreciated				
Buildings and improvements	896,434,402	6,009,452	(1,973,686)	900,470,168
Equipment and software	414,570,586	13,394,591	(120,117,213)	307,847,964
Total capital assets, being depreciated	1,311,004,988	19,404,043	(122,090,899)	1,208,318,132
Less accumulated depreciation				
Buildings and improvements	384,887,662	32,070,636	(1,973,686)	414,984,612
Equipment and software	327,469,356	28,225,271	(120,117,213)	235,577,414
Total accumulated depreciation	712,357,018	60,295,907	(122,090,899)	650,562,026
Total capital assets, being depreciated, net	598,647,970	(40,891,864)	-	557,756,106
Leased asset - building	29,576,047	-	-	29,576,047
Leased asset - equipment	3,893,622	-	-	3,893,622
Less accumulated amortization				
Leased asset - building	4,022,617	4,022,617	-	8,045,234
Leased asset - equipment	959,373	735,500	-	1,694,873
	28,487,679	(4,758,117)	-	23,729,562
Capital and leased assets, net	\$ 684,175,767	\$ (43,534,791)	\$ -	\$ 640,640,976

**Denver Health and Hospital Authority**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

<b>December 31, 2021 *</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not being depreciated				
Land	\$ 38,574,190	\$ 4,809,587	\$ (59,250)	\$ 43,324,527
Construction in progress	162,138,758	33,719,374	(182,142,541)	13,715,591
Total capital assets, not being depreciated	200,712,948	38,528,961	(182,201,791)	57,040,118
Capital assets, being depreciated				
Buildings and improvements	721,857,723	174,576,679	-	896,434,402
Equipment and software	374,397,080	40,590,096	(416,590)	414,570,586
Total capital assets, being depreciated	1,096,254,803	215,166,775	(416,590)	1,311,004,988
Less accumulated depreciation				
Buildings and improvements	351,044,400	33,843,262	-	384,887,662
Equipment and software	299,635,299	28,250,647	(416,590)	327,469,356
Total accumulated depreciation	650,679,699	62,093,909	(416,590)	712,357,018
Total capital assets, being depreciated, net	445,575,104	153,072,866	-	598,647,970
Leased asset - building	29,576,047	-	-	29,576,047
Leased asset - equipment	3,893,622	-	-	3,893,622
Less accumulated amortization				
Leased asset - building	-	4,022,617	-	4,022,617
Leased asset - equipment	-	959,373	-	959,373
Right to use leased assets, net	33,469,669	(4,981,990)	-	28,487,679
Capital and leased assets, net	\$ 679,757,721	\$ 186,619,837	\$ (182,201,791)	\$ 684,175,767

\* Restated for Implementation of GASB 87

**Note 7: Concentrations of Credit Risk – Patient Accounts Receivable and Due from Other Governmental Entities**

The Authority grants credit without collateral to its patients, most of whom are residents of the City and, except for the patient self-pay category, are generally insured under third-party payor agreements. Expected credit losses are provided for in the allowance for estimated uncollectibles. Net patient accounts receivable by payor category at December 31, 2022 and 2021 are as follows:

# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

	2022	2021
Medicare	\$ 22,015,482	\$ 22,087,865
Medicaid	28,438,867	16,218,838
Commercial insurance carriers	42,228,423	41,580,931
Patient self-pay	8,539,406	5,905,665
Total	<u>\$ 101,222,178</u>	<u>\$ 85,793,299</u>

Receivables from the Medicare and Medicaid programs represent a concentrated credit risk for the Authority. Management does not believe that there is a significant risk of loss associated with these programs. Management believes various other payors, subject to differing economic conditions, do not represent significant concentrated credit risks to the Authority.

### Note 8: Long-term Debt and Other Long-term Liabilities

#### 2017 and 2019 Revenue Bonds

In August 2017, the Authority issued \$93,435,000 of Healthcare Revenue Bonds Series 2017A bearing interest from 4.0% to 5.0%. The net proceeds of the bonds were used by the Authority to purchase and cancel \$104,700,000 of the Authority's Healthcare Revenue Bonds, 2007A Bonds, and to pay the costs of issuance. This purchase and cancel included \$2,741,000 of principal payments related to the 2007A Bonds. Principal payments on the 2017A Bonds began in 2018 and continue through 2038 in amounts ranging from \$3,550,000 to \$12,305,000. For the years ended 2022 and 2021, principal payments were made of \$4,315,000 and \$4,110,000, respectively. Interest is payable semiannually and payments were approximately \$3,665,000 and \$3,871,000 for the years ended December 31, 2022 and 2021, respectively.

The 2017 defeasance resulted in a difference between the reacquisition price and the carrying value (\$101,959,000) of the defeased debt of \$167,000, which was expensed. The difference between the present value of the old debt service on the debt refunded in 2017 and the new debt service resulted in an economic gain of approximately \$10,300,000.

In September 2019, the Authority refunded the Series 2007B Bonds (including termination of the related swap agreement), 2009A Bonds, and 2015 COP with the net proceeds of the Series 2019A and 2019B Bonds. The 2019A Healthcare Revenue Bonds Series was issued for \$83,280,000 with a premium of \$14,525,798 and the 2019B privately placed series for \$48,995,000. The 2019A Bonds bear interest of 4.00% to 5.00% and the 2019B Bonds bear interest of 1.99%. The net proceeds were used by the Authority to purchase and cancel the above mentioned debt and provide funding of \$24,000,000 for construction projects on campus.

The advanced refunding resulted in a difference between the reacquisition prices and the net carrying amount of the old debt of approximately \$14,132,000. This difference is reported in the accompanying financial statements as a deferred outflow of resources and is amortized through December 2033. The Authority completed the refinancing to restructure its overall debt portfolio to create a lower maximum annual debt service beginning in 2023 and to reduce its overall principal and interest payments. The difference between the present value of the old debt service and the new

# **Denver Health and Hospital Authority**

## **Notes to Financial Statements**

**December 31, 2022 and 2021**

debt service resulted in an economic gain of approximately \$4,800,000. Principal payments on the 2019A Bonds will begin in 2030 and continue through 2040 in amounts ranging from \$190,000 to \$12,885,000. During 2022 and 2021, the Authority made interest payments of approximately \$3,671,000. Principal payments on the 2019B Bonds began in 2020 and will continue through 2029 in amounts ranging from \$2,810,000 to \$7,645,000. Principal payments were approximately \$5,805,000 and \$5,685,000 for the years ended December 31, 2022 and 2021, respectively. Interest is payable semiannually and payments were approximately \$751,000 and \$864,000 for the years ended December 31, 2022 and 2021, respectively. At December 31, 2022 and 2021, the unamortized net deferred loss, which includes the 2007 deferred loss and 2009 deferred gain noted above, was approximately \$13,212,000 and \$14,571,000, respectively.

### **2014 Revenue Bonds**

In May 2014, the Authority issued \$67,870,000 of Healthcare Revenue Bonds Series 2014A. These bonds had a net premium of approximately \$1,146,000 which will be amortized over the life of the debt. The net proceeds of the bonds were used to renovate the Authority's inpatient care areas and improve and construct facilities at the main healthcare campus in accordance with master facilities planning. The 2014A Bonds bear interest rates from 4.00% to 5.25%, with principal payments beginning in 2027 through 2045 ranging from \$2,000,000 to \$5,470,000. During 2022 and 2021, the Authority made interest payments of approximately \$3,334,000.

In May 2014, the Authority issued \$16,945,000 of Healthcare Revenue Bonds Taxable Services 2014B Bonds. The net proceeds of the bonds were used by the Authority to make a loan to an investment fund created by a tax credit investor. The investor used the proceeds of the loan, and also contributed \$7,300,000, in order to facilitate the financing of the construction of an outpatient and urgent care clinic in Southwest Denver. The 2014B Bonds bear interest from 1.70% to 5.15%, with principal payments beginning in 2016 and continuing through 2026 in amounts ranging from \$845,000 to \$2,255,000. For the years ended 2022 and 2021, principal payments were made of \$1,410,000 and \$1,370,000, respectively. During 2022 and 2021, the Authority made interest payments of approximately \$338,000 and \$396,000, respectively.

### **2022 Revenue Bonds**

In June 2022, the Authority issued Healthcare Revenue Bonds, Series 2022 (the Bonds) in order to provide funds to finance certain energy efficiency improvement and upgrades to the Authority's facilities and pay certain costs associated with the bond issuance. The Bonds were issued as a draw down bond with at stated aggregate principal amount not to exceed \$12,900,000 and principal amount due thereon to be only such amount as has been drawn down by the Authority. The Bonds bear interest at a rate of 3.33% with principal payments beginning in 2024 through 2031 ranging from \$1,435,000 to \$1,805,000. During 2022, the Authority had drawn approximately \$4,657,000 and made interest payments of approximately \$51,000.

### **Notes from Direct Borrowings and Direct Placements**

The Authority's outstanding notes from direct borrowings and direct placements as of December 31, 2022 and 2021 include series 2017A bonds, Series 2019B bonds, Series 2022 bonds and other long-term debt totaling approximately \$108,767,000 and \$120,250,000, respectively. These items contain provisions that in an event of default, outstanding amounts become immediately due if the Authority

# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

is unable to make payment and the Authority had pledged its revenue as part of its master trust indenture agreement. No other assets are assigned as collateral.

### ***Debt Covenants***

Per the Master Trust Indentures, the Authority's long-term debt service coverage ratio, calculated at the end of each fiscal year, cannot be less than 1.15 for the 2014, 2017 and 2019 Bonds. The Authority believes it is in compliance with these requirements.

### ***Other Long-term Debt***

In September 2007, the Authority entered into an agreement with the City to enable its acquisition of property for use in the construction and operation of a clinic providing healthcare services. The amount of the loan is \$1,200,000 due in one payment on January 1, 2026 and does not bear interest.

On February 8, 2008, the Authority signed a promissory note with the City's Office of Economic Development, as the borrower of \$4,300,000, advanced by the City, pursuant to a Loan Agreement between the Authority and the City dated December 18, 2007, in which the City received funds from the Housing and Urban Development (HUD) in connection with the Northeast Park Hill Urban Redevelopment Plan. Interest is paid quarterly at a variable interest rate on the unpaid principal balance on the first day of January, April, July and October. Beginning July 1, 2009, and on each July 1 thereafter, the Authority will make, in addition to quarterly payments of interest, payments of principal sufficient to repay amounts due under the Section 108 note. The entire unpaid balance of the principal and accrued interest will be due and payable on or before July 1, 2025. As of December 31, 2022 and 2021, the Authority has received \$4,070,181 from the City under this loan. During 2022 and 2021, the Authority paid \$325,000 and \$305,000, respectively, in principal payments to HUD. Interest and HUD fees paid on this loan for 2022 and 2021 totaled \$10,739 and \$30,295, respectively. During 2022 and 2021, \$82,561 and \$77,314, respectively, was reimbursed as a capital contribution by the City.

In 2017, the Authority joined the Upper Midwest Consolidated Services Center by buying four shares of Class A-1 stock for \$300,000. The agreement limits the Authority's ability to redeem the stock for current book value, thus the stock is not considered an investment. Additionally, the agreement specifies a participation agreement of \$1,100,000. The payments are due in equal installments annually for five years. The Authority's first installment was due in 2018. This liability bears no interest.

In 2017, the Authority received \$40,000,000 as part of a program support agreement. The monthly repayment schedule is determined based on the program's earnings before interest, depreciation and amortization (EBIDA). In 2021 the Authority paid approximately \$5,589,000. This liability has been paid in full as of December 31, 2021.

In September 2018, the Authority received a \$5,000,000 loan. The loan proceeds were used to renovate the Eastside clinic. The loan bears interest of 3.0% with monthly principal payments beginning December 1, 2018 through November 1, 2023 ranging from \$64,000 to \$90,000. During 2022 and 2021, the Authority made principal payments of approximately \$1,035,000 and \$1,004,000, respectively. During 2022 and 2021, the Authority made interest payments of approximately \$47,000 and \$78,000, respectively.

# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

In September 2018, the Authority created a Colorado nonprofit corporation, 550 Acoma Inc. in order to obtain financing for a parking garage adjacent to the Authority's main campus. 550 Acoma Inc. issued \$37,815,000 in a public offering. This financing was issued as a certificate of participation (COP). These COPs had a net premium of \$3,012,526 which will be amortized over the life of the debt. The COPs bear interest from 4.00% to 5.00% with principal payments beginning December 1, 2020 through December 1, 2048 ranging from \$320,000 to \$2,350,000. During 2022 and 2021, the Authority made interest payments of approximately \$1,774,000 and \$1,807,000, respectively.

### Lease Liability

Refer to Note 10 for GASB 87 implementation.

### Year-end Debt Balances

Long-term debt (including lease liability) at December 31 consisted of the following:

	December 31,	
	2022	2021 *
Revenue Bonds, Series 2014, due in increasing annual installments beginning 2016 through 2045 (net of unamortized bond premium of \$834,604 and \$870,891 at December 31, 2022 and 2021, respectively)	\$ 74,339,604	\$ 75,785,891
Revenue Bonds Series 2017A, due in increasing annual installments beginning 2018 through 2036 (net of unamortized bond premium of \$6,320,884 and \$6,772,376 as of December 31, 2022 and 2021, respectively)	80,135,884	84,902,376
Revenue Bonds, Series 2019A and Series 2019B, due in increasing annual installments beginning 2020 through 2040 (net of unamortized bond premium of \$12,256,142 and \$12,937,038 as of December 31, 2022 and 2021, respectively)	127,466,142	133,952,038
Revenue Bonds, Series 2022, due in increasing installments beginning 2024 through 2031	4,657,166	-
550 Acoma Inc. notes payable, net of unamortized bond premium of \$2,582,165 and \$2,681,479 as of December 31, 2022 and 2021, respectively)	38,722,165	39,516,479
Other long-term debt	3,021,937	5,128,106
Lease liability	25,367,098	29,511,888
Total current and long-term debt	353,709,996	368,796,778
Less current portion	(18,158,675)	(18,529,752)
Total long-term debt	\$ 335,551,321	\$ 350,267,026

\* Restated for Implementation of GASB 87



# Denver Health and Hospital Authority

## Notes to Financial Statements

### December 31, 2022 and 2021

#### ***Changes in Long-term Debt and Other Long-term Liabilities***

Changes in long-term debt and other long-term liabilities for the years ended December 31 are as follows:

<b>December 31, 2022</b>	<b>Date of Issuance</b>	<b>Beginning Balance</b>	<b>Additions and Premium Amortization</b>	<b>Principal Payments or Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Series 2014A and B, net of premium	May 2014	\$ 75,785,891	\$ (36,287)	\$ (1,410,000)	\$ 74,339,604	\$ 1,455,000
Series 2017A, net of premium	August 2017	84,902,376	(451,492)	(4,315,000)	80,135,884	4,530,000
Series 2019A and B, net of premium	September 2019	133,952,038	(680,896)	(5,805,000)	127,466,142	5,925,000
Series 2022	June 2022	-	4,657,166	-	4,657,166	-
550 Acoma Inc. notes payable, net of premium	September 2019	39,516,479	(99,314)	(695,000)	38,722,165	730,000
Other long-term debt	Various	5,128,106	-	(2,106,169)	3,021,937	1,321,756
Lease liability	Various	29,511,888	-	(4,144,790)	25,367,098	4,196,919
Compensated absences liability		40,694,945	344,670	-	41,039,615	40,923,538
Postemployment benefits		4,147,787	-	(810,728)	3,337,059	-
Total		<u>\$ 413,639,510</u>	<u>\$ 3,733,847</u>	<u>\$ (19,286,687)</u>	<u>\$ 398,086,670</u>	<u>\$ 59,082,213</u>

<b>December 31, 2021 *</b>	<b>Date of Issuance</b>	<b>Beginning Balance</b>	<b>Additions and Premium Amortization</b>	<b>Principal Payments or Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Series 2014A and B, net of premium	May 2014	\$ 77,192,178	\$ (36,287)	\$ (1,370,000)	\$ 75,785,891	\$ 1,410,000
Series 2017A, net of premium	August 2017	89,463,868	(451,492)	(4,110,000)	84,902,376	4,315,000
Series 2019A and B, net of premium	September 2019	140,317,935	(680,897)	(5,685,000)	133,952,038	5,805,000
550 Acoma Inc. notes payable, net of premium	September 2019	40,275,793	(99,314)	(660,000)	39,516,479	695,000
Program support liability	May 2017	5,588,981	-	(5,588,981)	-	-
Other long-term debt	Various	6,229,957	-	(1,101,851)	5,128,106	2,106,168
Lease liability	Various	33,958,137	-	(4,446,249)	29,511,888	4,198,584
Compensated absences liability		33,158,003	7,536,942	-	40,694,945	40,578,869
Postemployment benefits		4,540,571	-	(392,784)	4,147,787	-
Total		<u>\$ 430,725,423</u>	<u>\$ 6,268,952</u>	<u>\$ (23,354,865)</u>	<u>\$ 413,639,510</u>	<u>\$ 59,108,621</u>

\* Restated for Implementation of GASB 87

# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

### Debt Service Requirements

Annual debt service requirements to maturity for the healthcare revenue bonds and other long-term debt are as follows at December 31:

Year Ending December 31,	Total Debt		Direct Borrowing and Placement	
	Principal	Interest	Principal	Interest
2023	\$ 13,961,756	\$ 11,369,730	\$ 10,455,000	\$ 4,084,757
2024	13,129,999	10,956,025	11,925,000	3,740,350
2025	15,227,348	10,528,852	9,285,000	3,388,323
2026	12,075,000	10,131,621	10,720,000	3,082,654
2027	11,300,000	9,747,348	9,995,000	2,741,898
2028-2032	63,645,000	42,299,300	29,315,000	9,744,275
2033-2037	79,720,000	27,565,488	36,950,000	4,593,000
2038-2042	69,160,000	10,824,713	-	-
2043-2047	25,780,000	1,666,350	-	-
2048	2,350,000	-	-	-
Total long-term debt payments	<u>306,349,103</u>	<u>\$ 135,089,427</u>	<u>\$ 118,645,000</u>	<u>\$ 31,375,257</u>
Unamortized premium on 2014A Bonds, 2017A Bonds, 2019A Bonds and 550 Acoma notes payable	<u>21,993,795</u>			
Total carrying amount of long-term debt	<u>\$ 328,342,898</u>			

### Note 9: Managed Care Initiatives

#### DH Medicaid Choice

Effective May 1, 2004, the Authority entered into a prepaid provider contract with state of Colorado HCPF, to provide healthcare to Medicaid members enrolled in the state's Primary Care Provider (PCP) program, and formerly capitated with the Authority through Rocky Mountain Health Maintenance Organization (HMO). This program is known as Denver Health Medicaid Choice (DHMC) and started in 2004. This program is a prepaid provider contract, not an HMO. Effective September 1, 2018, the responsibility of the DHMC contract shifted from the Authority to the Plan. As of December 31, 2021, there was no liability recorded for unpaid claims and claim adjustment expenses.

# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

### ***Denver Health Medical Plan, Inc. – Discretely Presented Component Unit***

The Plan is a Colorado HMO whose enrollment includes employees of the Authority, the City, retirees enrolled with the Denver Employees Retirement Plan (DERP), and Child Health Plan Plus participants. In 2006, the Plan became licensed as a Special Needs Medicare Advantage Prescription Drug Plan provided to residents of Denver County, Colorado. On September 1, 2018, the DH Medicaid Choice Plan was moved to the Plan. At December 31, 2022 and 2021, there were 133,198 and 133,570 members enrolled in the Plan, respectively. Approximately 9% of Plan enrollment originated through Authority employee enrollment in 2022 and 2021. The Plan is presented as a discretely presented component unit. There have been no eliminations of 2022 and 2021 financial transactions between the Plan and the Authority on either the Authority's statements of net position or the Authority's statements of revenues, expenses and changes in net position.

The Plan recognizes premiums from subscribing groups as revenue in the period to which healthcare coverage relates. Premiums earned include premiums from the Authority for the years ended December 31, 2022 and 2021 of approximately \$81,462,000 and \$83,380,000, respectively. Such premiums are included in the accompanying statements of operations and changes in net assets as premiums earned. Excess risk insurance is maintained by the Plan for inpatient claims in excess of \$250,000 for Medicaid, \$350,000 for Medicare and Child Health Plan Plus (CHP+), \$400,000 for commercial capitated and non-capitated, and \$400,000 for exchange in 2022. In 2021, the thresholds were \$250,000 for Medicaid, \$300,000 for Medicare and CHP+, \$350,000 for capitated and non-capitated commercial, and \$400,000 for exchange.

A significant portion of healthcare services are provided by the Authority, for which the Authority is reimbursed on a capitated or fee-for-service basis, depending on the healthcare network chosen by the member. For the years ended December 31, 2022 and 2021, respectively, the Plan incurred capitation expense to the Authority totaling approximately \$121,523,000 and \$204,390,000, and fee-for-service claims of approximately \$97,000,000 and \$46,000,000. In 2022, the Medicaid plan changed from a capitated to a fee-for-service contract thus the numbers have changed respectively.

At December 31, 2022 and 2021, the Plan has an original capital contribution from the Authority of \$500,000, which was restricted and invested in a long-term investment held jointly by the Plan and the Colorado Division of Insurance. This contribution is included in the Authority's receivable from the Plan, which when combined with other amounts due, totals approximately \$6,200,000 and \$2,700,000 as of December 31, 2022 and 2021, respectively. The Plan has no employees and is managed by employees leased from the Authority. In addition, the Plan pays the Authority certain other administrative expenses. The amounts paid by the Plan to the Authority for management services and other expenses totaled approximately \$20,195,000 for 2022 and \$20,191,000 for 2021.

# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

The Plan establishes liabilities for both reported and unreported medical and Authority expenses, which includes estimates of both future payments of claims and related claim adjustment expenses. Changes in the aggregate liability during the years ended December 31, 2022 and 2021 are as follows:

	<b>2022</b>	<b>2021</b>
Unpaid claims and claim adjustment expenses, net of reinsurance, beginning of year	\$ 32,447,261	\$ 23,831,440
Incurred claims and claim adjustment expenses, net of reinsurance recoveries		
Provision for insured events of the current year	423,041,170	436,235,373
Increase (decrease) in provision for insured events of prior years	4,859,880	3,944,830
Total incurred claims and claim adjustment expenses, net of reinsurance recoveries	427,901,050	440,180,203
Payments, net of reinsurance recoveries		
Claims and claim adjustment expenses attributable to insured events of the current year	377,836,669	464,286,410
Claims and claim adjustment expenses attributable to insured events of prior year	37,338,686	(32,722,028)
Total payments, net of reinsurance recoveries	415,175,355	431,564,382
Unpaid claims and claim adjustment expenses, net of reinsurance, end of year	\$ 45,172,956	\$ 32,447,261

# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

### Note 10: Leases

#### *Lessee – Liability*

The Authority leases equipment and office space, the terms of which expire in various years through 2039. The leases were measured based upon the discount rate at lease commencement. Variable payments based upon the use of the underlying asset are not included in the lease liability because they are not fixed in substance.

The following is a schedule by year of payments under the leases as of December 31, 2022:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 4,196,919	\$ 515,446	\$ 4,712,365
2024	3,968,278	436,525	4,404,803
2025	4,275,530	359,486	4,635,016
2026	4,044,999	271,981	4,316,980
2027	5,473,144	18,915	5,492,059
2028-2032	1,728,987	334,855	2,063,842
2033-2037	1,258,195	154,647	1,412,842
2038-2039	421,046	9,849	430,895
	<u>\$ 25,367,098</u>	<u>\$ 2,101,704</u>	<u>\$ 27,468,802</u>

#### *Lessor – Lease Receivable*

A lease is a contract that conveys control of the right to use another entity's nonfinancial asset in the contract for a period of time in an exchange or exchange-like transaction. Nonfinancial assets include buildings and a cell tower. Lease receivables result from lessor contracts measured at the present value of the lease payments expected to be received during the lease term. The Authority has recognized lease receivable for five building leases and one cell tower with varying lease dates ending from 2030 to 2050. Lease receivables amount to \$6,884,531 and \$7,198,290 for December 31, 2022 and 2021, respectively, and are recorded within other long-term assets in the accompanying financial statements. Total lease revenue received for December 31, 2022 and 2021 was \$432,380 and \$387,342, respectively. Total interest revenue received for December 31, 2022 and 2021 was \$215,378 and \$205,847, respectively.

### Note 11: Pension Plan

The Authority participates in two pension plans: DERP and DERP RBA (see Note 12). A summary of the pension items as of and for years ended December 31, 2022 and 2021 are as follows:

Year Ended December 31, 2022	DERP	DERP RBA	Total
Pension liability	\$ 52,303,284	\$ 8,859,310	\$ 61,162,594
Deferred outflows of resources	6,136,150	2,428,430	8,564,580
Deferred inflows of resources	15,349,458	-	15,349,458
Expense (contra-expense)	(13,448,218)	4,197,346	(9,250,872)

# Denver Health and Hospital Authority

## Notes to Financial Statements

### December 31, 2022 and 2021

Year Ended December 31, 2021	DERP	DERP RBA	Total
Pension liability	\$ 68,575,108	\$ 7,702,075	\$ 76,277,183
Deferred outflows of resources	8,988,659	1,810,930	10,799,589
Deferred inflows of resources	19,350,058	-	19,350,058
Expense (contra-expense)	(11,512,817)	559,072	(10,953,745)

#### ***DERP Plan Description***

Certain employees of the Authority as well as other nonuniformed employees of the City and certain related agencies, including employees leased to the Authority, participate in DERP. DERP is a cost-sharing multiple-employer defined benefit pension plan established by the City to provide pension benefits for its employees. DERP is no longer available to Authority employees hired January 1, 2001 or later. As a result, the Authority established an Enhanced Defined Contribution Plan. Authority employees hired prior to January 1, 2001 have the option to elect to drop their DERP participation and join the Enhanced Defined Contribution Plan, which is described in Note 15. Sections 18.401 through 18.430.7 of the City's Revised Municipal Code establish the plan and provide complete information on DERP. DERP issues a publicly available financial report that includes financial statements and required supplementary information. That report is available by either contacting DERP at 777 Pearl Street, Denver, Colorado 80203 or on the Internet at [www.derp.org](http://www.derp.org).

#### ***Benefits Provided***

DERP provides retirement benefits plus death and disability benefits for its members and their beneficiaries. Participants who retire at or after age 65 or age 55 if the sum of age plus credited service is 75 or more (rule of 75) are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to as much as 2% of their final average salary, for each year of credited service. Final average salary is the average salary based on the employee's highest salary in a 36-consecutive month period of credited service. Employees with five years of credited service may retire at or after age 55 and receive a reduced retirement benefit. Benefit and contribution provisions are determined annually by an independent actuary, recommended by DERP's board, and enacted into ordinance by the Denver City Council.

#### ***Contributions***

During 2022, combined employer and employees' contributions to DERP were 25.6% (16.75% employer and 8.85% employees) of applicable salaries, of which 24.39% was for pension benefits and 1.21% was for health benefits. During 2021, combined employer and employees' contributions to DERP were 25.0% (15.75% employer and 9.25% employees) of applicable salaries, of which 23.75% was for pension benefits and 1.25% was for health benefits.

# **Denver Health and Hospital Authority**

## **Notes to Financial Statements**

### **December 31, 2022 and 2021**

Effective January 1, 2001 and until October 1, 2003, active members of DERP who were eligible for a normal or rule of 75 retirement could choose to enter the Deferred Retirement Option Plan (DROP) for a maximum of four years. While participating in DROP, the member continues to work for the employer, earning a regular salary. The member's monthly retirement benefits are deposited into a DROP account maintained by DERP. The balance in a member's DROP account earns interest at a rate equal to the actuarial assumed rate of return. Sections 18-422 through 18-429 of the Revised Municipal Code of the City and County of Denver should be referred to for more complete information on DROP. Upon retirement, members have access to the funds accumulated during their participation in DROP.

#### ***Employer-made Contributions Based on the Legally Required Rates***

Total annual employee and employer contributions to DERP by the Authority in 2022 and 2021 were approximately \$6,137,000 and \$6,464,000, respectively, covering both pension and OPEB (Note 13). This represents 0.92% in 2022 and 1.03% in 2021 of the Authority's total payroll of all employees. Authority contributions (employer only) to DERP for the years ended December 31, 2022 and 2021 were approximately \$4,172,000 and \$4,498,000, respectively. Allocation ratio between Pension and DERP for 2022 and 2021 approximates 95:5. The Authority's total payroll for all employees was approximately \$663,865,000 and \$629,129,000 for 2022 and 2021, respectively.

#### ***Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At December 31, 2022 and 2021, the Authority reported a liability of \$52,303,000 and \$68,575,000, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021 and 2020 and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of December 31, 2020 and 2019, respectively, rolled forward to December 31, 2021 and 2020, respectively. The Authority's proportion of the net pension liability was based on actual contributions of the Authority to the pension plan relative to the actual contributions of all participating employers for the measurement period. At December 31, 2021, the Authority's proportion was 3.85%, which was a decrease of 0.56% from its proportion measured as of December 31, 2020. At December 31, 2020, the Authority's proportion was 4.41%, which was a decrease of 0.53% from its proportion measured as of December 31, 2019.

For the years ended December 31, 2022 and 2021, the Authority recognized pension contra-expense of approximately \$13,448,000 and \$11,513,000, respectively. At December 31, 2022 and 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

<b>Year Ended December 31, 2022</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,237,848	\$ -
Changes of assumptions	926,604	-
Net difference between projected and actual earnings on pension plan investments	-	7,481,237
Changes in proportion and differences between the Authority's contributions and the proportionate share of contributions	-	7,868,221
Authority's contributions made subsequent to the measurement date	3,971,698	-
Total	<u>\$ 6,136,150</u>	<u>\$ 15,349,458</u>
<b>Year Ended December 31, 2021</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,476,110	\$ -
Changes of assumptions	3,236,636	-
Net difference between projected and actual earnings on pension plan investments	-	1,192,970
Changes in proportion and differences between the Authority's contributions and the proportionate share of contributions	-	18,157,088
Authority's contributions made subsequent to the measurement date	4,275,913	-
Total	<u>\$ 8,988,659</u>	<u>\$ 19,350,058</u>

At December 31, 2022 and 2021, the Authority reported approximately \$3,972,000 and \$4,276,000, respectively, as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the years ending December 31, 2023 and 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2022, related to pensions will be recognized in pension expense as follows:



# Denver Health and Hospital Authority

## Notes to Financial Statements

### December 31, 2022 and 2021

Year Ended	
2023	\$ (4,370,953)
2024	(5,236,233)
2025	(1,841,652)
2026	(1,736,168)
	<u>\$ (13,185,006)</u>

#### **Actuarial Assumptions**

The total pension liability in the January 1, 2021 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<b>2021</b>		
Inflation	2.50%	
Salary increases	3.00%	Plus merit component based on years of service
Investment rate of return	7.25%	Net of pension plan investment expense, including inflation

The total pension liability in the December 31, 2019 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<b>2019</b>		
Inflation	2.50%	
Salary increases	3.00%	Plus merit component based on years of service
Investment rate of return	7.25%	Net of pension plan investment expense, including inflation

Mortality rates used in the January 1, 2021 valuation were based on the RP-2014 Combined Mortality Table for Males and Females projected with the Ultimate MP Scale with a multiplier of 110% male and 105% female. The disabled mortality tables were based on the RP-2014 Disabled Life Mortality Table for Males and Females projected with the Ultimate MP Scale.

Mortality rates used in the December 31, 2019 valuation were based on the RP-2014 Combined Mortality Table for Males and Females projected with the Ultimate MP Scale with a multiplier of 110% male and 105% female. The disabled mortality tables were based on the RP-2014 Disabled Life Mortality Table for Males and Females projected with the Ultimate MP Scale.

The actuarial assumptions used in the January 1, 2021 valuations were based on the results of an actuarial experience study in 2018 covering the 5-year period of January 1, 2013 to December 31, 2017.

The actuarial assumptions used in the December 31, 2019 valuations were based on the results of an actuarial experience study in 2018 covering the 5-year period of January 1, 2013 to December 31, 2017.

# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
<b>Public Equity</b>	<b>44.00%</b>	
U.S. Equity		
U.S. Large Cap	18.00%	7.10%
U.S. Small Cap	4.00%	7.60%
International Equity		
Developed Markets	14.00%	7.80%
Emerging Markets	8.00%	8.80%
<b>Fixed Income</b>	<b>25.50%</b>	
Core Fixed Income	17.00%	2.10%
Private Debt		
Private Debt	4.00%	6.20%
Distress Debt	2.50%	6.70%
Emerging Market Debt	2.00%	4.30%
<b>Real Estate</b>	<b>10.00%</b>	7.00%
<b>Absolute Return</b>	<b>5.00%</b>	4.30%
<b>MLPs</b>	<b>3.00%</b>	6.40%
<b>Alternatives</b>	<b>12.50%</b>	
Private Equity	9.00%	9.10%
Natural Resources	3.50%	7.70%
<b>Total</b>	<b>100.00%</b>	

### Discount Rate

The discount rate used to measure the total pension liability was 7.25% for the years ended December 31, 2022 and 2021. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that participating employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

### ***Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The Authority's proportionate share of the net pension liability at December 31, 2022 has been calculated using a discount rate of 7.25%. The following presents the Authority's proportionate share of the net pension liability calculated using a discount rate 1% higher and 1% lower than the current rate.

<b>December 31, 2022</b>	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
Authorities proportionate share of the net pension liability	\$ 69,322,214	\$ 52,303,284	\$ 38,030,204

The Authority's proportionate share of the net pension liability at December 31, 2021 has been calculated using a discount rate of 7.25%. The following presents the Authority's proportionate share of the net pension liability calculated using a discount rate 1% higher and 1% lower than the current rate.

<b>December 31, 2021</b>	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
Authorities proportionate share of the net pension liability	\$ 87,579,186	\$ 68,575,108	\$ 52,630,834

### ***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in the separately issued DERP financial report.

## **Note 12: DERP RBA Pension Liability**

### ***Plan Description***

A Qualified Replacement Benefit Arrangement (RBA) was established for DERP members to receive benefits in excess of certain IRS benefit payment limits. The RBA was established in 2006 but was not administratively enacted until 2020. Eligibility for the RBA occurs when the calculated benefit payments at the time of retirement exceeds the maximum benefit payable under the pension plan. The difference between calculated benefit payments and maximum benefit payable under the pension is paid from the RBA.

Prior to 2020 this plan was not administered by DERP in accordance with the plan documents. Thus 2020 is the first year the Authority is recording the liability and making contributions.

In 2022 and 2021 there are a total of 10 inactive employees currently receiving benefit payments.

# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

### **Contributions**

During 2022 and 2021, the Authority contributed approximately \$282,000 and \$417,000, respectively, based on amounts determined by the board to be necessary to pay benefits and reasonable and necessary expenses.

For contributions related to prior years, the Authority is working with DERP to fund.

### ***Employer-made Contributions Based on the Legally Required Rates***

Total annual employer contributions to DERP by the Authority in 2022 and 2021 were approximately \$282,000 and \$417,000, respectively. This represents 0.04% in 2022 and 0.07% in 2021 of the Authority's total payroll of all employees.

### ***Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At December 31, 2022 and 2021, the Authority reported a liability of \$8,859,000 and \$7,702,000, respectively. The net pension liability was measured as of December 31, 2021 and 2020 and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of January 1, 2021 and 2020, respectively, rolled forward to December 31, 2021 and 2020.

For the years ended December 31, 2022 and 2021, the Authority recognized pension expense of approximately \$4,197,000 and \$559,000, respectively. At December 31, 2022 and 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Year Ended December 31, 2022</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes between expected and actual experience	\$ 1,726,769	\$ -
Assumption changes	419,412	-
Authority's contributions subsequent to the measurement date	282,355	-
Total	<u>\$ 2,428,536</u>	<u>\$ -</u>

# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

Year Ended December 31, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes between expected and actual experience	\$ 893,197	\$ -
Assumption changes	500,810	-
Authority's contributions subsequent to the measurement date	416,923	-
Total	<u>\$ 1,810,930</u>	<u>\$ -</u>

At December 31, 2022 and 2021, the Authority reported approximately \$282,000 and \$417,000, respectively as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the years ending December 31, 2023 and 2022, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2022, related to pensions will be recognized in pension expense as follows:

Year Ended	
2023	\$ 609,291
2024	609,291
2025	655,306
2026	272,293
	<u>\$ 2,146,181</u>

### Actuarial Assumptions

The total pension liability in the January 1, 2021 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

2021		
Inflation	2.50%	
Salary Increases	3.00%	Average, including inflation
Investment Rate of return	2.06%	Net of pension plan investment expense, including inflation

The total pension liability in the January 1, 2020 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

2020		
Inflation	2.50%	
Salary Increases	3.00%	Average, including inflation
Investment Rate of return	2.12%	Net of pension plan investment expense, including inflation

# **Denver Health and Hospital Authority**

## **Notes to Financial Statements**

**December 31, 2022 and 2021**

Mortality rates used in the January 1, 2021 valuation were based on the RP-2014 Combined Mortality Table for Males and Females projected with the Ultimate MP Scale with a multiplier of 110% male and 105% female. The disabled mortality tables were based on the RP-2014 Disabled Life Mortality Table for Males and Females projected with the Ultimate MP Scale.

Mortality rates used in the January 1, 2020 valuation were based on the RP-2014 Combined Mortality Table for Males and Females projected with the Ultimate MP Scale with a multiplier of 110% male and 105% female. The disabled mortality tables were based on the RP-2014 Disabled Life Mortality Table for Males and Females projected with the Ultimate MP Scale.

The actuarial assumptions used in the January 1, 2021 valuations were based on the results of an actuarial experience study in 2018 covering the 5-year period of January 1, 2013 to December 31, 2017.

The actuarial assumptions used in the January 1, 2020 valuations were based on the results of an actuarial experience study in 2018 covering the 5-year period of January 1, 2013 to December 31, 2017.

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

# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
<b>Public Equity</b>	<b>44.00%</b>	
U.S. Equity		
U.S. Large Cap	18.00%	7.10%
U.S. Small Cap	4.00%	7.60%
International Equity		
Developed Markets	14.00%	7.80%
Emerging Markets	8.00%	8.80%
<b>Fixed Income</b>	<b>25.50%</b>	
Core Fixed Income	17.00%	2.10%
Private Debt		
Private Debt	4.00%	6.20%
Distress Debt	2.50%	6.70%
Emerging Market Debt	2.00%	4.30%
<b>Real Estate</b>	<b>10.00%</b>	7.00%
<b>Absolute Return</b>	<b>5.00%</b>	4.30%
<b>MLPs</b>	<b>3.00%</b>	6.40%
<b>Alternatives</b>	<b>12.50%</b>	
Private Equity	9.00%	9.10%
Natural Resources	3.50%	7.70%
Total	<u>100.00%</u>	

### Discount Rate

The discount rate used to measure the total pension liability was 2.06% and 2.12%, respectively, for the years ended December 31, 2022 and 2021. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that participating employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The Authority's proportionate share of the net pension liability at December 31, 2022 has been calculated using a discount rate of 2.06%. The following presents the Authority's proportionate share of the net pension liability calculated using a discount rate 1% higher and 1% lower than the current rate.

# Denver Health and Hospital Authority

## Notes to Financial Statements

### December 31, 2022 and 2021

December 31, 2022	1% Decrease	Current Discount Rate	1% Increase
Total RBA Pension Liability	\$ 9,567,428	\$ 8,859,310	\$ 8,215,288

The Authority's proportionate share of the net pension liability at December 31, 2021 has been calculated using a discount rate of 2.12%. The following presents the Authority's proportionate share of the net pension liability calculated using a discount rate 1% higher and 1% lower than the current rate.

December 31, 2021	1% Decrease	Current Discount Rate	1% Increase
Total RBA Pension Liability	\$ 8,276,491	\$ 7,702,075	\$ 7,177,810

#### ***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in the separately issued DERP financial report.



# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

### Note 13: Postemployment Benefits Other Than Pensions

The Authority participates in a defined benefit other postemployment benefits plan: OPEB benefits under DERP.

A summary of the OPEB items as of and for the years ended December 31, 2022 and 2021 are as follows:

December 31, 2022	DERP
OPEB liability	\$ 3,337,059
Deferred outflows of resources	304,595
Deferred inflows of resources	895,145
Expense (contra-expense)	(483,645)

December 31, 2021	DERP
OPEB liability	\$ 4,147,787
Deferred outflows of resources	462,225
Deferred inflows of resources	925,681
Expense (contra-expense)	(476,015)

### ***OPEB Benefits Under DERP***

#### **Plan Description**

Certain employees of the Authority as well as other nonuniformed employees of the City and certain related agencies, including employees leased to the Authority, participate in DERP. DERP is a cost-sharing multiple-employer defined benefit pension plan established by the City to provide pension benefits for its employees. These benefits include health benefits and are considered an OPEB benefit. DERP is no longer available to Authority employees hired January 1, 2001 or later. Authority employees hired prior to January 1, 2001 have the option to elect to drop their DERP participation and join the Enhanced Defined Contribution Plan, which is described in Note 15. Sections 18.401 through 18.430.7 of the City's Revised Municipal Code establish the plan and provide complete information on DERP. DERP issues a publicly available financial report that includes financial statements and required supplementary information. That report is available by either contacting DERP at 777 Pearl Street, Denver, Colorado 80203 or on the Internet at [www.derp.org](http://www.derp.org).

# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

### **Benefits Provided**

The health benefits' account was established by City Ordinance in 1991 to provide, beginning January 1, 1992, postemployment healthcare benefits in the form of a premium supplement to retired members, their spouses and dependents, spouses and dependents of deceased active and retired members, and members of the Plan awaiting approval of retirement applications. During 2022 and 2021, the monthly health insurance premium supplement was \$12.50 per year of service for retired participants under the age of 65, and \$6.25 per year of service for retirees aged 65 and older. The health insurance premium supplement can be applied to the payment of medical, dental, and/or vision insurance premiums. The benefit recipient pays any remaining portion of the premiums.

Before consideration of the premium supplement or premiums paid by the employer, the premiums charged to retirees are the same as charged to active employees for the same coverage. This results in an implicit rate subsidy, which is considered another postemployment benefit (OPEB).

### **Employer-made Contributions Based on the Legally Required Rates**

Total annual contributions to DERP by the Authority for postemployment healthcare benefits were approximately \$200,000 and \$223,000 for 2022 and 2021, respectively. This represents 0.03% and 0.04% of the Authority's total payroll for 2022 and 2021, respectively.

### **OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At December 31, 2022 and 2021, the Authority reported a liability of approximately \$3,337,000 and \$4,148,000, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2021 and 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021 and 2020, rolled forward to December 31, 2021 and 2020, respectively. The Authority's proportion of the net OPEB liability was based on actual contributions of the Authority to the OPEB plan relative to the actual contributions of all participating employers for the measurement period. At December 31, 2021, the Authority's proportion was 3.9%, which was a decrease of 0.4% from its proportion measured as of December 31, 2020. At December 31, 2020, the Authority's proportion was 4.3%, which was a decrease of 0.3% from its proportion measured as of December 31, 2019.

For the years ended December 31, 2022 and 2021, the Authority recognized OPEB contra-expense of approximately \$484,000 and \$476,000, respectively. At December 31, 2022 and 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

<b>Year Ended December 31, 2022</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 2,152	\$ 159,362
Changes of assumptions	102,453	-
Net difference between projected and actual earnings on OPEB plan investments	-	236,889
Changes in proportion and differences between the Authority's contributions and the proportionate share of contributions	-	498,894
Authority's contributions made subsequent to the measurement date	199,990	-
Total	<u>\$ 304,595</u>	<u>\$ 895,145</u>
<b>Year Ended December 31, 2021</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 8,476	\$ 172,109
Changes of assumptions	231,192	-
Net difference between projected and actual earnings on OPEB plan investments	-	37,319
Changes in proportion and differences between the Authority's contributions and the proportionate share of contributions	-	716,253
Authority's contributions made subsequent to the measurement date	222,557	-
Total	<u>\$ 462,225</u>	<u>\$ 925,681</u>

At December 31, 2022 and 2021, the Authority reported approximately \$200,000 and \$223,000, respectively, as deferred outflows of resources related to the DERP OPEB resulting from Authority contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the years ending December 31, 2023 and 2022, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2022, related to the DERP OPEB will be recognized in expense as follows:

# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

Year Ended	
2023	\$ (246,662)
2024	(303,852)
2025	(184,743)
2026	(55,283)
	<u>\$ (790,540)</u>

### OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued DERP financial report.

### Actuarial Assumptions

The total OPEB liability in the December 31, 2020 and 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

2020		
Inflation	2.50%	
Salary increases	3.00%	Plus merit component based on years of service
Investment rate of return	7.25%	Net of OPEB plan investment expense, including inflation
Experience study		Conducted in 2018 covering the 5-year period of January 1, 2013 to December 31, 2017
2019		
Inflation	2.50%	
Salary increases	3.00%	Plus merit component based on years of service
Investment rate of return	7.25%	Net of OPEB plan investment expense, including inflation
Experience study		Conducted in 2018 covering the 5-year period of January 1, 2013 to December 31, 2017

Mortality rates used in the December 31, 2020 and 2019 valuation were based on the RP-2014 Combined Mortality Table for Males and Females projected with the Ultimate MP Scale with a multiplier of 110% male and 105% female.

# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
<b>Public Equity</b>	<b>44.00%</b>	
U.S. Equity		
U.S. Large Cap	18.00%	7.10%
U.S. Small Cap	4.00%	7.60%
International Equity		
Developed Markets	14.00%	7.80%
Emerging Markets	8.00%	8.80%
<b>Fixed Income</b>	<b>25.50%</b>	
Core Fixed Income	17.00%	2.10%
Private Debt		
Private Debt	4.00%	6.20%
Distress Debt	2.50%	6.70%
Emerging Market Debt	2.00%	4.30%
<b>Real Estate</b>	<b>10.00%</b>	7.00%
<b>Absolute Return</b>	<b>5.00%</b>	4.30%
<b>Infrastructure</b>	<b>3.00%</b>	6.40%
<b>Alternatives</b>	<b>12.50%</b>	
Private Equity	9.00%	9.10%
Natural Resources	3.50%	7.70%
<b>Total</b>	<b>100.00%</b>	

### Discount Rate

The discount rate used to measure the total net OPEB liability was 7.25% for the years ended December 31, 2022 and 2021. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that participating employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

### Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The Authority's proportionate share of the net OPEB liability at December 31, 2022 has been calculated using a discount rate of 7.25%. The following presents the Authority's proportionate share of the net OPEB liability calculated using a discount rate 1% higher and 1% lower than the current rate.

December 31, 2022	1% Decrease	Current Discount Rate	1% Increase
Authorities proportionate share of the net OPEB liability	\$ 3,999,368	\$ 3,337,059	\$ 27,752,230

The Authority's proportionate share of the net OPEB liability at December 31, 2021 has been calculated using a discount rate of 7.25%. The following presents the Authority's proportionate share of the net OPEB liability calculated using a discount rate 1% higher and 1% lower than the current rate.

December 31, 2021	1% Decrease	Current Discount Rate	1% Increase
Authorities proportionate share of the net OPEB liability	\$ 4,884,765	\$ 4,147,787	\$ 3,522,408

As this plan is paid at a fixed dollar value, there is not an actuarially adjusted value for healthcare costs and thus Healthcare Cost Trend Rates are not applicable to this plan.

### Note 14: Deferred Compensation Plan

The Authority offers their employees deferred compensation plans created in accordance with Code Section 457. The plans are available to all Authority employees and permit employees to defer a portion of their salary until future years. The deferred compensation is not available to employees or their beneficiaries until termination, retirement, death, or approval for hardship cases. Employee contributions in 2022, 2021 and 2020 were approximately \$43,473,000, \$39,020,000 and \$32,550,000, respectively.

The Authority's plan is administered and operated by the Authority through a Board Retirement Plan Committee. An agreement was established between the Authority and a third party to invest the plan assets and for assistance in administering the plan.

Under the provisions of GASB 84, the Authority has determined that its 457(b) plan meets the criteria for inclusion in its financial statements as an other fiduciary activity because, among other required characteristics, it controls the assets of the plan and it is the trustee of the plan's assets.

# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

### Note 15: Defined Contribution Plan and Enhanced Defined Contribution Plan

The Denver Health and Hospital Authority 401(a) Defined Contribution Plan (Defined Contribution Plan) was established to extend benefits to employees in lieu of those benefits provided by the Social Security Act, as allowed by Colorado Revised Statutes Section 24-54-101. The plan was created in accordance with Code Sections 401 and 501. Benefits are not available to employees or their beneficiaries until retirement or death. Employees are required to contribute 6.2% of base compensation to the Defined Contribution Plan. The Authority has elected to contribute 3% of base compensation as a matching contribution. The contributions are not to exceed the maximum permissible amounts of the social security tax.

Because employees hired subsequent to January 1, 2001 are not eligible to participate in DERP, the Enhanced Defined Contribution Plan was established as a benefit to these Authority employees. Authority employees hired prior to January 1, 2001 may exercise an option to drop DERP participation and join the Enhanced Defined Contribution Plan.

Through August 23, 2015, the Authority elected to contribute 6.0% of eligible compensation up to the maximum compensation allowable by the Internal Revenue Service as an enhanced additional contribution. Effective August 23, 2015, the Authority amended the Enhanced Defined Contribution Plan to change the 6.0% enhanced contribution as follows:

- For employees hired after August 23, 2015, to contribute a 3.0% enhanced contribution that is subject to a three year vesting period.
- To contribute up to an additional 3.5% enhanced contribution, also subject to a three year vesting period, that is matched 100% to the percent of eligible wages the employee voluntarily defers and contributes to the Authority's 457 Deferred Compensation Plan.
- Employees hired on or before August 23, 2015 continue to be immediately vested in all employee and employer contributed balances.

Total annual contributions to the Defined Contribution Plan and the Enhanced Defined Contribution Plan by the Authority in 2022, 2021 and 2020 were approximately \$54,327,000, \$51,572,000 and \$47,295,000, respectively. Employee contributions in 2022, 2021 and 2020 were approximately \$39,909,000, \$37,883,000 and \$34,893,000, respectively.

An agreement was established between the Authority and a third party to invest plan assets and to assist in administering the plans.

Under the provisions of GASB 84, the Authority has determined that its 401(a) plan meets the criteria for inclusion in its financial statements as an other fiduciary activity because, among other required characteristics, it controls the assets of the plan and it is the trustee of the plan's assets.

# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

### Note 16: Supplemental Executive Retirement Plan

In 2014, the Authority created a Supplemental Executive Retirement Plan (SERP Plan) for the purpose of providing deferred compensation for a select group of executive managers. The SERP Plan is an unfunded, non-qualified deferred compensation arrangement under Section 457(f) of the Internal Revenue Code. The effective date of the SERP Plan was January 1, 2014. Participants become vested to the contribution three calendar years after the contribution, or the year in which they turn 65 years of age, whichever is sooner. Distributions are made annually in February of each year to vested participants. Executive managers participating in DERP are not eligible to be included in the SERP Plan.

### Note 17: Risk Management

The Authority is exposed to various risks and losses related to torts, theft, damage or destruction of assets, errors and omissions, natural disasters, property damage, workers' compensation, auto liability and unemployment.

The Authority is covered under the limits of the Colorado Governmental Immunity Act. As of January 1, 2022, in tort litigation covered by the Colorado Governmental Immunity Act, injury to one person in any single occurrence is limited to the amount of \$424,000, and for injury to two or more persons in a single occurrence, the limitation is \$1,195,000 with the stated limitation that no person may recover in excess of \$424,000. With respect to malpractice liability, the Authority carries excess healthcare professional and general liability coverage with limits of \$1,000,000 per occurrence and \$3,000,000 in the aggregate with a self-insured retention amount of \$250,000. In addition, the Authority carries an umbrella policy with limits of \$5,000,000 per occurrence and \$5,000,000 in the aggregate.

The estimated amount of medical malpractice and other liability was approximately \$7,955,000 and \$7,209,000 for the years ended December 31, 2022 and 2021, respectively. The Authority relied upon an actuarial estimate of the medical malpractice to record IBNR losses and loss adjustment expenses. A discount rate of 3.0% was applied to the actuarially determined liability as of December 31, 2022 and 2021.

Changes in the reported liability for the years ended December 31, 2022 and 2021 are as follows:

	<b>Beginning Balance</b>	<b>Provision and Changes in Estimates</b>	<b>Claims Paid/ Refunded</b>	<b>Ending Balance</b>
2021	\$ 7,360,716	\$ 1,822,234	\$ (1,973,752)	\$ 7,209,198
2022	\$ 7,209,198	\$ 1,386,695	\$ (641,290)	\$ 7,954,603

The Authority carries a separate healthcare professional and general liability policy to cover the Authority's healthcare services provided in the City's jail medical facilities. This policy provides coverage in the amount of \$1,000,000 per occurrence and \$3,000,000 in the aggregate with a self-insured retention of \$250,000.



# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

For other types of risk, the Authority generally carries commercial policies with deductibles ranging from \$50,000 to \$600,000 and limits of \$1,000,000 to \$10,000,000. Property coverage is limited to \$750,000 and flood losses to \$100,000,000.

On January 1, 2002, the Authority was issued a “self-insurance permit” by the Colorado Department of Labor and Employment, Division of Workers’ Compensation, which allows the Authority to be its own insurance carrier for workers’ compensation risk. The Authority carries an excess workers’ compensation insurance policy with a self-insured retention limit of \$600,000. At December 31, 2022 and 2021, the estimated amount of workers’ compensation liability was approximately \$4,483,000 and \$4,188,000, respectively. This liability is based on actuarial estimates of the workers’ compensation to record IBNR losses and loss adjustment expenses. Changes in the reported liability for the years ended December 31, 2022 and 2021 are as follows:

	<b>Beginning Balance</b>	<b>Provision and Changes in Estimates</b>	<b>Claims Paid/ Refunded</b>	<b>Ending Balance</b>
2021	\$ 4,075,211	\$ 2,035,213	\$ (1,922,589)	\$ 4,187,835
2022	\$ 4,187,835	\$ 1,860,112	\$ (1,564,589)	\$ 4,483,358

There were no significant reductions in insurance coverage from the prior year. There have been no claim settlements in excess of insurance coverage in the last three years. In the opinion of the Authority’s legal counsel and management, resolution of actions relating to the Authority will not have a material effect on the Authority’s financial position or results of operations.

## Note 18: Contingencies

### ***Cost Report***

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures. Such audits could lead to reimbursement to the grantor agencies. The Authority has recorded all known and estimable liabilities related to such issues. Management believes unrecorded disallowances, if any, will not be significant.

### ***Taxpayer Bill of Rights***

The Authority believes it is exempt from the provisions of Article X, Section 20 of the Colorado Constitution Taxpayer Bill of Rights (TABOR) because the Authority is not a “district” within the meaning of Section 2(b) of TABOR. In addition, the Authority believes it is exempt from TABOR because the Authority meets the definition of an “enterprise,” as defined by Section 2(d) of TABOR.

# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

### ***Litigation***

In the normal course of operations, the Authority is at times involved in litigation related to claims made under insurance contracts, employee liability, and general liability. In the opinion of management, all known material liabilities have been recorded, and the resolution of these matters is not expected to have a material effect on the Authority's financial position, results of operations, or liquidity.

### ***Investments***

The Authority invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of net position.

### **Note 19: Commitments**

The Authority entered into multiple construction contracts to remodel existing buildings and to construct new buildings during 2022 and prior. Under these contracts, the Authority has committed to pay contractors approximately \$19,310,000 in future periods.

### **Note 20: Fiduciary Funds**

The Authority has two plans making up the Fiduciary Funds. One is the Deferred Compensation Plan created under Code Section 457 (see Note 14). The second is the Defined Contribution Plan and Enhanced Defined Contribution Plan created in accordance with section 401 (see Note 15). The combining fiduciary net position as of December 31, 2022 and 2021 are as follows:

	December 31, 2022		
	401(a)	457(b)	Total
<b>Assets</b>			
Investments, at fair value	\$ 949,018,428	\$ 310,975,359	\$ 1,259,993,787
Participant loans	15,772,954	4,232,119	20,005,073
Total assets	964,791,382	315,207,478	1,279,998,860
Plan net position	\$ 964,791,382	\$ 315,207,478	\$ 1,279,998,860

# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

	December 31, 2021		
	401(a)	457(b)	Total
<b>Assets</b>			
Investments, at fair value	\$ 1,130,118,675	\$ 356,320,119	\$ 1,486,438,794
Participant loans	15,530,528	3,934,739	19,465,267
Total assets	1,145,649,203	360,254,858	1,505,904,061
Plan net position	\$ 1,145,649,203	\$ 360,254,858	\$ 1,505,904,061

The combining statements of changes in fiduciary net position for years ended December 31, 2022 and 2021 are as follows:

	Year Ended December 31, 2022		
	401(a)	457(b)	Total
<b>Additions</b>			
Contributions			
Participant	\$ 44,613,279	\$ 40,188,324	\$ 84,801,603
Employer	51,540,964	-	51,540,964
Rollover	1,459,877	7,873,431	9,333,308
Total contributions	97,614,120	48,061,755	145,675,875
Investment earnings (losses)			
Net decrease in fair value of investments	(213,544,555)	(64,081,081)	(277,625,636)
Interest, dividends and other	9,060,237	864,465	9,924,702
Total investment earnings (losses)	(204,484,318)	(63,216,616)	(267,700,934)
Total additions (reductions)	(106,870,198)	(15,154,861)	(122,025,059)
<b>Reductions</b>			
Benefits paid to participants	72,928,249	29,700,291	102,628,540
Administrative income	1,059,375	192,227	1,251,602
Total reductions	73,987,624	29,892,518	103,880,142
<b>Net Decrease in Fiduciary Net Position</b>	(180,857,822)	(45,047,379)	(225,905,201)
<b>Net Position, Beginning of Year</b>	1,145,649,204	360,254,857	1,505,904,061
<b>Net Position, End of Year</b>	\$ 964,791,382	\$ 315,207,478	\$ 1,279,998,860

# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

	Year Ended December 31, 2021		
	401(a)	457(b)	Total
<b>Additions</b>			
Contributions			
Participant	\$ 42,752,268	\$ 36,472,585	\$ 79,224,853
Employer	49,500,950	-	49,500,950
Rollover	2,188,160	8,376,058	10,564,218
Total contributions	94,441,378	44,848,643	139,290,021
Investment earnings			
Net increase in fair value of investments	120,289,169	35,010,629	155,299,798
Interest, dividends and other	20,274,528	9,142,167	29,416,695
Total investment earnings	140,563,697	44,152,796	184,716,493
Total additions	235,005,075	89,001,439	324,006,514
<b>Reductions</b>			
Benefits paid to participants	77,746,941	27,662,024	105,408,965
Administrative income	962,712	180,227	1,142,939
Total reductions	78,709,653	27,842,251	106,551,904
<b>Net Increase in Fiduciary Net Position</b>	156,295,422	61,159,188	217,454,610
<b>Net Position, Beginning of Year</b>	989,353,782	299,095,669	1,288,449,451
<b>Net Position, End of Year</b>	\$ 1,145,649,204	\$ 360,254,857	\$ 1,505,904,061

### Investments

The Plans may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest to a limited extent in corporate bonds and equity securities.

# Denver Health and Hospital Authority

## Notes to Financial Statements

### December 31, 2022 and 2021

At December 31, 2022 and 2021, the Plans had the following investments and maturities:

December 31, 2022					
Investment Type	Fair Value	Less than 1 year	1 - 5 years	6 - 10 years	10 + years
Fixed Income Mutual Funds					
Fidelity Spartan U.S. Bond Index	\$ 23,526,109	\$ 529,337	\$ 8,925,806	\$ 9,295,166	\$ 4,775,800
MetWest Total Return	21,903,569	(2,764,279)	8,646,668	9,705,453	6,315,727
Wells Fargo Stable Return	22,923,770	3,780,130	13,602,965	5,318,314	222,361
Money market mutual funds	26,682,008	26,682,008	-	-	-
Other	6,391,440	6,391,440	-	-	-
		<u>\$ 34,618,636</u>	<u>\$ 31,175,439</u>	<u>\$ 24,318,933</u>	<u>\$ 11,313,888</u>
Real estate funds	6,894,587				
Target date portfolios	825,667,775				
Mutual funds	326,004,529				
	<u>\$ 1,259,993,787</u>				
December 31, 2021					
Investment Type	Fair Value	Less than 1 year	1 - 5 years	6 - 10 years	10 + years
Fixed Income Mutual Funds					
Fidelity Spartan U.S. Bond Index	\$ 13,653,910	\$ 416,444	\$ 5,991,336	\$ 4,584,983	\$ 2,661,147
MetWest Total Return	36,884,034	(2,072,883)	19,345,676	14,159,781	5,451,460
Wells Fargo Stable Return	18,750,289	3,523,179	10,714,478	4,422,818	89,814
Money market mutual funds	25,792,942	25,792,942	-	-	-
Other	5,306,207	5,306,207	-	-	-
		<u>\$ 32,965,889</u>	<u>\$ 36,051,490</u>	<u>\$ 23,167,582</u>	<u>\$ 8,202,421</u>
Real estate funds	9,675,486				
Target date portfolios	970,230,799				
Mutual funds	406,145,127				
	<u>\$ 1,486,438,794</u>				

### Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Plans investment policy limits duration of total assets to be less than six years. As of December 31, 2022, approximately \$35,633,000, or 2.83%, of total assets were in U.S. Treasury obligations, corporate bonds and other types with maturity dates six years or longer. As of December 31, 2021, approximately \$31,370,000, or 2.08%, of total assets were in U.S. Treasury obligations, corporate bonds and other types with maturity dates six years or longer. The money market mutual funds are presented as an investment with a maturity of less than one year because the average maturity of the funds is less than one year.

# Denver Health and Hospital Authority

## Notes to Financial Statements

### December 31, 2022 and 2021

#### **Credit Risk**

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Plans investment policy applies the prudent person standard and is applied in the context of managing an overall portfolio. Each participant is responsible for determining the risks and commensurate returns of his or her portfolio. The Plans fixed income investments were rated based on the average quality of the fixed income investments as noted below:

December 31, 2022							
	MetWest Total Return		Wells Fargo Stable Return		Fidelity Spartan U.S. Bond Index		Total Investments
AAA	69.33%	\$ 15,185,745	62.30%	\$ 14,281,508	74.39%	\$ 17,501,072	\$ 46,968,325
AA	6.06%	1,326,465	6.52%	1,494,630	4.37%	1,028,090	3,849,185
A	13.33%	2,919,493	15.04%	3,447,735	10.73%	2,524,352	8,891,580
BBB	17.33%	3,795,440	10.88%	2,494,106	10.18%	2,394,958	8,684,504
BB / B	5.05%	1,106,130	0.05%	11,462	0.00%	-	1,117,592
Below B	3.97%	870,353	0.00%	-	0.00%	-	870,353
Cash and other	-15.07%	(3,300,057)	5.21%	1,194,329	0.33%	77,637	(2,028,091)
Total	100.00%	\$ 21,903,569	100.00%	\$ 22,923,770	100.00%	\$ 23,526,109	\$ 68,353,448

December 31, 2021							
	MetWest Total Return		Wells Fargo Stable Return		Fidelity Spartan U.S. Bond Index		Total Investments
AAA	71.95%	\$ 26,534,374	72.17%	\$ 13,532,084	60.58%	\$ 8,272,904	\$ 48,339,362
AA	4.34%	1,600,767	4.72%	885,014	7.72%	1,054,082	3,539,863
A	10.45%	3,854,382	11.44%	2,145,033	13.88%	1,895,163	7,894,578
BBB	14.52%	5,355,562	10.52%	1,972,530	10.25%	1,399,526	8,727,618
BB / B	3.37%	1,242,992	0.09%	16,875	0.18%	24,577	1,284,444
Below B	3.20%	1,180,289	0.00%	-	0.00%	-	1,180,289
Cash and other	-7.83%	(2,884,332)	1.06%	198,753	7.39%	1,007,658	(1,677,921)
Total	100.00%	\$ 36,884,034	100.00%	\$ 18,750,289	100.00%	\$ 13,653,910	\$ 69,288,233

#### **Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the Plans deposits are fully insured by FDIC insurance or collateralized with securities held by the Plan or the Plans agent in the Plans name. Therefore the Plan is not exposed to custodial credit risk.

#### **Concentration of Credit Risk**

The Plans investment options are all mutual funds; thus, no concentration risk exists at December 31, 2022 and 2021.

#### **Foreign Currency Risk**

This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Plans diversified selection of mutual funds encourages the investment advisors to employ diversification, asset allocation, and quality strategies to minimize risks. Each participant is responsible for determining the risks and commensurate returns of his or her portfolio.

# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

The Plans exposure to foreign currency risk is limited to three mutual funds that invest in international equities for a total of approximately \$54,709,000, or 4.27%, of total assets at December 31, 2022, and \$61,625,000, or 4.08%, of total assets at December 31, 2021.

### Disclosures About Fair Value of Assets and Liabilities

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2022 and 2021:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2022		Fair Value		
Investments - Mutual Funds				
Fixed Income	\$ 68,353,448	\$ 68,353,448	\$ -	\$ -
Money Market	26,682,008	26,682,008	-	-
Equity and Target Date Portfolio	1,164,958,331	1,164,958,331	-	-
Total investments	<u>\$ 1,259,993,787</u>	<u>\$ 1,259,993,787</u>	<u>\$ -</u>	<u>\$ -</u>

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2021		Fair Value		
Investments - Mutual Funds				
Fixed Income	\$ 69,288,233	\$ 69,288,233	\$ -	\$ -
Money Market	25,792,942	25,792,942	-	-
Equity and Target Date Portfolio	1,391,357,619	1,391,357,619	-	-
Total investments	<u>\$ 1,486,438,794</u>	<u>\$ 1,486,438,794</u>	<u>\$ -</u>	<u>\$ -</u>

### Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the

# Denver Health and Hospital Authority

## Notes to Financial Statements

### December 31, 2022 and 2021

valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

#### Note 21: Condensed Combining Financial Information

The following tables include condensed combining statements of net position information for the Authority and its blended component units as of December 31, 2022 and 2021.

	December 31, 2022			
	Total Authority	CCPPS	550 Acoma Inc.	Total
<b>Condensed Statement of Net Position</b>				
Current assets	\$ 250,165,717	\$ (1,259,085)	\$ 2,865,591	\$ 251,772,223
<b>Noncurrent Assets</b>				
Capital and leased assets, net of accumulated depreciation and amortization	614,558,177	-	26,082,799	640,640,976
Other long-term assets	305,575,978	-	3,683	305,579,661
Total noncurrent assets	920,134,155	-	26,086,482	946,220,637
Total assets	1,170,299,872	(1,259,085)	28,952,073	1,197,992,860
<b>Deferred Outflows of Resources</b>	22,080,734	-	-	22,080,734
Total assets and deferred outflows of resources	<u>\$ 1,192,380,606</u>	<u>\$ (1,259,085)</u>	<u>\$ 28,952,073</u>	<u>\$ 1,220,073,594</u>
<b>Liabilities</b>				
Current liabilities	\$ 184,653,240	\$ (92,838)	\$ 874,967	\$ 185,435,369
Long-term liabilities	368,671,853	-	37,992,165	406,664,018
Total liabilities	553,325,093	(92,838)	38,867,132	592,099,387
<b>Deferred Inflows of Resources</b>	22,904,724	-	-	22,904,724
Total liabilities and deferred inflows of resources	576,229,817	(92,838)	38,867,132	615,004,111
<b>Net Position</b>				
Net investment in capital and leased assets	301,179,213	-	-	301,179,213
Unrestricted	314,971,576	(1,166,247)	(9,915,059)	303,890,270
Total net position	616,150,789	(1,166,247)	(9,915,059)	605,069,483
Total liabilities and net position	<u>\$ 1,192,380,606</u>	<u>\$ (1,259,085)</u>	<u>\$ 28,952,073</u>	<u>\$ 1,220,073,594</u>



# Denver Health and Hospital Authority

## Notes to Financial Statements

### December 31, 2022 and 2021

	December 31, 2021 *			
	Total Authority	CCPPS	550 Acoma Inc.	Total
<b>Condensed Statement of Net Position</b>				
Current assets	\$ 227,661,106	\$ (1,124,313)	\$ 2,856,187	\$ 229,392,980
<b>Noncurrent Assets</b>				
Capital and leased assets, net of accumulated depreciation and amortization	656,930,788	-	27,244,979	684,175,767
Other long-term assets	398,814,564	-	3,070	398,817,634
Total noncurrent assets	1,055,745,352	-	27,248,049	1,082,993,401
Total assets	1,283,406,458	(1,124,313)	30,104,236	1,312,386,381
<b>Deferred Outflows of Resources</b>	25,833,140	-	-	25,833,140
Total assets and deferred outflows of resources	<u>\$ 1,309,239,598</u>	<u>\$ (1,124,313)</u>	<u>\$ 30,104,236</u>	<u>\$ 1,338,219,521</u>
<b>Liabilities</b>				
Current liabilities	\$ 188,860,534	\$ 134,114	\$ 842,863	\$ 189,837,511
Long-term liabilities	420,483,041	-	38,821,479	459,304,520
Total liabilities	609,343,575	134,114	39,664,342	649,142,031
<b>Deferred Inflows of Resources</b>	27,368,240	-	-	27,368,240
Total liabilities and deferred inflows of resources	<u>636,711,815</u>	<u>134,114</u>	<u>39,664,342</u>	<u>676,510,271</u>
<b>Net Position</b>				
Net investment in capital and leased assets	327,650,489	-	-	327,650,489
Unrestricted	344,877,294	(1,258,427)	(9,560,106)	334,058,761
Total net position	<u>672,527,783</u>	<u>(1,258,427)</u>	<u>(9,560,106)</u>	<u>661,709,250</u>
Total liabilities and net position	<u>\$ 1,309,239,598</u>	<u>\$ (1,124,313)</u>	<u>\$ 30,104,236</u>	<u>\$ 1,338,219,521</u>

\* Restated for Implementation of GASB 87

# Denver Health and Hospital Authority

## Notes to Financial Statements

December 31, 2022 and 2021

The following tables include condensed combining statements of revenues, expenses and changes in net position information for the Authority and its blended component units for the years ended December 31, 2022 and 2021.

	Year Ended December 31, 2022			
	Total Authority	CCPPS	550 Acoma Inc.	Total
<b>Operating Revenues</b>				
Net patient service revenue	\$ 901,027,279	\$ -	\$ -	\$ 901,027,279
Capitation earned net of reinsurance expense	2,502,535	-	-	2,502,535
Medicaid disproportionate share and other safety net reimbursement	148,120,716	-	-	148,120,716
City and County of Denver payment for patient care services	29,700,000	-	-	29,700,000
Federal, state and other grants	99,509,389	-	-	99,509,389
City and County of Denver purchased services	30,007,576	-	-	30,007,576
Poison and drug center contracts	20,478,071	-	-	20,478,071
Other operating revenue	52,277,355	137,147	-	52,414,502
Total operating revenues	1,283,622,921	137,147	-	1,283,760,068
<b>Operating Expenses</b>				
Salaries and benefits	773,970,366	-	-	773,970,366
Contracted services and nonmedical supplies	276,516,479	44,967	(2,469,350)	274,092,096
Medical supplies and pharmaceuticals	194,269,667	-	-	194,269,667
Depreciation and amortization	64,044,144	-	1,162,180	65,206,324
Total operating expenses	1,308,800,656	44,967	(1,307,170)	1,307,538,453
Operating income (loss)	(25,177,735)	92,180	1,307,170	(23,778,385)
<b>Nonoperating Revenues (Expenses)</b>				
Decrease in equity in joint venture	(62,454)	-	-	(62,454)
Nonoperating grant revenue (CARES Act/FEMA)	6,089,020	-	-	6,089,020
Interest income	10,187,584	-	10,017	10,197,601
Interest expense	(12,339,023)	-	(1,672,140)	(14,011,163)
Net decrease in fair value of investments	(36,563,351)	-	-	(36,563,351)
Gain on disposition of capital assets	3,734	-	-	3,734
Total nonoperating revenues (expenses)	(32,684,490)	-	(1,662,123)	(34,346,613)
Income (loss) before capital contributions	(57,862,225)	92,180	(354,953)	(58,124,998)
<b>Contributions Restricted for Capital Assets</b>	1,485,231	-	-	1,485,231
Increase (decrease) in net position	(56,376,994)	92,180	(354,953)	(56,639,767)
<b>Total Net Position, Beginning of Year</b>	672,527,783	(1,258,427)	(9,560,106)	661,709,250
<b>Total Net Position, End of Year</b>	\$ 616,150,789	\$ (1,166,247)	\$ (9,915,059)	\$ 605,069,483

# Denver Health and Hospital Authority

## Notes to Financial Statements

### December 31, 2022 and 2021

	Year Ended December 31, 2021 *			
	Total Authority	CCPPS	550 Acoma Inc.	Total
<b>Operating Revenues</b>				
Net patient service revenue	\$ 866,349,897	\$ -	\$ -	\$ 866,349,897
Capitation earned net of reinsurance expense	10,600,000	-	-	10,600,000
Medicaid disproportionate share and other safety net reimbursement	123,810,297	-	-	123,810,297
City and County of Denver payment for patient care services	27,700,002	-	-	27,700,002
Federal, state and other grants	87,345,995	-	-	87,345,995
City and County of Denver purchased services	27,158,245	-	-	27,158,245
Poison and drug center contracts	20,009,515	-	-	20,009,515
Other operating revenue	57,022,472	-	-	57,022,472
Total operating revenues	1,219,996,423	-	-	1,219,996,423
<b>Operating Expenses</b>				
Salaries and benefits	746,896,687	-	-	746,896,687
Contracted services and nonmedical supplies	243,345,690	584,025	(2,467,345)	241,462,370
Medical supplies and pharmaceuticals	175,826,200	-	-	175,826,200
Depreciation and amortization	63,836,589	-	1,162,183	64,998,772
Total operating expenses	1,229,905,166	584,025	(1,305,162)	1,229,184,029
Operating income (loss)	(9,908,743)	(584,025)	1,305,162	(9,187,606)
<b>Nonoperating Revenues (Expenses)</b>				
Decrease in equity in joint venture	(955,533)	-	-	(955,533)
Nonoperating grant revenue (CARES Act/FEMA)	20,408,273	-	-	20,408,273
Interest income	15,570,744	-	173	15,570,917
Interest expense	(12,185,435)	-	(1,705,282)	(13,890,717)
Gain on dissolution of Southwest, Inc.	4,982,853	-	-	4,982,853
Net decrease in fair value of investments	(7,016,141)	-	-	(7,016,141)
Loss on disposition of capital assets	(4,166)	-	-	(4,166)
Total nonoperating revenues (expenses)	20,800,595	-	(1,705,109)	19,095,486
Income (loss) before capital contributions	10,891,852	(584,025)	(399,947)	9,907,880
<b>Contributions Restricted for Capital Assets</b>	4,388,096	-	-	4,388,096
Increase (decrease) in net position	15,279,948	(584,025)	(399,947)	14,295,976
<b>Total Net Position, Beginning of Year</b>	657,247,835	(674,402)	(9,160,159)	647,413,274
<b>Total Net Position, End of Year</b>	\$ 672,527,783	\$ (1,258,427)	\$ (9,560,106)	\$ 661,709,250

\* Restated for Implementation of GASB 87

# Denver Health and Hospital Authority

## Notes to Financial Statements

### December 31, 2022 and 2021

The following tables include condensed combining statements of cash flows information for the Authority and its blended component units for the years ended December 31, 2022 and 2021.

	Year Ended December 31, 2022			
	Total Authority	CCPPS	550 Acoma Inc.	Total
<b>Condensed Statement of Cash Flows</b>				
Net cash used in operating activities	\$ (4,519,289)	\$ (134,734)	\$ -	\$ (4,654,023)
Net cash used in capital and related financing activities	(47,659,278)	-	-	(47,659,278)
Net cash provided by investing activities	63,408,283	-	-	63,408,283
Net increase (decrease) in cash and cash equivalents	11,229,716	(134,734)	-	11,094,982
<b>Cash and Cash Equivalents, Beginning of Year</b>	34,272,750	491,402	-	34,764,152
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 45,502,466</u>	<u>\$ 356,668</u>	<u>\$ -</u>	<u>\$ 45,859,134</u>
	Year Ended December 31, 2021 *			
	Total Authority	CCPPS	550 Acoma Inc.	Total
<b>Condensed Statement of Cash Flows</b>				
Net cash provided by (used in) operating activities	\$ 12,447,256	\$ (115,480)	\$ -	\$ 12,331,776
Net cash used in capital and related financing activities	(81,624,378)	-	-	(81,624,378)
Net cash provided by investing activities	32,816,728	-	-	32,816,728
Net decrease in cash and cash equivalents	(36,360,394)	(115,480)	-	(36,475,874)
<b>Cash and Cash Equivalents, Beginning of Year</b>	70,633,144	606,882	-	71,240,026
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 34,272,750</u>	<u>\$ 491,402</u>	<u>\$ -</u>	<u>\$ 34,764,152</u>

\* Restated for Implementation of GASB 87

## Note 22: Subsequent Events

Subsequent events have been evaluated through April 4, 2023, which is the date the financial statements were available to be issued.

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## **Required Supplementary Information**

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**Denver Health and Hospital Authority**  
**Schedules of Required Supplementary Information**  
**Schedule of the Authority's Proportionate Share of the**  
**Net Pension Liability – DERP**  
**Last Ten Fiscal Years**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Authority's proportion of the net pension liability	3.85%	4.41%	4.94%	7.67%	9.00%	9.84%	10.17%	10.79%
Authority's proportionate share of the net pension liability	\$ 52,303,284	\$ 68,575,108	\$ 71,839,623	\$ 115,717,505	\$ 105,588,100	\$ 120,035,324	\$ 119,914,669	\$ 94,527,507
Authority's covered payroll	23,106,406	23,713,746	29,664,541	31,969,649	34,303,697	38,910,745	40,906,565	42,015,157
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	226.36%	289.18%	242.17%	361.96%	307.80%	308.49%	224.98%	224.98%
Plan fiduciary net position as a percentage of the total pension liability	66.25%	60.32%	60.82%	57.76%	65.49%	62.26%	62.26%	70.12%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available. Information presented in this schedule has been determined as of the Authority's measurement date (December 31 immediately preceding the Authority's most recent fiscal year-end) of the collective net pension liability in accordance with GASB 68.

The discount rate used was 7.25% for 2021 and 2020, 7.50% for 2019 through 2017, 7.75% for 2016 and 2015, and 8.00% for 2014.



**Denver Health and Hospital Authority**  
**Schedules of Required Supplementary Information**  
**Schedule of the Authority's Pension Contributions – DERP RBA**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contribution	\$ 3,971,698	\$ 4,275,913	\$ 4,663,901	\$ 4,318,106	\$ 6,392,749	\$ 6,482,903	\$ 6,778,008	\$ 6,471,773
Contributions in relation to the contractually required contribution	3,971,698	4,275,913	4,701,940	4,318,106	6,392,749	6,482,903	6,778,008	6,471,773
Contribution deficiency (excess)	-	-	(38,039)	-	-	-	-	-
Authority's covered-employee payroll	22,767,248	23,106,406	23,713,746	29,664,541	31,969,649	34,303,697	38,910,745	40,906,565
Contributions as a percentage of covered-employee payroll	17.44%	18.51%	19.83%	14.56%	20.00%	18.90%	17.42%	15.82%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available. Information presented in this schedule has been determined as of the Authority's most recent fiscal year-end (December 31, 2022) in accordance with GASB 68.

# Denver Health and Hospital Authority

## Schedules of Required Supplementary Information

### Schedule of the Authority's Pension Contributions – DERP RBA

<b>Funding Valuation Date</b>	January 1, 2021	January 1, 2020
Notes	Actuarially determined contribution rates are calculated as of December 31 of each year and are applicable for the follow calendar (fiscal) year.	Actuarially determined contribution rates are calculated as of December 31 of each year and are applicable for the follow calendar (fiscal) year.
<b>Methods and Assumptions</b>		
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	UAL amortized over a closed 20- year period	UAL amortized over a closed 20- year period
Remaining Amortization Period	20 years	20 years
Asset Valuation Method	Market Value of asset less unrecognized investment gains or losses from the prior five years	Market Value of asset less unrecognized investment gains or losses from the prior five years
Inflation	2.50%	2.50%
Salary Increase	3.00% plus merit component based on years of service.	3.00% plus merit component based on years of service.
Investment Rate of Return	7.25%	7.25%
Retirement Age	Experience-based table of rate that are specific to the type of eligibility condition last updated for the 2018 valuation pursuant to an experience study of the period 2013-2017.	Experience-based table of rate that are specific to the type of eligibility condition last updated for the 2018 valuation pursuant to an experience study of the period 2013-2017.
Mortality	RP-2014 Combined Mortality Table (gener-specific) projected with the Ultimate MP Scale with a multiplicate of 110% male and 105% female.	RP-2014 Combined Mortality Table (gener-specific) projected with the Ultimate MP Scale with a multiplicate of 110% male and 105% female.
<b>Other information</b>		
Notes	There were no benefit changes during the year.	There were no benefit changes during the year. Discount Rate was lowered from 7.5% to 7.25%
	The latest experience study was conducted in 2018 covering the 5-year period of January 1, 2013 to December 31, 2017. At that time, the recommended mortality table was expected to product a margin of 10% on the retired male mortality experience and 5% on the retired female experience [Denver Employees Retirement Plan 2018 Actuarial Experience Study for the year ended December 31, 2017 see Page 15].	The latest experience study was conducted in 2018 covering the 5-year period of January 1, 2013 to December 31, 2017. At that time, the recommended mortality table was expected to product a margin of 10% on the retired male mortality experience and 5% on the retired female experience [Denver Employees Retirement Plan 2018 Actuarial Experience Study for the year ended December 31, 2017 see Page 15].
<b>Funding Valuation Date</b>	January 1, 2019	January 1, 2018
Notes	Actuarially determined contribution rates are calculated as of December 31 of each year and are applicable for the follow calendar (fiscal) year.	Actuarially determined contribution rates are calculated as of December 31 of each year and are applicable for the follow calendar (fiscal) year.
<b>Methods and Assumptions</b>		
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	UAL amortized over a closed 20- year period	Level Percentage of Payroll, Annually Established 30-Year Close Basis
Remaining Amortization Period	20 years	Approximately 27 years
Asset Valuation Method	Market Value of asset less unrecognized investment gains or losses from the prior five years	Smoothed market
Inflation	2.50%	2.50%
Salary Increase	3.00% plus merit component based on years of service.	3.00% to 7.25%
Investment Rate of Return	7.50%	7.50%
Retirement Age	Experience-based table of rate that are specific to the type of eligibility condition last updated for the 2018 valuation pursuant to an experience study of the period 2013-2017.	Experience-based table of rate that are specific to the type of eligibility condition last updated for the 2013 valuation pursuant to an experience study of the period 2008-2012.
Mortality	RP-2014 Combined Mortality Table (gener-specific) projected with the Ultimate MP Scale with a multiplicate of 110% male and 105% female.	RP-2000 Combined Mortality Table Projected Via Scale AA to 2020. With Multiplies Specific to General and Payment Status of Employee.
<b>Other information</b>		
Notes	There were no benefit changes during the year. As of October 1, 2017, the valuation interest rate was lowered from 7.75% to 7.50%.	There were no benefit changes during the year. As of October 1, 2017, the valuation interest rate was lowered from 7.75% to 7.50%.
	The latest experience study was conducted in 2018 covering the 5-year period of January 1, 2013 to December 31, 2017. At that time, the recommended mortality table was expected to product a margin of 10% on the retired male mortality experience and 5% on the retired female experience [Denver Employees Retirement Plan 2018 Actuarial Experience Study for the year ended December 31, 2017 see Page 15].	The latest experience study was conducted in 2018 covering the 5-year period of January 1, 2013 to December 31, 2017. At that time, the recommended mortality table was expected to product a margin of 10% on the retired male mortality experience and 5% on the retired female experience [Denver Employees Retirement Plan 2018 Actuarial Experience Study for the year ended December 31, 2017 see Page 15].

# Denver Health and Hospital Authority

## Schedules of Required Supplementary Information

### Schedule of the Authority's Pension Contributions – DERP RBA

<b>Funding Valuation Date</b>	January 1, 2017	January 1, 2016
Notes	Actuarially determined contribution rates are calculated as of December 31 of each year and are applicable for the follow calendar (fiscal) year.	Actuarially determined contribution rates are calculated as of December 31 of each year and are applicable for the follow calendar (fiscal) year.
<b>Methods and Assumptions</b>		
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Annually Established 30-Year Close Basis	Level Percentage of Payroll, Annually Established 30-Year Close Basis
Remaining Amortization Period	Approximately 27 years	Approximately 27 years
Asset Valuation Method	Smoothed market	Smoothed market
Inflation	2.50%	2.50%
Salary Increase	3.00% to 7.25%	3.25% to 7.25%
Investment Rate of Return	7.50%	7.75%
Retirement Age	Experience-based table of rate that are specific to the type of eligibility condition last updated for the 2013 valuation pursuant to an experience study of the period 2008-2012.	Experience-based table of rate that are specific to the type of eligibility condition last updated for the 2013 valuation pursuant to an experience study of the period 2008-2012.
Mortality	RP-2000 Combined Mortality Table Projected Via Scale AA to 2020. With Multiplies Specific to General and Payment Status of Employee.	RP-2000 Combined Mortality Table Projected Via Scale AA to 2020. With Multiplies Specific to General and Payment Status of Employee.
<b>Other information</b>		
Notes	There were no benefit changes during the year. As of October 1, 2017, the valuation interest rate was lowered from 7.75% to 7.50%.  The latest experience study was conducted in 2013 covering the 5-year period of January 1, 2008 to December 31, 2012. At that time, the recommended mortality table was expected to product a margin of 8% on the retired male mortality experience and 7% on the retired female experience [Denver Employees Retirement Plan 2013 Actuarial Experience Study for the period ended December 31, 2012 Page 24, 25].	There were no benefit changes during the year. As of October 1, 2015, the valuation interest rate was lowered from 8.00% to 7.75%.  The latest experience study was conducted in 2013 covering the 5-year period of January 1, 2008 to December 31, 2012. At that time, the recommended mortality table was expected to product a margin of 8% on the retired male mortality experience and 7% on the retired female experience [Denver Employees Retirement Plan 2013 Actuarial Experience Study for the period ended December 31, 2012 Page 24, 25].
<b>Funding Valuation Date</b>	January 1, 2015	January 1, 2014
Notes	Actuarially determined contribution rates are calculated as of December 31 of each year and are applicable for the follow calendar (fiscal) year.	Actuarially determined contribution rates are calculated as of December 31 of each year and are applicable for the follow calendar (fiscal) year.
<b>Methods and Assumptions</b>		
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Annually Established 30-Year Close Basis	Level Percentage of Payroll, Annually Established 30-Year Close Basis
Remaining Amortization Period	Approximately 28 years	Approximately 29 years
Asset Valuation Method	Smoothed market	Smoothed market
Inflation	2.75%	2.75%
Salary Increase	3.25% to 7.25%	3.25% to 7.25%
Investment Rate of Return	7.75%	8.00%
Retirement Age	Experience-based table of rate that are specific to the type of eligibility condition last updated for the 2013 valuation pursuant to an experience study of the period 2008-2012.	Experience-based table of rate that are specific to the type of eligibility condition last updated for the 2013 valuation pursuant to an experience study of the period 2008-2012.
Mortality	RP-2000 Combined Mortality Table Projected Via Scale AA to 2020. With Multiplies Specific to General and Payment Status of Employee.	RP-2000 Combined Mortality Table Projected Via Scale AA to 2020. With Multiplies Specific to General and Payment Status of Employee.
<b>Other information</b>		
Notes	There were no benefit changes during the year. As of October, 1, 2015, the valuation interest rate was lowered from 8% to 7.75%.  The latest experience study was conducted in 2013 covering the 5-year period of January 1, 2008 to December 31, 2012. At that time, the recommended mortality table was expected to product a margin of 8% on the retired male mortality experience and 7% on the retired female experience [Denver Employees Retirement Plan 2013 Actuarial Experience Study for the period ended December 31, 2012 Page 24, 25].	There were no benefit changes during the year.  The latest experience study was conducted in 2013 covering the 5-year period of January 1, 2008 to December 31, 2012. At that time, the recommended mortality table was expected to product a margin of 8% on the retired male mortality experience and 7% on the retired female experience [Denver Employees Retirement Plan 2013 Actuarial Experience Study for the period ended December 31, 2012 Page 24, 25].

**Denver Health and Hospital Authority**  
**Schedules of Required Supplementary Information**  
**Schedule of the Authority's Proportionate Share of the Net OPEB Liability – DERP**  
**Last Ten Fiscal Years**

	2021	2020	2019	2018	2017
Authority's proportion of the net OPEB liability	3.88%	4.30%	4.62%	5.70%	6.33%
Authority's proportionate share of the net OPEB liability	\$ 3,337,059	\$ 4,147,787	\$ 4,540,571	\$ 5,959,778	\$ 5,816,322
Authority's covered payroll	\$ 23,106,406	\$ 23,713,746	\$ 29,664,541	\$ 31,969,649	\$ 34,303,697
Authority's proportionate share of the net OPEB liability as a percentage of its covered payroll	14.44%	17.49%	15.31%	18.64%	16.95%
Plan fiduciary net position as a percentage of the total OPEB liability	49.63%	43.59%	42.16%	39.18%	45.98%

This schedule is presented as of the measurement date for the fiscal year.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available. Information presented in this schedule has been determined as of the Authority's most recent fiscal year-end (December 31, 2021) in accordance with GASB 75.

# Denver Health and Hospital Authority

## Schedules of Required Supplementary Information

### Schedule of the Authority's OPEB Contributions – DERP

#### Last Ten Fiscal Years

	2022	2021	2020	2019	2018
Statutorily required contribution	\$ 199,990	\$ 222,557	\$ 293,191	\$ 234,744	\$ 289,933
Contributions in relation to the statutorily required contribution	\$ 199,990	\$ 222,557	\$ 255,563	\$ 234,744	\$ 289,933
Contribution deficiency	\$ -	\$ -	\$ 37,628	\$ -	\$ -
Authority's covered payroll	\$ 22,767,248	\$ 23,106,406	\$ 23,713,746	\$ 29,664,541	\$ 31,969,649
Contributions as a percentage of covered payroll	0.88%	0.96%	1.08%	0.79%	0.91%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available. Information presented in this schedule has been determined as of the Authority's most recent fiscal year-end (December 31, 2022) in accordance with GASB 75.

<b>Funding Valuation Date</b>	January 1, 2021	January 1, 2020
Notes	Actuarially determined contribution rates are calculated as of December 31 of each year and are applicable for the follow calendar (fiscal) year.	Actuarially determined contribution rates are calculated as of December 31 of each year and are applicable for the follow calendar (fiscal) year.
<b>Methods and Assumptions</b>		
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Asset Valuation Method	The market value of assets less any unrecognized investment gains or losses from the prior five years (with 20% of each year's gains/losses recognized annually). In the initial year, only the unrecognized loss from the prior year (2018) is reflected. In prior years, the asset valuation method was a smoothed market value. As of the 2019 actuarial valuation, the UAL as of January 1, 2019 is amortized over a closed 20-year period as a level percentage of payroll, with future changes in the UAL amortized over a new closed 20-year layers. In prior years, the ADC was determined using fixed 30-year layers.	The market value of assets less any unrecognized investment gains or losses from the prior five years (with 20% of each year's gains/losses recognized annually). In the initial year, only the unrecognized loss from the prior year (2018) is reflected. In prior years, the asset valuation method was a smoothed market value. As of the 2019 actuarial valuation, the UAL as of January 1, 2019 is amortized over a closed 20-year period as a level percentage of payroll, with future changes in the UAL amortized over a new closed 20-year layers. In prior years, the ADC was determined using fixed 30-year layers.
Amortization Method	7.25%	7.25%
Investment Rate of Return	3.00%	3.00%
Amortization Growth Rate	2.50%	2.50%
Inflation	3.00% plus merit component based on years of service.	3.00% plus merit component based on years of service.
Salary Increase	Adjusted RP-2014 Mortality Tables, with generational projections using Ultimate MP Scale (changed in 2018 from RP-2000 Combined Mortality Projected with Scale AA to 2020).	Adjusted RP-2014 Mortality Tables, with generational projections using Ultimate MP Scale (changed in 2018 from RP-2000 Combined Mortality Projected with Scale AA to 2020).
Mortality		
<b>Funding Valuation Date</b>	January 1, 2019	January 1, 2018
Notes	Actuarially determined contribution rates are calculated as of December 31 of each year and are applicable for the follow calendar (fiscal) year.	Actuarially determined contribution rates are calculated as of December 31 of each year and are applicable for the follow calendar (fiscal) year.
<b>Methods and Assumptions</b>		
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Asset Valuation Method	In the 2019 actuarial valuation, the asset valuation method was changed to the market value of assets less any unrecognized investment gains or losses from the prior five years (with 20% of each year's gains/losses recognized annually). In the initial year, only the unrecognized loss from the prior year (2018) is reflected. In prior years, the asset valuation method was a smoothed market value. As of the 2019 actuarial valuation, the UAL as of January 1, 2019 is amortized over a closed 20-year period as a level percentage of payroll, with future changes in the UAL amortized over a new closed 20-year layers. In prior years, the ADC was determined using fixed 30-year layers.	Smoothed market value
Amortization Method	7.50%	Fixed 30-Year closed periods as of January 1, 2013; level percentage of payroll
Investment Rate of Return	3.00%	7.50%
Amortization Growth Rate	2.50%	3.00%
Inflation	3.00% plus merit component based on years of service.	2.50%
Salary Increase	Adjusted RP-2014 Mortality Tables, with generational projections using Ultimate MP Scale (changed in 2018 from RP-2000 Combined Mortality Projected with Scale AA to 2020).	3.00% plus merit component based on years of service.
Mortality		RP-2014 Combined Mortality Table (gender specific) projected with the Ultimate MP Scale with a multiplier of 110% male and 105% female.

# Denver Health and Hospital Authority

## Schedules of Required Supplementary Information

### Schedule of the Authority's OPEB Contributions – DERP

#### Last Ten Fiscal Years

<b>Funding Valuation Date</b>	January 1, 2017
Notes	Actuarially determined contribution rates are calculated as of December 31 of each year and are applicable for the follow calendar (fiscal) year.
<b>Methods and Assumptions</b>	
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Smoothed market value
Amortization Method	Fixed 30-Year closed periods as of January 1, 2013; level percentage of payroll
Investment Rate of Return	7.50%
Amortization Growth Rate	3.00%
Inflation	2.50%
Salary Increase	3.00% plus merit component based on years of service.
Mortality	RP-2000 Combined Healthy Mortality Projected with Scale AA to 2020

**Denver Health and Hospital Authority**  
**Schedules of Required Supplementary Information**  
**Schedule of Changes in the Authority's Qualified Replacement**  
**Benefit Plan and Related Ratios – DERP RBA**  
**Last Ten Fiscal Years**

	2021	2020	2019	2018 *
<b>Total Pension Liability</b>				
Service cost	\$ 53,350	\$ 48,281	\$ 24,466	\$ 35,474
Interest	159,449	173,792	240,039	219,101
Differences between expected and actual experience	1,321,090	1,040,488	91,211	-
Changes of assumptions or other inputs	40,375	330,597	561,579	(276,108)
Benefit payments	<u>(417,029)</u>	<u>(416,924)</u>	<u>(463,231)</u>	<u>(512,312)</u>
<b>Net Change in Total Pension Liability</b>	1,157,235	1,176,234	454,064	(533,845)
<b>Authority's Total Pension Liability - Beginning</b>	<u>7,702,075</u>	<u>6,525,841</u>	<u>6,071,777</u>	<u>6,605,622</u>
<b>Authority's Total Pension Liability - Ending</b>	<u>\$ 8,859,310</u>	<u>\$ 7,702,075</u>	<u>\$ 6,525,841</u>	<u>\$ 6,071,777</u>
<b>Covered Payroll</b>	\$ 25,200,000	\$ 33,055,269	\$ 38,231,689	\$ 57,501,912
<b>Authority's Total Pension Liability as a Percentage of Covered Payroll</b>	35.20%	23.30%	17.07%	10.56%

This schedule is presented as of the measurement date for the fiscal year.

The discount rate was changed from 4.10% for 2018, to 2.74% for 2019, to 2.12% for 2020, and 2.06% for 2021.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available. Information presented in this schedule has been determined as of the Authority's most recent fiscal year-end (December 31, 2021) in accordance with GASB 73.

\* 2018 information is for informational purposes only. Prior to December 31, 2020, this plan was not administered in accordance with plan documents, therefore the Authority recorded the liability and contribution in the current year.

## **Supplementary Information**



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# Denver Health and Hospital Authority

## Consolidating Schedule – Statement of Net Position Information

### December 31, 2022

	The Authority							
	Denver Health Medical Center	City Fund	RMDS	Restricted Fund	Total Authority	CCPPS	550 Acoma Inc.	Total
<b>Assets and Deferred Outflows of Resources</b>								
<b>Current Assets</b>								
Cash and cash equivalents	\$ 45,503,528	\$ -	\$ -	\$ (1,062)	\$ 45,502,466	\$ 356,668	\$ -	\$ 45,859,134
Patient accounts receivable, net	101,222,178	-	-	-	101,222,178	-	-	101,222,178
Due from other governmental entities	10,975,114	-	-	31,753,466	42,728,580	-	-	42,728,580
Due from City and County of Denver	3,765,396	1,878,923	40,375	14,326	5,699,020	-	-	5,699,020
Other receivables	6,369,170	68,567	2,552,884	(1,455,621)	7,535,000	(37)	-	7,534,963
Interest receivable	1,503,291	-	-	-	1,503,291	-	-	1,503,291
Due from (to) other funds and investment in discretely presented component units	1,944,786	(1,425,614)	28,796,462	(19,744,438)	9,571,196	(1,615,716)	2,865,591	10,821,071
Inventories	18,903,095	-	-	-	18,903,095	-	-	18,903,095
Prepaid expenses and other assets	16,810,242	-	637,233	53,416	17,500,891	-	-	17,500,891
Total current assets	206,996,800	521,876	32,026,954	10,620,087	250,165,717	(1,259,085)	2,865,591	251,772,223
<b>Noncurrent Assets</b>								
Notes receivable	14,957,348	-	-	-	14,957,348	-	-	14,957,348
Estimated third-party payor settlements receivable	3,865,767	-	-	-	3,865,767	-	-	3,865,767
Equity interest in joint venture	586,958	-	-	-	586,958	-	-	586,958
Restricted investments	19,340,384	-	-	-	19,340,384	-	3,683	19,344,067
Capital and leased assets, net of accumulated depreciation and amortization	614,257,503	329,064	-	(28,390)	614,558,177	-	26,082,799	640,640,976
Long-term investments	254,290,496	-	-	-	254,290,496	-	-	254,290,496
Board-designated investments	1,800,001	-	-	-	1,800,001	-	-	1,800,001
Other long-term assets	9,528,856	1,206,168	-	-	10,735,024	-	-	10,735,024
Total noncurrent assets	918,627,313	1,535,232	-	(28,390)	920,134,155	-	26,086,482	946,220,637
Total assets	1,125,624,113	2,057,108	32,026,954	10,591,697	1,170,299,872	(1,259,085)	28,952,073	1,197,992,860
<b>Deferred Outflows of Resources</b>								
Deferred outflows of resources related to pension benefits	8,564,580	-	-	-	8,564,580	-	-	8,564,580
Deferred outflows of resources related to other postemployment benefits	304,595	-	-	-	304,595	-	-	304,595
Loss on refunding of debt	13,211,559	-	-	-	13,211,559	-	-	13,211,559
Total deferred outflows of resources	22,080,734	-	-	-	22,080,734	-	-	22,080,734
Total assets and deferred outflows of resources	\$ 1,147,704,847	\$ 2,057,108	\$ 32,026,954	\$ 10,591,697	\$ 1,192,380,606	\$ (1,259,085)	\$ 28,952,073	\$ 1,220,073,594

# Denver Health and Hospital Authority

## Consolidating Schedule – Statement of Net Position Information

### December 31, 2022

	The Authority							Total
	Denver Health Medical Center	City Fund	RMDS	Restricted Fund	Total Authority	CCPPS	550 Acoma Inc.	
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>								
<b>Current Liabilities</b>								
Current maturities of bonds payable	\$ 11,909,999	\$ -	\$ -	\$ -	\$ 11,909,999	\$ -	\$ 730,000	\$ 12,639,999
Current maturities of leases	4,196,919	-	-	-	4,196,919	-	-	4,196,919
Current maturities of notes payable	1,321,757	-	-	-	1,321,757	-	-	1,321,757
Medical malpractice liability	8,204,603	-	-	-	8,204,603	-	-	8,204,603
Accounts payable and accrued expenses	45,987,079	(13,290)	2,070,565	17,760	48,062,114	(92,838)	144,967	48,114,243
Accrued salaries, wages and employee benefits	34,649,173	-	-	-	34,649,173	-	-	34,649,173
Accrued compensated absences	40,923,538	-	-	-	40,923,538	-	-	40,923,538
Unearned revenue	30,550,317	-	993,931	3,840,889	35,385,137	-	-	35,385,137
Total current liabilities	177,743,385	(13,290)	3,064,496	3,858,649	184,653,240	(92,838)	874,967	185,435,369
<b>Long-term Liabilities</b>								
Long-term portion of liability for estimated third-party settlements	6,496,967	-	-	-	6,496,967	-	-	6,496,967
Long-term portion of compensated absences	116,077	-	-	-	116,077	-	-	116,077
Bonds payable, less current maturities	270,031,630	-	-	-	270,031,630	-	-	270,031,630
Lease liability, less current maturities	21,170,179	-	-	-	21,170,179	-	-	21,170,179
Notes payable, less current maturities	6,357,347	-	-	-	6,357,347	-	37,992,165	44,349,512
Net pension liability	61,162,594	-	-	-	61,162,594	-	-	61,162,594
Postemployment benefits	3,337,059	-	-	-	3,337,059	-	-	3,337,059
Total long-term liabilities	368,671,853	-	-	-	368,671,853	-	37,992,165	406,664,018
Total liabilities	546,415,238	(13,290)	3,064,496	3,858,649	553,325,093	(92,838)	38,867,132	592,099,387
<b>Deferred Inflows of Resources</b>								
Deferred inflows of resources related to pension benefits	15,349,458	-	-	-	15,349,458	-	-	15,349,458
Deferred inflows of resources related to other postemployment benefits	895,145	-	-	-	895,145	-	-	895,145
Deferred inflows of resources related to leases	6,660,121	-	-	-	6,660,121	-	-	6,660,121
Total deferred inflows of resources	22,904,724	-	-	-	22,904,724	-	-	22,904,724
Total liabilities and deferred inflows of resources	569,319,962	(13,290)	3,064,496	3,858,649	576,229,817	(92,838)	38,867,132	615,004,111
<b>Net Position</b>								
Net investment in capital and leased assets	300,878,539	329,064	-	(28,390)	301,179,213	-	-	301,179,213
Unrestricted	277,506,346	1,741,334	28,962,458	6,761,438	314,971,576	(1,166,247)	(9,915,059)	303,890,270
Total net position	578,384,885	2,070,398	28,962,458	6,733,048	616,150,789	(1,166,247)	(9,915,059)	605,069,483
Total liabilities, deferred inflows of resources and net position	\$ 1,147,704,847	\$ 2,057,108	\$ 32,026,954	\$ 10,591,697	\$ 1,192,380,606	\$ (1,259,085)	\$ 28,952,073	\$ 1,220,073,594

# Denver Health and Hospital Authority

## Consolidating Schedule – Statement of Net Position Information

### December 31, 2021 \*

	The Authority							Total
	Denver Health Medical Center	City Fund	RMDS	Restricted Fund	Total Authority	CCPPS	550 Acoma Inc.	
<b>Assets and Deferred Outflows of Resources</b>								
<b>Current Assets</b>								
Cash and cash equivalents	\$ 34,273,812	\$ -	\$ -	\$ (1,062)	\$ 34,272,750	\$ 491,402	\$ -	\$ 34,764,152
Patient accounts receivable, net	85,793,299	-	-	-	85,793,299	-	-	85,793,299
Due from other governmental entities	16,050,070	-	-	23,288,432	39,338,502	-	-	39,338,502
Due from City and County of Denver	8,796,480	1,761,593	8,075	-	10,566,148	-	-	10,566,148
Other receivables	6,199,633	42,312	4,576,339	3,828,567	14,646,851	-	-	14,646,851
Interest receivable	1,486,244	-	-	-	1,486,244	-	-	1,486,244
Due from (to) and investment in discretely presented component units	(2,695,303)	(1,498,074)	26,215,940	(15,951,009)	6,071,554	(1,615,715)	2,856,187	7,312,026
Inventories	16,672,270	-	-	-	16,672,270	-	-	16,672,270
Prepaid expenses and other assets	18,373,281	-	403,449	36,758	18,813,488	-	-	18,813,488
Total current assets	184,949,786	305,831	31,203,803	11,201,686	227,661,106	(1,124,313)	2,856,187	229,392,980
<b>Noncurrent Assets</b>								
Notes receivable	14,957,348	-	-	-	14,957,348	-	-	14,957,348
Estimated third-party payor settlements receivable	5,339,026	-	-	-	5,339,026	-	-	5,339,026
Equity interest in joint venture	1,269,500	-	-	-	1,269,500	-	-	1,269,500
Restricted investments	19,295,940	-	-	-	19,295,940	-	3,070	19,299,010
Capital and leased assets, net of accumulated depreciation and amortization	656,414,615	516,173	-	-	656,930,788	-	27,244,979	684,175,767
Long-term investments	335,726,635	-	-	-	335,726,635	-	-	335,726,635
Board-designated investments	10,200,000	-	-	-	10,200,000	-	-	10,200,000
Other long-term assets	10,818,304	1,207,811	-	-	12,026,115	-	-	12,026,115
Total noncurrent assets	1,054,021,368	1,723,984	-	-	1,055,745,352	-	27,248,049	1,082,993,401
Total assets	1,238,971,154	2,029,815	31,203,803	11,201,686	1,283,406,458	(1,124,313)	30,104,236	1,312,386,381
<b>Deferred Outflows of Resources</b>								
Deferred outflows of resources related to pension benefits	10,799,589	-	-	-	10,799,589	-	-	10,799,589
Deferred outflows of resources related to other postemployment benefits	462,225	-	-	-	462,225	-	-	462,225
Loss on refunding of debt	14,571,326	-	-	-	14,571,326	-	-	14,571,326
Total deferred outflows of resources	25,833,140	-	-	-	25,833,140	-	-	25,833,140
Total assets and deferred outflows of resources	\$ 1,264,804,294	\$ 2,029,815	\$ 31,203,803	\$ 11,201,686	\$ 1,309,239,598	\$ (1,124,313)	\$ 30,104,236	\$ 1,338,219,521

\* Restated for Implementation of GASB 87

# Denver Health and Hospital Authority

## Consolidating Schedule – Statement of Net Position Information

### December 31, 2021 \*

	The Authority							
	Denver Health Medical Center	City Fund	RMDS	Restricted Fund	Total Authority	CCPPS	550 Acoma Inc.	Total
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>								
<b>Current Liabilities</b>								
Current maturities of bonds payable	\$ 11,788,132	\$ -	\$ -	\$ -	\$ 11,788,132	\$ -	\$ 695,000	\$ 12,483,132
Current maturities of leases	4,198,584	-	-	-	4,198,584	-	-	4,198,584
Current maturities of notes payable	1,848,036	-	-	-	1,848,036	-	-	1,848,036
Medical malpractice liability	7,459,198	-	-	-	7,459,198	-	-	7,459,198
Accounts payable and accrued expenses	42,047,495	-	1,763,446	17,760	43,828,701	134,114	147,863	44,110,678
Accrued salaries, wages and employee benefits	39,546,269	-	-	-	39,546,269	-	-	39,546,269
Accrued compensated absences	40,578,869	-	-	-	40,578,869	-	-	40,578,869
Accelerated Medicare payments	12,881,163	-	-	-	12,881,163	-	-	12,881,163
Unearned revenue	18,603,748	-	1,246,323	6,881,511	26,731,582	-	-	26,731,582
Total current liabilities	178,951,494	-	3,009,769	6,899,271	188,860,534	134,114	842,863	189,837,511
<b>Long-term Liabilities</b>								
Long-term portion of liability for estimated third-party settlements	23,752,700	-	-	-	23,752,700	-	-	23,752,700
Long-term portion of compensated absences	116,076	-	-	-	116,076	-	-	116,076
Long-term portion of accelerated Medicare payments	4,743,748	-	-	-	4,743,748	-	-	4,743,748
Bonds payable, less current maturities	283,110,305	-	-	-	283,110,305	-	-	283,110,305
Lease liability, less current maturities	25,313,304	-	-	-	25,313,304	-	-	25,313,304
Notes payable, less current maturities	3,021,938	-	-	-	3,021,938	-	38,821,479	41,843,417
Net pension liability	76,277,183	-	-	-	76,277,183	-	-	76,277,183
Postemployment benefits	4,147,787	-	-	-	4,147,787	-	-	4,147,787
Total long-term liabilities	420,483,041	-	-	-	420,483,041	-	38,821,479	459,304,520
Total liabilities	599,434,535	-	3,009,769	6,899,271	609,343,575	134,114	39,664,342	649,142,031
<b>Deferred Inflows of Resources</b>								
Deferred inflows of resources related to pension benefits	19,350,058	-	-	-	19,350,058	-	-	19,350,058
Deferred inflows of resources related to other postemployment benefits	925,681	-	-	-	925,681	-	-	925,681
Deferred inflow of resources related to leases	7,092,501	-	-	-	7,092,501	-	-	7,092,501
Total deferred inflows of resources	27,368,240	-	-	-	27,368,240	-	-	27,368,240
Total liabilities and deferred inflows of resources	626,802,775	-	3,009,769	6,899,271	636,711,815	134,114	39,664,342	676,510,271
<b>Net Position</b>								
Net investment in capital and leased assets	327,134,316	516,173	-	-	327,650,489	-	-	327,650,489
Unrestricted	310,867,203	1,513,642	28,194,034	4,302,415	344,877,294	(1,258,427)	(9,560,106)	334,058,761
Total net position	638,001,519	2,029,815	28,194,034	4,302,415	672,527,783	(1,258,427)	(9,560,106)	661,709,250
Total liabilities, deferred inflows of resources and net position	\$ 1,264,804,294	\$ 2,029,815	\$ 31,203,803	\$ 11,201,686	\$ 1,309,239,598	\$ (1,124,313)	\$ 30,104,236	\$ 1,338,219,521

\* Restated for Implementation of GASB 87

# Denver Health and Hospital Authority

## Consolidating Schedule – Revenue and Expenses Information

### Year Ended December 31, 2022

	The Authority							
	Denver Health Medical Center	City Fund	RMDS	Restricted Fund	Total Authority	CCPPS	550 Acoma Inc.	Total
<b>Operating Revenues</b>								
Net patient service revenue	\$ 898,674,838	\$ 2,117,659	\$ 234,782	\$ -	\$ 901,027,279	\$ -	\$ -	\$ 901,027,279
Capitation earned net of reinsurance expense	2,502,535	-	-	-	2,502,535	-	-	2,502,535
Medicaid disproportionate share and other safety net reimbursement	148,120,716	-	-	-	148,120,716	-	-	148,120,716
City and County of Denver payment for patient care services	29,700,000	-	-	-	29,700,000	-	-	29,700,000
Federal, state and other grants	(34,714)	-	-	99,544,103	99,509,389	-	-	99,509,389
City and County of Denver purchased services	8,392,471	21,518,205	96,900	-	30,007,576	-	-	30,007,576
Poison and drug center contracts	-	-	20,478,071	-	20,478,071	-	-	20,478,071
Other operating revenue	51,867,910	(680,176)	-	1,089,621	52,277,355	137,147	-	52,414,502
Total operating revenues	1,139,223,756	22,955,688	20,809,753	100,633,724	1,283,622,921	137,147	-	1,283,760,068
<b>Operating Expenses</b>								
Salaries and benefits	669,001,488	19,818,073	11,572,147	73,578,658	773,970,366	-	-	773,970,366
Contracted services and nonmedical supplies	243,526,684	2,339,651	8,531,016	22,119,128	276,516,479	44,967	(2,469,350)	274,092,096
Medical supplies and pharmaceuticals	185,724,433	830,933	438	7,713,863	194,269,667	-	-	194,269,667
Depreciation and amortization	63,857,035	187,109	-	-	64,044,144	-	1,162,180	65,206,324
Total operating expenses	1,162,109,640	23,175,766	20,103,601	103,411,649	1,308,800,656	44,967	(1,307,170)	1,307,538,453
Operating income (loss)	(22,885,884)	(220,078)	706,152	(2,777,925)	(25,177,735)	92,180	1,307,170	(23,778,385)
<b>Nonoperating Revenues (Expenses)</b>								
Decrease in equity in joint venture	(62,454)	-	-	-	(62,454)	-	-	(62,454)
Nonoperating grant revenue (CARES Act/FEMA)	-	-	-	6,089,020	6,089,020	-	-	6,089,020
Interdepartmental transfers	(243,920)	-	62,272	181,648	-	-	-	-
Grant funded capital expenditures	1,047,660	-	-	(1,047,660)	-	-	-	-
Interest income	10,187,584	-	-	-	10,187,584	-	10,017	10,197,601
Interest expense	(12,339,023)	-	-	-	(12,339,023)	-	(1,672,140)	(14,011,163)
Net decrease in fair value of investments	(36,563,351)	-	-	-	(36,563,351)	-	-	(36,563,351)
Gain on disposition of capital assets	3,734	-	-	-	3,734	-	-	3,734
Total nonoperating revenues (expenses)	(37,969,770)	-	62,272	5,223,008	(32,684,490)	-	(1,662,123)	(34,346,613)
Income (loss) before capital contributions	(60,855,654)	(220,078)	768,424	2,445,083	(57,862,225)	92,180	(354,953)	(58,124,998)
<b>Contributions Restricted for Capital Assets</b>	1,224,570	260,661	-	-	1,485,231	-	-	1,485,231
Increase (decrease) in net position	<u>\$ (59,631,084)</u>	<u>\$ 40,583</u>	<u>\$ 768,424</u>	<u>\$ 2,445,083</u>	<u>\$ (56,376,994)</u>	<u>\$ 92,180</u>	<u>\$ (354,953)</u>	<u>\$ (56,639,767)</u>

# Denver Health and Hospital Authority

## Consolidating Schedule – Revenue and Expenses Information

### Year Ended December 31, 2021 \*

	The Authority							
	Denver Health Medical Center	City Fund	RMDS	Restricted Fund	Total Authority	CCPPS	550 Acoma Inc.	Total
<b>Operating Revenues</b>								
Net patient service revenue	\$ 862,754,869	\$ 3,457,814	\$ 137,214	\$ -	\$ 866,349,897	\$ -	\$ -	\$ 866,349,897
Capitation earned net of reinsurance expense	10,600,000	-	-	-	10,600,000	-	-	10,600,000
Medicaid disproportionate share and other safety net reimbursement	123,810,297	-	-	-	123,810,297	-	-	123,810,297
City and County of Denver payment for patient care services	27,700,002	-	-	-	27,700,002	-	-	27,700,002
Federal, state and other grants	793,645	-	-	86,552,350	87,345,995	-	-	87,345,995
City and County of Denver purchased services	7,452,142	19,601,128	104,975	-	27,158,245	-	-	27,158,245
Poison and drug center contracts	-	-	20,009,515	-	20,009,515	-	-	20,009,515
Other operating revenue	58,228,580	(1,424,384)	-	218,276	57,022,472	-	-	57,022,472
Total operating revenues	1,091,339,535	21,634,558	20,251,704	86,770,626	1,219,996,423	-	-	1,219,996,423
<b>Operating Expenses</b>								
Salaries and benefits	653,643,161	19,705,490	11,397,652	62,150,384	746,896,687	-	-	746,896,687
Contracted services and nonmedical supplies	206,388,743	1,393,766	8,077,816	27,485,365	243,345,690	584,025	(2,467,345)	241,462,370
Medical supplies and pharmaceuticals	169,931,497	634,484	361	5,259,858	175,826,200	-	-	175,826,200
Depreciation and amortization	63,618,849	217,740	-	-	63,836,589	-	1,162,183	64,998,772
Total operating expenses	1,093,582,250	21,951,480	19,475,829	94,895,607	1,229,905,166	584,025	(1,305,162)	1,229,184,029
Operating income (loss)	(2,242,715)	(316,922)	775,875	(8,124,981)	(9,908,743)	(584,025)	1,305,162	(9,187,606)
<b>Nonoperating Revenues (Expenses)</b>								
Decrease in equity in joint venture	(955,533)	-	-	-	(955,533)	-	-	(955,533)
Nonoperating grant revenue (CARES Act/FEMA)	10,893,121	-	-	9,515,152	20,408,273	-	-	20,408,273
Interdepartmental transfers	(351,329)	-	2,186	349,143	-	-	-	-
Grant funded capital expenditures	1,789,677	-	-	(1,789,677)	-	-	-	-
Interest income	15,570,744	-	-	-	15,570,744	-	173	15,570,917
Interest expense	(12,185,435)	-	-	-	(12,185,435)	-	(1,705,282)	(13,890,717)
Gain on dissolution of Southwest Clinic	4,982,853	-	-	-	4,982,853	-	-	4,982,853
Net decrease in fair value of investments	(7,016,141)	-	-	-	(7,016,141)	-	-	(7,016,141)
Loss on disposition of capital assets	(4,166)	-	-	-	(4,166)	-	-	(4,166)
Total nonoperating revenues (expenses)	12,723,791	-	2,186	8,074,618	20,800,595	-	(1,705,109)	19,095,486
Income (loss) before capital contributions	10,481,076	(316,922)	778,061	(50,363)	10,891,852	(584,025)	(399,947)	9,907,880
<b>Contributions Restricted for Capital Assets</b>	4,297,582	90,514	-	-	4,388,096	-	-	4,388,096
Increase (decrease) in net position	\$ 14,778,658	\$ (226,408)	\$ 778,061	\$ (50,363)	\$ 15,279,948	\$ (584,025)	\$ (399,947)	\$ 14,295,976

\* Restated for Implementation of GASB 87



**Denver Health and Hospital Authority**  
**Supplementary Budget to Actual Information**  
**Year Ended December 31, 2022**

	<b>Actual</b>	<b>Budget</b>	<b>Variance- Favorable (Unfavorable)</b>
<b>Operating Revenues</b>			
Net patient service revenue	\$ 901,027,279	\$ 902,646,320	\$ (1,619,041)
Capitation earned net of reinsurance expense	2,502,535	-	2,502,535
Medicaid disproportionate share and other safety net reimbursement	148,120,716	138,871,234	9,249,482
City and County of Denver payment for patient care services	29,700,000	29,700,000	-
Federal, state and other grants	99,509,389	88,846,918	10,662,471
City and County of Denver purchased services	30,007,576	29,542,943	464,633
Poison and drug center contracts	20,478,071	20,980,558	(502,487)
Other operating revenue	52,414,502	53,943,565	(1,529,063)
<b>Total operating revenues</b>	<b>1,283,760,068</b>	<b>1,264,531,538</b>	<b>19,228,530</b>
<b>Operating Expenses</b>			
Salaries and benefits	773,970,366	773,399,738	(570,628)
Contracted services and nonmedical supplies	274,092,096	247,317,699	(26,774,397)
Medical supplies and pharmaceuticals	194,269,667	169,020,221	(25,249,446)
Depreciation and amortization	65,206,324	63,429,621	(1,776,703)
<b>Total operating expenses</b>	<b>1,307,538,453</b>	<b>1,253,167,279</b>	<b>(54,371,174)</b>
<b>Operating income (loss)</b>	<b>(23,778,385)</b>	<b>11,364,259</b>	<b>(35,142,644)</b>
<b>Nonoperating Revenues (Expenses)</b>			
Decrease in equity in joint venture	(62,454)	-	(62,454)
Nonoperating grant revenue (CARES Act/FEMA)	6,089,020	2,032,562	4,056,458
Interest income	10,197,601	8,381,278	1,816,323
Interest expense	(14,011,163)	(13,395,935)	(615,228)
<b>Total nonoperating revenues (expenses)</b>	<b>2,213,004</b>	<b>(2,982,095)</b>	<b>5,195,099</b>
<b>Reconciliation to Income Before Capital Contributions</b>			
Add:			
Net decrease in fair value of investments	(36,563,351)	-	(36,563,351)
Income on disposition of capital assets	3,734	-	3,734
<b>Total reconciling items</b>	<b>(36,559,617)</b>	<b>-</b>	<b>(36,559,617)</b>
<b>Income (Loss) Before Capital Contributions</b>	<b>\$ (58,124,998)</b>	<b>\$ 8,382,164</b>	<b>\$ (66,507,162)</b>

# **Denver Health and Hospital Authority**

## **Single Audit Report**

**December 31, 2022**



# Denver Health and Hospital Authority

December 31, 2022

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# Denver Health and Hospital Authority

## Schedule of Expenditures of Federal Awards

### Year Ended December 31, 2022

Federal Grantor/Program or Cluster Title	Pass-through Grantor	Pass-through Identifying Number, If Applicable	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
<b>Department of Agriculture</b>					
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	State of Colorado Department of Public Health and Environment	2021*2569 OPTION LETTER #2, 2022*2344 Option Letter #3, 2023*2220 2022*2088 Option Letter #3, 2023*2204	10.557	\$ 11,917,779	\$ -
<b>Total Department of Agriculture</b>				<u>11,917,779</u>	<u>-</u>
<b>Department of Justice</b>					
Crime Victim Assistance	State of Colorado Department of Public Safety	2020-VA-21-517-02, 2020-VA-21-482-02, 2020-VA-21-511-02	16.575	441,577	180,113
Crime Victim Assistance	University of Colorado Denver	FY22.812.001	16.575	63,964	-
Total - Crime Victim Assistance				<u>505,541</u>	<u>180,113</u>
Crime Victim Assistance/Discretionary Grants	State of Colorado Department of Human Services	PO IHGA 202100007604	16.582	57,621	-
Crime Victim Assistance/Discretionary Grants	RTI International	2-312-0217728-66466L	16.582	4,217	-
Total - Crime Victim Assistance/Discretionary Grants				<u>61,838</u>	<u>-</u>
<b>Total Department of Justice</b>				<u>567,379</u>	<u>180,113</u>
<b>Department of The Treasury</b>					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	State of Colorado Department of Public Health and Environment	CONTRACT AMENDMENT #3, PO FHCA 202300004453	21.027	249,867	-
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	Signal Behavioral Health Network	SIGNAL 21-22 AMD2, SIGNAL 22-23 AMD 1	21.027	287,311	-
Total - Coronavirus State and Local Fiscal Recovery Funds				<u>537,178</u>	<u>-</u>
<b>Total Department of The Treasury</b>				<u>537,178</u>	<u>-</u>
<b>Federal Communications Commission</b>					
COVID-19 Telehealth Program	N/A	N/A	32.006	380,761	-
<b>Total Federal Communications Commission</b>				<u>380,761</u>	<u>-</u>
<b>Department of Homeland Security</b>					
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	City & County of Denver	FINAN-202054689-00	97.036	6,390,940	-
<b>Total Department of Homeland Security</b>				<u>6,390,940</u>	<u>-</u>

The accompanying notes are an integral part of this schedule.

# Denver Health and Hospital Authority

## Schedule of Expenditures of Federal Awards (continued)

### Year Ended December 31, 2022

Federal Grantor/Program or Cluster Title	Pass-through Grantor	Pass-through Identifying Number, If Applicable	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
<b>Department of Health and Human Services</b>					
Public Health Emergency Preparedness	State of Colorado Department of Public Health and Environment	2020*0589 AMD #1, 2022*0583 Amendment #3, 2023*0836 Option Letter #1	93.069	201,728	-
Maternal and Child Health Federal Consolidated Programs	N/A	N/A	93.110	1,592,208	1,103,695
Maternal and Child Health Federal Consolidated Programs	Association of Maternal & Child Health	091222-319	93.110	4,338	-
Total - Maternal and Child Health Federal Consolidated Programs				1,596,546	1,103,695
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	State of Colorado Department of Public Health and Environment	2021*2956 AMENDMENT #2, 2022*2305 Amendment #3, 2023*6183	93.116	88,513	-
Preventive Medicine Residency	University of Colorado Denver	FY22.1009.001_AMD1, FY21.1009.002_AMD1, FY21.1009.002_AMD2 FY21.1009.003_AMD2	93.117	27,614	-
Injury Prevention and Control Research and State and Community Based Programs	City & County of Denver Department of Public Health and Environment	PO-00113258	93.136	9,698	-
COVID-19 Health Program for Toxic Substances and Disease Registry	American Academy of Pediatrics	1012132-DHHA, PO 100771 Amendment #1	93.161	45,850	-
Health Program for Toxic Substances and Disease Registry	American Academy of Pediatrics	1012032_DHHA, 100771, PO 100810, PO 100771 Amendment #1, PO 101019	93.161	323,440	73,357
Total - Health Program for Toxic Substances and Disease Registry				369,290	73,357
Graduate Psychology Education	N/A	N/A	93.191	517,839	463
Graduate Psychology Education	University of Denver	SC37922-01 P0165926	93.191	7,773	-
Total - Graduate Psychology Education				525,612	463
Family Planning Services	State of Colorado Department of Public Health and Environment	2021*0270 OPTION LETTER #3, 2021*0270 Amendment #1 2021*0271 OPTION LETTER #3, 2021*0271 Option Letter #5, 19 FHLA 113529	93.217	965,437	-
<b>Health Center Program Cluster</b>					
COVID-19 Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	N/A	N/A	93.224	13,139,587	-
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	N/A	N/A	93.224	2,504,705	-
Total - Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)				15,644,292	-

The accompanying notes are an integral part of this schedule.

# Denver Health and Hospital Authority

## Schedule of Expenditures of Federal Awards (continued)

### Year Ended December 31, 2022

Federal Grantor/Program or Cluster Title	Pass-through Grantor	Pass-through Identifying Number, If Applicable	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
COVID-19 Grants for New and Expanded Services under the Health Center Program	N/A	N/A	93.527	23,123	-
Grants for New and Expanded Services under the Health Center Program	N/A	N/A	93.527	13,131,879	-
Total - Grants for New and Expanded Services under the Health Center Program				13,155,002	-
<b>Total Health Center Program Cluster</b>				28,799,294	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	N/A	N/A	93.243	777,429	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	City & County of Denver Department of Public Health and Environment	ENVHL-202161317-00, ENVHL-202265490-01 20216131701	93.243	21,519	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	State of Colorado Department of Public Health and Environment	2020*0760 Option Letter #4, 2020*0760 Option Letter #6	93.243	42,781	-
Total - Substance Abuse and Mental Health Services Projects of Regional and National Significance				841,729	-
Poison Center Support and Enhancement Grant	N/A	N/A	93.253	680,087	-
COVID-19 Immunization Cooperative Agreements	City & County of Denver Department of Public Health and Environment	PO-00100489, ENVHL-202056318	93.268	649,602	-
Immunization Cooperative Agreements	State of Colorado Department of Public Health and Environment	2021*3485 AMENDMENT #5, PO FHJA 202100006274, 2022*3179 Amendment #6	93.268	240,911	-
Total - Immunization Cooperative Agreements				890,513	-
Emerging Infections Programs	Minnesota Department of Health	193115, 193115 Amendment 1	93.317	152,036	-
Protecting and Improving Health Globally: Building and Strengthening Public Health Impact, Systems, Capacity and Security	Children's Hospital Philadelphia	GRT-00002189-0923 20400000-RSU	93.318	5,074	-
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	City & County of Denver Department of Public Health and Environment	ENVHL-202056318-00	93.323	(4,053)	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	State of Colorado Department of Public Health and Environment	2021*2221 OPTION LETTER #1, 2022*2444, 2022*2446 Amendment #1 2022*2446 Amendment #2, 2023*0856 Amendment #1	93.323	508,036	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Tri-County Health Department	ELC0001	93.323	64,578	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	University of Colorado Denver	FY22.641.009, FY23.641.007	93.323	46,992	-
Total - Epidemiology and Laboratory Capacity for Infectious Diseases				615,553	-

The accompanying notes are an integral part of this schedule.

# Denver Health and Hospital Authority

## Schedule of Expenditures of Federal Awards (continued)

### Year Ended December 31, 2022

Federal Grantor/Program or Cluster Title	Pass-through Grantor	Pass-through Identifying Number, If Applicable	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
COVID-19 Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	City & County of Denver Department of Public Health and Environment	ENVHL-202160257-00, ENVHL-202262052-00	93.391	689,517	-
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	National Association of Community Health Centers	862-03	93.421	72,784	-
Innovative State and Local Public Health Strategies to prevent and Manage Diabetes and Heart Disease and Stroke-	State of Colorado Department of Public Health and Environment	2019*3286 OPTION LETTER #1, 2019*3286 Amendment #2	93.435	2,499	-
Well-Integrated Screening And Evaluation For Women Across The Nation (WiseWoman)	State of Colorado Department of Public Health and Environment	2019*3456 Option Letter #2, 2021*2806 Option Letter #3	93.436	18,137	-
COVID-19 HRSA COVID-19 Claims Reimbursement for the Uninsured Program and the COVID-19 Coverage Assistance Fund	N/A	N/A	93.461	512,697	-
Congressional Directives	N/A	N/A	93.493	70,329	-
Grants for Capital Development in Health Centers	N/A	N/A	93.526	226,173	-
Teaching Health Center Graduate Medical Education Payment	N/A	N/A	93.530	157,471	-
MaryLee Allen Promoting Safe and Stable Families Program	State of Colorado Department of Public Health and Environment	2021*2849, 2022*2326 Amendment #2, 2023*2446 Option Letter #2	93.556	19,108	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	State of Colorado Department of Human Services	21 IHGA 163607, 22 IHGA 170736, 23 IHGA 177960	93.566	632,172	-
Child Care and Development Block Grant	State of Colorado Department of Human Services	21 IHIA 149609, 23 QAAA 175828	93.575	297,867	-
<b>Head Start Cluster</b>					
Head Start	City and County of Denver	MOEAI-202158542, 202262476-00, MOEAI-202264241-00	93.600	510,400	-
Head Start	Clayton Family Futures	None Provided	93.600	31,546	-
<b>Total - Head Start Cluster</b>				<b>541,946</b>	<b>-</b>
Maternal Opioid Misuse Model	State of Colorado Department of Health Care Policy and Financing	G22-173228, G23-177998	93.687	51,830	-
Certified Community Behavioral Health Clinic Expansion Grants	N/A	N/A	93.696	1,603	-
Mental and Behavioral Health Education and Training Grants	N/A	N/A	93.732	601,289	23,859
Mental and Behavioral Health Education and Training Grants	Metropolitan State University of Denver	C-20-M01HP3127-DC AMD 1	93.732	11,796	-
<b>Total - Mental and Behavioral Health Education and Training Grants</b>				<b>613,085</b>	<b>23,859</b>

The accompanying notes are an integral part of this schedule.

# Denver Health and Hospital Authority

## Schedule of Expenditures of Federal Awards (continued)

### Year Ended December 31, 2022

Federal Grantor/Program or Cluster Title	Pass-through Grantor	Pass-through Identifying Number, If Applicable	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
<b>Medicaid Cluster</b>					
Medical Assistance Program	State of Colorado Department of Health Care Policy and Financing	23-172935	93.778	417,333	-
<b>Total Medicaid Cluster</b>				417,333	-
Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	N/A	N/A	93.817	1,575,649	413,310
COVID-19 Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	State of Colorado Department of Public Health and Environment	PO FHJA 202000011512, 2022*2617	93.817	53,119	-
Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	State of Colorado Department of Public Health and Environment	2021*3228, 2022*0828	93.817	393,376	-
Total - Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities				2,022,144	413,310
National Ebola Training and Education Center (NETEC)	Emory University	A419644, A746689	93.825	196,338	-
Capacity Building Assistance (CBA) for High-Impact HIV Prevention	N/A	N/A	93.834	1,352,388	-
Capacity Building Assistance (CBA) for High-Impact HIV Prevention	Cicatelli Associates, Inc.	CAI HIP	93.834	117,330	-
Total - Capacity Building Assistance (CBA) for High-Impact HIV Prevention				1,469,718	-
Maternal, Infant and Early Childhood Home Visiting Grant	State of Colorado Department of Human Services	Holdover Letter, 21 IHIA 163316, 22 IHIA 171823, 23 QAAA 177094	93.870	536,388	-
Primary Care Training and Enhancement	N/A	N/A	93.884	141,103	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	State of Colorado Department of Public Health and Environment	2018*1756 AMENDMENT #4, 2018*1756 OL#2, 2023*0066 Option Letter #3	93.898	(42,670)	-
HIV Emergency Relief Project Grants	City & County of Denver Department of Public Health and Environment	ENVHL-202159168-00, ENVHL-202262885-02	93.914	1,161,243	-
HIV Emergency Relief Project Grants	La Clinica Tepeyac	None Provided	93.914	14,695	-
Total - HIV Emergency Relief Project Grants				1,175,938	-

The accompanying notes are an integral part of this schedule.



# Denver Health and Hospital Authority

## Schedule of Expenditures of Federal Awards (continued)

### Year Ended December 31, 2022

Federal Grantor/Program or Cluster Title	Pass-through Grantor	Pass-through Identifying Number, If Applicable	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
HIV Care Formula Grants	State of Colorado Department of Public Health and Environment	2021*2936 AMENDMENT #2, 2021*2947 OPTION LETTER #1	93.917	358	-
COVID-19 Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	N/A	N/A	93.918	30,405	-
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	N/A	N/A	93.918	730,732	-
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	Western Community Health Resources	None provided	93.918	28,993	-
Total - Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease				790,130	-
Special Projects of National Significance	AIDS United	3031018-AU	93.928	48,113	-
HIV Prevention Activities Health Department Based	State of Colorado Department of Public Health and Environment	2020*3051 AMENDMENT #6, 2020*3051 Amendment #8 2020*3054 AMENDMENT #4, 2020*3054 Amendment #5	93.940	665,884	-
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	State of Colorado Department of Public Health and Environment	2022*2516	93.944	453,128	-
Block Grants for Prevention and Treatment of Substance Abuse	Signal Behavioral Health Network	SIGNAL 21-22, SIGNAL 22-23	93.959	4,002,215	-
Block Grants for Prevention and Treatment of Substance Abuse	University of Colorado Denver	FY22.1171.003	93.959	4,421	-
Total - Block Grants for Prevention and Treatment of Substance Abuse				4,006,636	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	State of Colorado Department of Public Health and Environment	2020*3004 AMENDMENT #2, 2020*3004 Amendment #3	93.977	188,461	-
COVID-19 Sexually Transmitted Diseases (STD) Provider Education Grants	N/A	N/A	93.978	809,602	-
Sexually Transmitted Diseases (STD) Provider Education Grants	N/A	N/A	93.978	1,498,215	-
Total - Sexually Transmitted Diseases (STD) Provider Education Grants				2,307,817	-
Preventive Health and Health Services Block Grant	State of Colorado Department of Public Health and Environment	2021*2943, 2021*2943 Amendment #1, 2021*2943 Option Letter #1 2022*2510, 2022*2510 Option Letter #1	93.991	137,594	45,255
Maternal and Child Health Services Block Grant to the States	State of Colorado Department of Public Health and Environment	2019*2281 AMENDMENT #4	93.994	(380)	-
Maternal and Child Health Services Block Grant to the States	City & County of Denver Department of Public Health and Environment	ENVHL-202159553-00, ENVHL-202265544-00	93.994	461,556	-
Total - Maternal and Child Health Services Block Grant to the States				461,176	-
<b>Total Department of Health and Human Services</b>				<b>54,651,531</b>	<b>1,659,939</b>

The accompanying notes are an integral part of this schedule.

# Denver Health and Hospital Authority

## Schedule of Expenditures of Federal Awards (continued)

### Year Ended December 31, 2022

Federal Grantor/Program or Cluster Title	Pass-through Grantor	Pass-through Identifying Number, If Applicable	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
<b>Research and Development Cluster</b>					
<b>Department of Defense (Research and Development Cluster)</b>					
Military Medical Research and Development	Johns Hopkins University	W81XWH-15-2-0074	12.420	12	-
Military Medical Research and Development	University of Colorado Denver	FY20.891.010, FY20.902.002, FY21.645.003, FY22.645.002_AMD1 FY22.902.003_AMD1, FY22.1153.001, FY23.902.002_AMD2	12.420	81,621	-
Total - Military Medical Research and Development -				81,633	-
<b>Total Department of Defense (Research and Development Cluster)</b>				81,633	-
<b>Department of Health and Human Services (Research and Development Cluster)</b>					
Healthy Marriage Promotion and Responsible Fatherhood Grants	University of Denver	SC38071-01 P0170205, SC38071-01 P0173522, SC38071-01 P0177626	93.086	176,030	-
Centers for Research and Demonstration for Health Promotion and Disease Prevention	University of Colorado Denver	FY21.291.008, FY22.291.002_AMD1	93.135	50,505	-
Injury Prevention and Control Research and State and Community Based Programs	N/A	N/A	93.136	742,357	-
Injury Prevention and Control Research and State and Community Based Programs	University of Colorado Denver	FY21.693.001_AMD4	93.136	254	-
Total - Injury Prevention and Control Research and State and Community Based Programs				742,611	-
Human Genome Research	Kaiser Permanente	OOS030229-DHHA	93.172	111,785	-
National Research Service Award in Primary Care Medicine	University of Colorado Denver	FY22.206.001	93.186	19,742	-
Research on Healthcare Costs, Quality and Outcomes	N/A	N/A	93.226	759,846	25,000
Research on Healthcare Costs, Quality and Outcomes	University of California - San Francisco	12411SC	93.226	13,543	-
Total - Research on Healthcare Costs, Quality and Outcomes				773,389	25,000
Mental Health Research Grants	Research Foundation of CUNY	CM00004687-01, CM00004687-02	93.242	26,435	-
Mental Health Research Grants	University of Denver	SC37573-04 P0154429, SC38311-01 P0176783	93.242	1,570	-
Total - Mental Health Research Grants				28,005	-

The accompanying notes are an integral part of this schedule.

# Denver Health and Hospital Authority

## Schedule of Expenditures of Federal Awards (continued)

### Year Ended December 31, 2022

Federal Grantor/Program or Cluster Title	Pass-through Grantor	Pass-through Identifying Number, If Applicable	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
Drug Abuse and Addiction Research Programs	N/A	N/A	93.279	651,853	300,505
Drug Abuse and Addiction Research Programs	University of Colorado Denver	FY21.872.003, FY22.872.003_AMD2, FY22.872.010_AMD3	93.279	114,163	-
Drug Abuse and Addiction Research Programs	University of Maryland	87437-Z0288203	93.279	(382)	-
Drug Abuse and Addiction Research Programs	Kaiser Permanente	RNG200598DHHA-01, RNG210100DHHA-01, RNG211136DHHA-01	93.279	48,257	-
Total - Drug Abuse and Addiction Research Programs				813,891	300,505
Trans-NIH Research Support	Scripps Research Translational Institute	5-54460 AMENDMENT 1, 5-54717	93.310	177,375	-
Trans-NIH Research Support	University of Colorado Denver	FY22.1160.002	93.310	16,905	-
Total - Trans-NIH Research Support				194,280	-
COVID-19 National Center for Advancing Translational Sciences	University of Colorado Denver	FY21.220.008	93.350	245,236	-
National Center for Advancing Translational Sciences	University of Colorado Denver	FY21.220.010_AMD4, FY21.1045.002, FY22.220.015_AMD5, CE-JP-21-7	93.350	178,784	-
Total - National Center for Advancing Translational Sciences				424,020	-
Nursing Research	University of Colorado Denver	FY22.961.002_AMD4, FY23.961.001_AMD5, FY21.1079.002 FY22.1079.002_AMD1, FY23.1079.002_AMD2	93.361	172,823	-
Nursing Research	University of North Carolina	5106246	93.361	14,215	-
Total - Nursing Research				187,038	-
Cancer Cause and Prevention Research	University of Connecticut	UCHC7-109971036-A4	93.393	3,767	-
Cancer Treatment Research	Emmes Corporation	A20-0102-001, 13765	93.395	444,988	-
Cardiovascular Diseases Research	N/A	N/A	93.837	130,221	-
Cardiovascular Diseases Research	Kaiser Permanente	RNG212010-DHHA-01	93.837	7,512	-
Cardiovascular Diseases Research	Massachusetts General	FY2015	93.837	32,134	-
Cardiovascular Diseases Research	University of Alabama at Birmingham	000503570-035 A04, 000530812-SC007	93.837	5,388	-
Cardiovascular Diseases Research	University of Buffalo	R1175013	93.837	4,689	-
Cardiovascular Diseases Research	University of Colorado Boulder	1554902	93.837	1,169	-
Cardiovascular Diseases Research	University of Colorado Denver	FY20.891.014, FY21.647.001, FY21.891.003_AMD1, FY22.647.002_AMD1 FY22.948.001_AMD5, FY23.1099.001	93.837	183,360	-
Total - Cardiovascular Diseases Research				364,473	-

The accompanying notes are an integral part of this schedule.

# Denver Health and Hospital Authority

## Schedule of Expenditures of Federal Awards (continued)

### Year Ended December 31, 2022

Federal Grantor/Program or Cluster Title	Pass-through Grantor	Pass-through Identifying Number, If Applicable	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
Lung Diseases Research	N/A	N/A	93.838	173,795	26,249
COVID-19 Lung Diseases Research	National Jewish Health	20114693_DH SUB	93.838	726	-
COVID-19 Lung Diseases Research	University of Colorado Denver	FY21.342.001, FY21.342.008	93.838	1,780	-
Lung Diseases Research	University of Colorado Denver	FY16.342.001, FY20.880.002, FY21.249.001_AMD4, FY21.342.001, FY21.342.008 FY21.891.006, FY21.891.008_AMD4, FY22.342.006, FY22.575.001_AMD2 FY22.575.002, FY23.220.002_AMD1, FY23.891.003	93.838	661,315	-
Lung Diseases Research	Vanderbilt University Medical Center	None Provided	93.838	1,149	-
Total - Lung Diseases Research				838,765	26,249
Blood Diseases and Resources Research	University of Colorado Denver	FY22.645.001_AMD3	93.839	2,883	-
Translation and Implementation Science Research for Heart, Lung, Blood Diseases, and Sleep Disorders	N/A	N/A	93.840	539,483	53,989
COVID-19 Translation and Implementation Science Research for Heart, Lung, Blood Diseases, and Sleep Disorders	Vanderbilt University Medical Center	VUMC92068	93.840	156,041	-
Translation and Implementation Science Research for Heart, Lung, Blood Diseases, and Sleep Disorders	University of Colorado Denver	FY21.635.005_AMD5, FY22.904.002_AMD5, FY22.904.007_AMD3	93.840	69,266	-
Total - Translation and Implementation Science Research for Heart, Lung, Blood Diseases, and Sleep Disorders				764,790	53,989
Diabetes, Digestive, and Kidney Diseases Extramural Research	N/A	N/A	93.847	480,374	65,808
Diabetes, Digestive, and Kidney Diseases Extramural Research	University of Colorado Denver	FY22.232.001, FY23.232.001_AMD1, FY23.1099.002	93.847	91,457	-
Total - Allergy and Infectious Diseases Research				571,831	65,808
Allergy and Infectious Diseases Research	N/A	N/A	93.855	50,308	33,633
Allergy and Infectious Diseases Research	Children's Hospital Philadelphia	GRT-00001924 PO 20389978	93.855	22,191	-
Allergy and Infectious Diseases Research	Institute for Clinical Research	M03-DN-017-0704-2	93.855	18,376	-
Allergy and Infectious Diseases Research	University of California - Los Angeles	1560 G YC239	93.855	7,133	-
Total - Allergy and Infectious Diseases Research				98,008	33,633

The accompanying notes are an integral part of this schedule.

**Denver Health and Hospital Authority**  
**Schedule of Expenditures of Federal Awards (continued)**  
**Year Ended December 31, 2022**

<b>Federal Grantor/Program or Cluster Title</b>	<b>Pass-through Grantor</b>	<b>Pass-through Identifying Number, If Applicable</b>	<b>Federal Assistance Listing Number</b>	<b>Total Federal Expenditures</b>	<b>Passed Through to Subrecipients</b>
Biomedical Research and Research Training	University of Colorado Denver	FY21.952.008_AMD2, FY22.952.002_AMD3	93.859	76,306	-
Child Health and Human Development Extramural Research	N/A	N/A	93.865	213,516	11,014
Child Health and Human Development Extramural Research	University of Denver	SC37547-05 P0171697, SC38008-01 P0169550	93.865	8,185	-
Total - Child Health and Human Development Extramural Research				<u>221,701</u>	<u>11,014</u>
Aging Research	University of Colorado Denver	FY22.932.001, FY22.932.002_AMD1, FY23.798.002, FY23.622.001	93.866	116,453	-
Vision Research	University of Colorado Denver	FY22.1031.003	93.867	54,862	-
Medical Library Assistance	University of Denver	SC38224-01 P0173856	93.879	4,751	-
Family Planning Service Delivery Improvement Research Grants	N/A	N/A	93.974	332,208	-
International Research and Research Training	University of Zimbabwe	None Provided	93.989	10,746	-
<b>Total Department of Health and Human Services (Research and Development Cluster)</b>				<u>7,427,828</u>	<u>516,198</u>
<b>Total Research and Development Cluster</b>				<u>7,509,461</u>	<u>516,198</u>
<b>Total Federal Expenditures in 2022</b>				<u><u>\$ 81,955,029</u></u>	<u><u>\$ 2,356,250</u></u>

The accompanying notes are an integral part of this schedule.

**Denver Health and Hospital Authority**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2022**

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Denver Health and Hospital Authority (the Authority) under programs of the federal government for the year ended December 31, 2022. The information in this 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 Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

**Note 2: Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**Note 3: Indirect Cost Rate**

The Authority has a Hospital Rate Agreement with the federal government for approved indirect rates. Due to this agreement, the Authority has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 4: Noncash Assistance**

The Authority received noncash assistance of \$8,912,737 in the form of food instruments Catalog of Federal Domestic Assistance (CFDA) (CFDA No. 10.557) during the year ended December 31, 2022, which were passed through from the Colorado Department of Public Health and Environment. Distribution of the food instruments is reflected in the Schedule of Federal Expenditures.



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**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**

**Independent Auditor's Report**

Board of Directors  
Denver Health and Hospital Authority  
Denver, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities, the aggregate discretely presented component units, and the fiduciary activities of Denver Health and Hospital Authority (the Authority), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 4, 2023, which contained an emphasis of matter paragraph regarding a change in accounting principles. The financial statements of Denver Health Medical Plan, Inc., DHHA Southwest Clinic, Inc., and DHHA OMC QALICB, Inc., which are discretely presented component units, and Canadian Consumer Product and Pharmaceutical Safety, Inc. and 550 Acoma Inc., which are blended component units, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Denver Health Medical Plan, Inc., DHHA Southwest Clinic, Inc., DHHA OMC QALICB Inc., Canadian Consumer Product and Pharmaceutical Safety, Inc. and 550 Acoma Inc.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority'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.

Board of Directors  
Denver Health and Hospital Authority

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**FORVIS, LLP**

Denver, Colorado  
April 4, 2023





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## **Report on Compliance for Each Major Federal Program, Report on Internal Control Over Compliance, and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

### **Independent Auditor's Report**

Board of Directors  
Denver Health and Hospital Authority  
Denver, Colorado

#### **Report on Compliance for Each Major Federal Program**

##### ***Opinion on Each Major Federal Program***

We have audited Denver Health and Hospital Authority's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2022. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the 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, 2022.

##### ***Basis for Opinion on Each Major Federal Program***

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

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

##### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control Over Compliance**

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

Board of Directors  
Denver Health and Hospital Authority

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

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

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

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of the Authority, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements. We have issued our report thereon dated April 4, 2023, which contained unmodified opinions on those financial statements and an emphasis of matter paragraph regarding a change in accounting principles. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

**FORVIS, LLP**

Denver, Colorado  
June 8, 2023

# Denver Health and Hospital Authority

## Schedule of Findings and Questioned Costs

### Year Ended December 31, 2022

#### Section I – Summary of Auditor’s Results

##### *Financial Statements*

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:  
☒ Unmodified      ☐ Qualified      ☐ Adverse      ☐ Disclaimer
2. Internal control over financial reporting:  
 Significant deficiency(ies) identified?      ☐ Yes      ☒ None reported  
 Material weakness(es) identified?      ☐ Yes      ☒ No
3. Noncompliance considered material to the financial statements noted?      ☐ Yes      ☒ No

##### *Federal Awards*

4. Internal control over major federal awards programs:  
 Significant deficiency(ies) identified?      ☐ Yes      ☒ None reported  
 Material weakness(es) identified?      ☐ Yes      ☒ No
5. Type of auditor’s report issued on compliance for major federal program(s):  
☒ Unmodified      ☐ Qualified      ☐ Adverse      ☐ Disclaimer
6. The audit findings disclosed that are required to be reported by 2 CFR 200.516(a)?      ☐ Yes      ☒ No
7. Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
93.224, 93.527	Health Center Program Cluster
93.959	Block Grants for Prevention and Treatment of Substance Abuse

8. Dollar threshold used to distinguish between type A and type B programs was: \$2,458,651.
9. Auditee qualified as low risk auditee?      ☒ Yes      ☐ No

**Denver Health and Hospital Authority**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2022**

**Section II – Financial Statement Findings**

<b>Reference Number</b>	<b>Finding</b>
No matters are reportable	

# Denver Health and Hospital Authority

## Schedule of Findings and Questioned Costs

Year Ended December 31, 2022

### Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
No matters are reportable	

# Denver Health and Hospital Authority

## Summary Schedule of Prior Audit Findings

Year Ended December 31, 2022

Reference Number	Summary of Finding	Status
No matters are reportable.		