



**County Health Pool**

Financial Statements

December 31, 2023 and 2022

(With Independent Auditor's Report Thereon)

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## **COUNTY HEALTH POOL MANAGEMENT DISCUSSION AND ANALYSIS**

This discussion and analysis prepared in conformity with Governmental Accounting Standards Board (GASB) rules, is designed to provide an analysis of County Health Pool's (the Pool) financial condition and operating results. According to GASB rules, the intent of the management discussion and analysis is to inform the readers of the financial statements of the Pool's financial issues and activities.

The Management Discussion and Analysis (MD&A) should be read in conjunction with the Pool's basic financial statements and the Pool's basic financial statements should be read in conjunction with the MD&A.

The Pool's basic financial statements are the Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows.

The Pool was formed in January 1984 by an intergovernmental agreement among the member counties of Colorado. During 1999, the Pool changed its by-laws to allow the Pool to provide services to any political subdivision of the state of Colorado.

The purpose of the Pool is to provide health, dental and vision benefits and life, accidental death and dismemberment insurance to the employees of the member organizations. Based on the date the Pool was formed, it has no ERISA compliance requirement, and it is not regulated by the Division of Insurance of the State of Colorado. On December 31, 2023, and 2022, there were 62 and 65 member organizations, respectively. Basic Financial Statements are presented on the accrual basis of accounting. The three basic statements presented within the financial statements are as follows:

**Statements of Net Position** -- These statements present information reflecting a snapshot of "Net Position", which represents the amount of total assets minus total liabilities. Although the statement of net position is not presented in a categorized basis, assets are nonetheless listed in liquid to non-liquid order. Liquid in this reference meaning cash or being turned into cash. The Pool's investment balances are considered liquid since the investment portfolio is marketable and easily turned into cash.

The liabilities consist of two categories of accounts. The first is the outstanding claims payable. This balance is the best estimate by management as to the number of claims which were incurred in the current year and will be paid in future periods. The second is the outstanding accounts payable. The accounts payable are the liabilities of the Pool, which vendors have presented invoices for payment and the cash will be disbursed in future years.

**COUNTY HEALTH POOL  
MANAGEMENT DISCUSSION AND ANALYSIS**

The change column illustrates for the reader that net position decreased, overall, in 2023 due to the increases in claims incurred during the year and utilization of the plan benefits.

**Statements of Net Position**

|                                             | <u>2023</u>          | <u>2022</u>          | <u>December 31,</u><br><u>Change</u> | <u>2021</u>          |
|---------------------------------------------|----------------------|----------------------|--------------------------------------|----------------------|
| <b>Assets</b>                               |                      |                      |                                      |                      |
| Cash and cash equivalents                   | \$ 1,523,636         | \$ 4,408,981         | \$ (2,885,345)                       | \$ 6,654,779         |
| Investments                                 | 14,241,858           | 16,829,368           | (2,587,510)                          | 14,472,081           |
| Accrued interest receivable                 | 208,775              | 240,371              | (31,596)                             | 163,809              |
| Accounts receivable                         | 577,371              | -                    | 577,371                              | 773                  |
| Prepaid expenses                            | 7,917                | 8,154                | (237)                                | 11,416               |
| Deposits                                    | 16,490               | 16,490               | -                                    | 16,490               |
| <b>Total assets</b>                         | <u>\$ 16,576,047</u> | <u>\$ 21,503,364</u> | <u>\$ (4,927,317)</u>                | <u>\$ 21,319,348</u> |
| <b>Liabilities</b>                          |                      |                      |                                      |                      |
| Claims payable                              | \$ 6,250,000         | \$ 5,250,000         | \$ 1,000,000                         | \$ 5,250,000         |
| Accounts payable                            | 1,328,660            | 1,232,093            | 96,567                               | 1,190,385            |
| Contribution deposits                       | <u>232,134</u>       | <u>163,807</u>       | <u>68,327</u>                        | <u>533,035</u>       |
| <b>Total liabilities</b>                    | <u>7,810,794</u>     | <u>6,645,900</u>     | <u>1,164,894</u>                     | <u>6,973,420</u>     |
| <b>Total net position</b><br>(Unrestricted) | <u>\$ 8,765,253</u>  | <u>\$ 14,857,464</u> | <u>\$ (6,092,211)</u>                | <u>\$ 14,345,928</u> |

**The Statements of Revenues, Expenses and Changes in Net Position --** These statements reflect the Pool's operating revenues and expenses. The essential source of revenues is from member organization contributions and the major sources of operating expenses are health, dental, and vision benefits. The change in net position is similar to net profit for any other insurance company. The amounts captioned as net position reflect the amount that corresponds to members' equity in previous years' statements of revenue, expenses and changes in net position.

**COUNTY HEALTH POOL  
MANAGEMENT DISCUSSION AND ANALYSIS**

**Statements of Revenues, Expenses and Changes in Net Position**

|                                   | <u>December 31,</u> |                      |                      |
|-----------------------------------|---------------------|----------------------|----------------------|
|                                   | <u>2023</u>         | <u>2022</u>          | <u>2021</u>          |
| Operating revenue:                |                     |                      |                      |
| Contributions                     | \$ 60,714,231       | \$ 59,686,818        | \$ 59,613,281        |
| Total operating revenue           | <u>60,714,231</u>   | <u>59,686,818</u>    | <u>59,613,281</u>    |
| Operating expenses:               |                     |                      |                      |
| Net claims incurred               | 51,258,970          | 42,895,672           | 45,972,805           |
| Insurance premiums                | 12,999,516          | 12,003,744           | 11,453,492           |
| Administration                    | <u>3,476,573</u>    | <u>3,378,268</u>     | <u>3,486,988</u>     |
| Total operating expenses          | <u>67,735,059</u>   | <u>58,277,684</u>    | <u>60,913,285</u>    |
| Operating income (loss)           | (7,020,828)         | 1,409,134            | (1,300,004)          |
| Net investment income (loss)      | <u>928,617</u>      | <u>(897,598)</u>     | <u>65,335</u>        |
| Increase (Decrease) in net assets | (6,092,211)         | 511,536              | (1,234,669)          |
| Net position - Beginning of year  | <u>14,857,464</u>   | <u>14,345,928</u>    | <u>15,580,597</u>    |
| Net position - End of year        | <u>\$ 8,765,253</u> | <u>\$ 14,857,464</u> | <u>\$ 14,345,928</u> |

The changes in the Contributions income from 2023 to 2022 to 2021 reflects the change in the rates charged to members in the Pool to receive coverage and increased cost arising from the Health Reform Act. The Pool had 62, 65, and 64 member organizations at December 31, 2023, 2022 and 2021, respectively.

The changes in the overall costs of claims reflects the increase of health care services utilization in 2023, the changing number of members in the Pool, as well as a component of the shifting to higher deductible plans on the part of, many member entities.

In addition, insurance cost, the expense related to covering excess exposures, also increased due to increasing costs in the health care industry and the Pool's past experience.

During 2023, Anthem Blue Cross and Blue Shield reduced the amount the Pool paid for Anthem's administration costs for the servicing of claims and handling of the network of doctors and hospitals by 21.3%.

While during 2022, Blue Cross and Blue Shield reduced the amount the Pool paid for Anthem's administration costs for the servicing of claims and handling of the network of doctors and hospitals by 3.5%.

Anthem also provided plan documents review, membership cards, and administered writing claim checks in 2023 and 2022.

## **COUNTY HEALTH POOL MANAGEMENT DISCUSSION AND ANALYSIS**

When the Board of Directors set the rates to charge for the benefits and services for 2023, the rates were established at a level that was estimated to increase the Pool's net position by approximately \$80,118.

When the Board of Directors set the rates to charge for the benefits and services for 2022, the rates were established at a level that was estimated to increase the Pool's net position by approximately \$273,230.

**The Statements of Cash Flows** -- These statements reflect the Pool's cash flows from operating and investing activities.

### **Economic Conditions**

In 2023, the Pool experienced an increase in health care services utilization and rising care costs. In 2022, the Pool experienced a stabilization of health care services following the declaration of global pandemic in March 2020.

According to Willis Towers Watson, employer healthcare cost increases were expected to rise by more than 10% in 2023. During 2023, the Pool experienced health care costs that were originally budgeted to increase by 7.3% according to the Pool's historical trends. This is consistent with the Willis Towers Watson analysis that health care costs were expected to continue to rise in 2023. Willis Towers Watson predicted that a continued increase of health care costs and volatility were expected due to the impact of inflation and these increases are expected to continue to accelerate beyond 2023. The Pool experienced 10% higher than budgeted health care costs throughout 2023, and the Pool used approximately \$6.1 million to cover the budget variance.

Based on the above projections and historical results, corporations are continuing to make adjustments in health care plans to cope with the increasing cost trends. Some of these adjustments include increasing co-pays, higher deductibles, and switching providers searching for lower cost options. An alternative approach is utilization management. This focuses on the employee and helps them live a healthier lifestyle and be a wiser health care consumer. Education and wellness programs are the key component of this strategy.

The Pool continues to put health care consumerism to the test with wellness and health education programs aimed at improving outcomes, thereby lowering health care costs. The Pool is trying to educate employees to be as engaged as possible, give them the tools and make them knowledgeable about their condition and about their prevention and treatment alternatives, so they make the best decision on health care access and utilization, improve their outcomes and help keep cost in check. Communication with employees has increased to be on a continuous basis, not just during policy renewal time. Input is solicited from members regarding plan design changes, benefit design changes, and contribution adjustments. The Pool's current philosophy is to conduct educational meetings with employees, along with continuous publications introducing all the tools and resources available to assist the employees to become better health care purchasers. As

## **COUNTY HEALTH POOL MANAGEMENT DISCUSSION AND ANALYSIS**

a result of the Pool teaming up with Anthem and the ongoing education of the member's employees, the Pool continues to be in a strong financial condition while keeping rate increases below the current average in Colorado.

### **Requests for Information**

This report is designed to provide a general overview of the Pool's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Pool's administrator, County Technical Services, Inc. at 800 Grant Street, Suite 400, Denver, Colorado 80203, (or email address: [ctsi@ctsi.org](mailto:ctsi@ctsi.org)).



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## **Independent Auditor's Report**

The Board of Directors  
County Health Pool

### ***Opinion***

We have audited the financial statements of County Health Pool ("the Pool"), which comprise the statements of net position as of December 31, 2023 and 2022, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of County Health Pool as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Pool 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 opinion.

### ***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 Pool's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, 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 Pool'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 County Health Pool'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***

The Governmental Accounting Standards Board require that the Management's Discussion and Analysis on pages II – VI be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for 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.

*K Financial*

Louisville, Colorado  
March 27, 2024

**COUNTY HEALTH POOL**  
**STATEMENTS OF NET POSITION**  
**DECEMBER 31, 2023 AND 2022**

|                                           | <u>2023</u>          | <u>2022</u>          |
|-------------------------------------------|----------------------|----------------------|
| <b>ASSETS</b>                             |                      |                      |
| Cash and cash equivalents                 | \$ 1,523,636         | \$ 4,408,981         |
| Investments                               | 14,241,858           | 16,829,368           |
| Accrued interest receivable               | 208,775              | 240,371              |
| Accounts receivable                       | 577,371              | -                    |
| Prepaid expenses                          | 7,917                | 8,154                |
| Deposits                                  | <u>16,490</u>        | <u>16,490</u>        |
| <b>TOTAL ASSETS</b>                       | <u>\$ 16,576,047</u> | <u>\$ 21,503,364</u> |
| <br><b>LIABILITIES AND NET POSITION</b>   |                      |                      |
| <b>LIABILITIES</b>                        |                      |                      |
| Claims payable                            | \$ 6,250,000         | \$ 5,250,000         |
| Accounts payable                          | 1,328,660            | 1,232,093            |
| Contribution deposits                     | <u>232,134</u>       | <u>163,807</u>       |
| <b>TOTAL LIABILITIES</b>                  | <u>7,810,794</u>     | <u>6,645,900</u>     |
| <br><b>NET POSITION</b>                   |                      |                      |
| Unrestricted                              | <u>8,765,253</u>     | <u>14,857,464</u>    |
| <b>TOTAL LIABILITIES AND NET POSITION</b> | <u>\$ 16,576,047</u> | <u>\$ 21,503,364</u> |

The accompanying notes are an integral part of the financial statements.

**COUNTY HEALTH POOL**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**DECEMBER 31, 2023 AND 2022**

|                                                                                                                    | <u>2023</u>         | <u>2022</u>          |
|--------------------------------------------------------------------------------------------------------------------|---------------------|----------------------|
| <b>OPERATING REVENUE</b>                                                                                           |                     |                      |
| Contributions                                                                                                      | \$ 60,714,231       | \$ 59,686,818        |
| <b>OPERATING EXPENSES</b>                                                                                          |                     |                      |
| Claims, net of excess insurance recoveries of<br>(\$11,512,950 and \$10,522,941 in 2023 and 2022,<br>respectively) | 51,258,970          | 42,895,672           |
| Insurance premiums                                                                                                 | 12,999,516          | 12,003,744           |
| Administration                                                                                                     | <u>3,476,573</u>    | <u>3,378,268</u>     |
| <b>TOTAL OPERATING EXPENSES</b>                                                                                    | <u>67,735,059</u>   | <u>58,277,684</u>    |
| <b>OPERATING INCOME (LOSS)</b>                                                                                     | (7,020,828)         | 1,409,134            |
| <b>NON-OPERATING REVENUE</b>                                                                                       |                     |                      |
| Net investment income (loss)                                                                                       | <u>928,617</u>      | <u>(897,598)</u>     |
| <b>INCREASE (DECREASE) IN NET POSITION</b>                                                                         | (6,092,211)         | 511,536              |
| <b>NET POSITION - BEGINNING OF YEAR</b>                                                                            | <u>14,857,464</u>   | <u>14,345,928</u>    |
| <b>NET POSITION - END OF YEAR</b>                                                                                  | <u>\$ 8,765,253</u> | <u>\$ 14,857,464</u> |

The accompanying notes are an integral part of the financial statements.

**COUNTY HEALTH POOL**  
**STATEMENTS OF CASH FLOWS**  
**DECEMBER 31, 2023 AND 2022**

|                                                                                                             | <u>2023</u>           | <u>2022</u>         |
|-------------------------------------------------------------------------------------------------------------|-----------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                                 |                       |                     |
| Contributions received from members                                                                         | \$ 60,779,370         | \$ 59,318,364       |
| Payments paid to insurers                                                                                   | (13,056,000)          | (11,963,466)        |
| Claims paid                                                                                                 | (62,346,819)          | (53,410,411)        |
| Claims paid recovered from excess insurer                                                                   | 11,512,950            | 10,522,941          |
| Administrative expenses paid                                                                                | <u>(3,322,569)</u>    | <u>(3,381,779)</u>  |
| Net cash provided by (used in) operating activities                                                         | <u>(6,433,068)</u>    | <u>1,085,649</u>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                                 |                       |                     |
| Proceeds from sale or maturity of investments                                                               | 2,845,768             | 2,751,890           |
| Purchase of investments                                                                                     | (250,000)             | (5,099,471)         |
| Investment income received and change in market value                                                       | <u>951,955</u>        | <u>(983,866)</u>    |
| Net cash provided by (used in) investing activities                                                         | 3,547,723             | (3,331,447)         |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>                                                            | (2,885,345)           | (2,245,798)         |
| <b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>                                                        | <u>4,408,981</u>      | <u>6,654,779</u>    |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>                                                              | <u>\$ 1,523,636</u>   | <u>\$ 4,408,981</u> |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET<br/>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b> |                       |                     |
| Operating income (loss)                                                                                     | \$ (7,020,828)        | \$ 1,409,134        |
| Adjustments to reconcile operating income (loss) to net cash<br>provided by (used in) operating activities: |                       |                     |
| Effects of changes in operating assets and liabilities:                                                     |                       |                     |
| Contribution deposits                                                                                       | 68,327                | (369,228)           |
| Claims payable                                                                                              | 1,000,000             | -                   |
| Accounts receivable                                                                                         | (577,371)             | 773                 |
| Prepaid insurance                                                                                           | 237                   | 3,262               |
| Accounts payable                                                                                            | <u>96,567</u>         | <u>41,708</u>       |
| Net cash provided by (used in) operating activities                                                         | <u>\$ (6,433,068)</u> | <u>\$ 1,085,649</u> |
| <b>NONCASH INVESTING ACTIVITY</b>                                                                           |                       |                     |
| Change in market value of investments                                                                       | <u>\$ (8,258)</u>     | <u>\$ (9,706)</u>   |

The accompanying notes are an integral part of the financial statements.

**COUNTY HEALTH POOL**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2023 AND 2022

**NOTE 1: ORGANIZATION**

The Pool was formed in January 1984 by an intergovernmental agreement among the member counties of Colorado. During 1999, the Pool changed its by-laws to allow the Pool to provide services to any political subdivision of the state of Colorado and the Pool changed its name from Colorado Counties Cooperative for Employee Benefits to County Health Pool.

The purpose of the Pool is to provide health, dental and vision benefits and life, accidental death and dismemberment insurance to the employees of the member entities. On December 31, 2023, and 2022, there were 62 and 65 member entities, respectively, including County Technical Services, Inc. (see Note 5). The Pool collects contributions from members and makes payments for benefits, excess insurance coverage and administrative fees.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental risk pools, set forth by the Governmental Accounting Standards Board. The accrual basis of accounting is utilized where revenue is recognized when earned and expenses are recognized when the liability is incurred.

The Pool distinguishes between operating revenues and expenses and non-operating items in the Statements of Revenues, Expenses and Changes in Net Position. Operating revenues and expenses generally result from providing services in connection with the Pool's purpose of providing health, life, vision, dental and accidental death and dismemberment insurance coverage for its members. Operating revenues consist of contributions from its members. Operating expenses include the cost of claims paid, excess insurance premiums, administrative expenses, and management fees. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Pool has elected to follow Governmental Accounting Standards Board pronouncements. Therefore, statements issued by the Financial Accounting Standards Board after November 30, 1989 are not applied.

**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 and liabilities 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.

**COUNTY HEALTH POOL**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2023 AND 2022

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

For purposes of the Statements of Cash Flows, the Pool considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

**Investments**

Investments are carried at fair value, which is based upon quoted market prices or observable inputs. Realized gains and losses are determined using the specific identification method. The Pool accounts for its investments in accordance with GASB statement No. 31 Accounting and Financial Reporting for Certain Investments and for External Investment Pools (GASB 31). GASB 31 requires governmental entities to report investments at fair value on the balance sheet. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**Reserve for Claims Payable**

Claims are charged to operations as incurred and are reported net of excess insurance reimbursements and subrogation recoveries. The liability for claims payable is determined based upon case-basis evaluations and projections and includes a provision for incurred but not reported claims. The projections of ultimate losses on reported claims and the estimate of claims incurred but not reported are based on a composite of the Pool's experience, trends in costs of services and changes in number of covered employees. Adjustments to the probable ultimate liability for claims are made continually based on subsequent developments and experience and are included in operations as incurred (see Note 6).

**Contributions**

The intergovernmental agreement provides for contributions from members based on rates determined annually by the Board of Directors.

**Income Tax**

The Pool is qualified and exempt from income tax under the provisions of Section 115 of the Internal Revenue Code. Therefore, the accompanying financial statements do not include a provision for income taxes.

**NOTE 3: CASH AND INVESTMENTS**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government, and entities such as the Pool, deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to the aggregate uninsured deposits. The PDPA requires that collateral must exceed 102% of the uninsured deposits.

**COUNTY HEALTH POOL**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2023 AND 2022

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

The Colorado Division of Banking is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

On December 31, 2023, the Pool's cash deposits had a bank balance of \$655,522 of which \$250,000 is insured by the Federal Deposit Insurance Corporation (FDIC), the remaining balance is collateralized according to the PDPA. The carrying balance of cash deposits as of December 31, 2023, was (\$539,434).

On December 31, 2022, the Pool's cash deposits had a bank balance of \$3,511,189 of which \$250,000 is insured by the Federal Deposit Insurance Corporation (FDIC), the remaining balance is collateralized according to the PDPA. The carrying balance of cash deposits as of December 31, 2022, was \$3,186,204.

**Investments**

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments, and entities such as the Pool, may invest. The Pool has adopted an investment policy which is more restrictive and limits investments to:

- Obligations of the United States and certain U.S. government agency securities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Any other eligible investment allowed by State statute if specifically approved by the Board

The Pool owned the following investments as of December 31, 2023:

| <b>Type of Security</b>            | <b>REMAINING MATURITY (in Months)</b> |                       |                            |                            |
|------------------------------------|---------------------------------------|-----------------------|----------------------------|----------------------------|
|                                    | <b>Market Value</b>                   | <b>12<br/>or Less</b> | <b>13 to 24<br/>Months</b> | <b>25 to 60<br/>Months</b> |
| Negotiable certificates of deposit | \$ 1,752,081                          | -                     | -                          | \$ 1,752,081               |
| Corporate notes                    | 12,489,777                            | 1,757,215             | 5,511,664                  | 5,220,898                  |
| Local government investment pool   | <u>2,060,222</u>                      | <u>2,060,222</u>      | -                          | -                          |
| <b>Total</b>                       | <u>\$16,302,080</u>                   | <u>\$ 3,817,437</u>   | <u>\$ 5,511,664</u>        | <u>\$ 6,972,979</u>        |

**COUNTY HEALTH POOL**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2023 AND 2022

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

The Pool owned the following investments as of December 31, 2022:

| Type of Security                   | <b>REMAINING MATURITY (in Months)</b> |                       |                            |                            |
|------------------------------------|---------------------------------------|-----------------------|----------------------------|----------------------------|
|                                    | <b>Market Value</b>                   | <b>12<br/>or Less</b> | <b>13 to 24<br/>Months</b> | <b>25 to 60<br/>Months</b> |
| US treasury securities             | \$ 96,500                             | -                     | -                          | \$ 96,500                  |
| Negotiable certificates of deposit | 2,778,212                             | -                     | 717,850                    | 2,060,362                  |
| Corporate notes                    | 13,954,656                            | 704,660               | 2,237,113                  | 11,012,883                 |
| Local government investment pool   | 1,146,900                             | 1,146,900             | -                          | -                          |
| <b>Total</b>                       | <b>\$ 17,976,268</b>                  | <b>\$ 1,851,560</b>   | <b>\$ 2,954,963</b>        | <b>\$ 13,169,745</b>       |

**Interest Rate Risk**

In accordance with the investment policy, the Pool limits investment maturities to five years. As of December 31, 2023, and 2022, the duration of the investments is in accordance with the guidelines of the investment policy.

**Credit Risk**

The Pool requires investments in local government investment pools and corporate notes to carry defined credit ratings. The local government investment pool, ColoTrust, has been rated AAAM by Standard & Poor's on December 31, 2023, and 2022.



**COUNTY HEALTH POOL**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2023 AND 2022

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

As of December 31, 2023, the corporate investments that The Pool participated in were rated as follows:

| <u>Investment</u>                              | <u>Standard &amp; Poor's<br/>Rating at<br/>December 31, 2023</u> |
|------------------------------------------------|------------------------------------------------------------------|
| BURLINGTON RES INC DEB                         | A                                                                |
| METROPOLITAN LIFE INS CO SURPLUS NT            | A                                                                |
| PRUDENTIAL INS CO AMER SURPLUS NTS             | A                                                                |
| STATE STR BOSTON CORP NTS                      | A                                                                |
| WALT DISNEY CO SR NT                           | A-                                                               |
| LEGRAND S A DE                                 | A-                                                               |
| NBD BK N A DETROIT MICH SUB N                  | A-                                                               |
| AMAZON COM INC FXD RT SR NT                    | AA                                                               |
| KOHL'S CORP NT                                 | BB                                                               |
| SASOL FING USA LLC GTD FXD RT BOND             | BB+                                                              |
| AERCAP IRELAND CAP DESIGNATED ACTIVITY CO      | BBB                                                              |
| BLOCK FINL LLC GTD SR NT                       | BBB                                                              |
| DEVON ENERGY CORP NEW FXD RT SR NT             | BBB                                                              |
| ENERGY TRANSFER PARTNERS L P FXD RT SR NT      | BBB                                                              |
| EXPEDIA GROUP INC GTD FXD RT SR NT             | BBB                                                              |
| FIRST UN CORP STP UP SUB DEB                   | BBB                                                              |
| GENERAL MTRS FINL CO INC                       | BBB                                                              |
| HEWLETT PACKARD ENTERPRISE CO GTD FXD RT NT    | BBB                                                              |
| LENNAR CORP GTD FXD RT NT                      | BBB                                                              |
| MAGELLAN MIDSTREAM PARTNERS LP FXD RT SR NT    | BBB                                                              |
| PROSUS N V ISIN                                | BBB                                                              |
| ONEOK PARTNERS L P GTD SR NT                   | BBB                                                              |
| PETRO-CDA DEB                                  | BBB                                                              |
| PULTEGROUP INC GTD FXD RT SR NT                | BBB                                                              |
| SUNOCO LOGISTICS PARTNERS OPERATIONS LP GTD SF | BBB                                                              |

**COUNTY HEALTH POOL**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2023 AND 2022

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

| <u>Investment</u>                           | <b>Standard &amp; Poor's<br/>Rating at<br/><u>December 31, 2023</u></b> |
|---------------------------------------------|-------------------------------------------------------------------------|
| AVIATION CAP GROUP LLC SR NT                | BBB-                                                                    |
| BOARDWALK PIPELINES LP GTD FXD RT NTS       | BBB-                                                                    |
| BOEING CO SR NT                             | BBB-                                                                    |
| CANADIAN NAT RES LTD NT                     | BBB-                                                                    |
| CENOVUS ENERGY INC NT                       | BBB-                                                                    |
| DELL INTL L L C / EMC CORP FIRST LIEN NT    | BBB-                                                                    |
| DISCOVERY COMMUNICATIONS LLC                | BBB-                                                                    |
| HOLLYFRONTIER CORP FXD RT SR NT             | BBB-                                                                    |
| HYATT HOTELS CORP SR NT                     | BBB-                                                                    |
| MICRON TECHNOLOGY INC SR NT                 | BBB-                                                                    |
| NATIONAL FUEL GAS CO FXD RT NT              | BBB-                                                                    |
| OMEGA HEALTHCARE INVS INC GTD SR NT         | BBB-                                                                    |
| OWL ROCK CAP CORP FXD RT SR NT              | BBB-                                                                    |
| PROSPECT CAP CORP FXD RT SR NOTE            | BBB-                                                                    |
| BANC ONE CORP SUB DEB                       | BBB+                                                                    |
| ENBRIDGE ENERGY PARTNERS L P GTD FXD RT SR  | BBB+                                                                    |
| FOOD LION INC NT                            | BBB+                                                                    |
| GE CAP FDG LLC GTD NT                       | BBB+                                                                    |
| JACKSON NATL LIFE INS CO SURPLUS NT         | BBB+                                                                    |
| NXP B V/ NXP FUNDING LLC                    | BBB+                                                                    |
| RAYTHEON TECHNOLOGIES CORP NT               | BBB+                                                                    |
| SABINE PASS LIQUEFACTION LLC                | BBB+                                                                    |
| TRANSCANADA PIPELINES LTD SR NT             | BBB+                                                                    |
| UNITED DOMINION TLTY TR INC                 | BBB+                                                                    |
| <br>                                        |                                                                         |
| BANKUNITED INC FXD RT SR NT                 | Not Rated                                                               |
| FIRST MIDWEST BANCORP INC DEL FXD RT SUB NT | Not Rated                                                               |

**COUNTY HEALTH POOL**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2023 AND 2022

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

As of December 31, 2022, the corporate investments that The Pool participated in were rated as follows:

| <u>Investment</u>                         | <u>Standard &amp; Poor's<br/>Rating at<br/>December 31, 2022</u> |
|-------------------------------------------|------------------------------------------------------------------|
| BURLINGTON RES INC                        | A                                                                |
| METROPOLITAN LIFE INS CO                  | A                                                                |
| PRUDENTIAL INS CO AMER SURPLUS            | A                                                                |
| STATE STR BOSTON CORP                     | A                                                                |
| LEGRAND S A DE                            | A-                                                               |
| NBD BK N A DETROIT MICH                   | A-                                                               |
| RAYTHEON TECHNOLOGIES CORP                | A-                                                               |
| GEORGIA PAC CORP                          | A+                                                               |
| AMAZON COM INC                            | AA                                                               |
| HOSPITALITY PPTYS                         | B+                                                               |
| KOHL'S CORP                               | BB+                                                              |
| SASOL FING USA LLC                        | BB+                                                              |
| BANC ONE CORP                             | BBB+                                                             |
| WALT DISNEY CO                            | BBB+                                                             |
| ENBRIDGE ENERGY PARTNERS LP               | BBB+                                                             |
| GE CAP FDG LLC                            | BBB+                                                             |
| JACKSON NATL LIFE INS CO                  | BBB+                                                             |
| MAGELLAN MIDSTREAM PARTNERS LP            | BBB+                                                             |
| TRANSCANADA PIPELINES LTD                 | BBB+                                                             |
| UNITED DOMINION TLTY TR INC               | BBB+                                                             |
| AERCAP IRELAND CAP DESIGNATED ACTIVITY CO | BBB                                                              |
| AON CORP                                  | BBB                                                              |
| BLOCK FINL LLC                            | BBB                                                              |
| DELL INTL L L C / EMC CORP FIRST LIEN     | BBB                                                              |
| DEVON ENERGY CORP                         | BBB                                                              |
| FIRST UN CORP STP UP SUB DE               | BBB                                                              |
| FOOD LION INC                             | BBB                                                              |
| GENERAL MTRS FINL CO INC                  | BBB                                                              |

**COUNTY HEALTH POOL**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2023 AND 2022

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

| <u>Investment</u>                       | <u>Standard &amp; Poor's<br/>Rating at<br/>December 31, 2022</u> |
|-----------------------------------------|------------------------------------------------------------------|
| GRUMA S A DE C V                        | BBB                                                              |
| HEWLETT PACKARD ENTERPRISE CO           | BBB                                                              |
| NXP B V/ FDG LLC                        | BBB                                                              |
| ONEOK PARTNERS LP                       | BBB                                                              |
| PETRO-CDA DEB                           | BBB                                                              |
| PROSUS N V ISI                          | BBB                                                              |
| SABINE PASS LIQUEFACTION LLC            | BBB                                                              |
| AVIATION CAP GROUP LLC                  | BBB-                                                             |
| BOARDWALK PIPELINES LP                  | BBB-                                                             |
| BOEING CO                               | BBB-                                                             |
| CANADIAN NAT RES LTD                    | BBB-                                                             |
| CENOVUS ENERGY INC                      | BBB-                                                             |
| DISCOVERY COMMUNICATIONS LLC            | BBB-                                                             |
| ENERGY TRANSFER PARTNERS LP             | BBB-                                                             |
| EXPEDIA GROUP INC                       | BBB-                                                             |
| HOLLYFRONTIER CORP                      | BBB-                                                             |
| HYATT HOTELS CORP                       | BBB-                                                             |
| LENNAR CORP                             | BBB-                                                             |
| MICRON TECHNOLOGY INC                   | BBB-                                                             |
| NATIONAL FUEL GAS CO                    | BBB-                                                             |
| OMEGA HEALTHCARE INVS INC               | BBB-                                                             |
| OWL ROCK CAP CORP                       | BBB-                                                             |
| PARK AEROSPACE HLDINGS                  | BBB-                                                             |
| PROSPECT CAP CORP                       | BBB-                                                             |
| PULTEGROUP INC                          | BBB-                                                             |
| SUNOCO LOGISTICS PARTNERS OPERATIONS LP | BBB-                                                             |
| <br>                                    |                                                                  |
| BANKUNITED INC                          | Not Rated                                                        |
| FIRST MIDWEST BANCORP INC               | Not Rated                                                        |

**COUNTY HEALTH POOL**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2023 AND 2022

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

**Concentration of Credit Risk**

The Pool requires that, excluding direct U.S. government obligations such as Treasury Notes, Treasury Bills, and FDIC insured certificates of deposit, no single investment will represent more than 5% of the total fair value of the investment portfolio and commercial paper cannot represent more than 10% of the fair value. Limits by issuer are not defined.

As of December 31, 2023, concentrations in single issuers of the Pool's entire investment portfolio were as follows:

| <u>Investment Type</u>                      | <u>Market Value</u> | <u>% of Total Portfolio</u> |
|---------------------------------------------|---------------------|-----------------------------|
| MAGELLAN MIDSTREAM PARTNERS LP FXD RT SR NT | 643,617             | 5%                          |
| BANC ONE CORP SUB DEB                       | 507,437             | 4%                          |
| MICRON TECHNOLOGY INC SR NT                 | 449,879             | 3%                          |
| FOOD LION INC N                             | 269,119             | 2%                          |
| STATE STR BOSTON CORP NTS                   | 263,443             | 2%                          |
| METROPOLITAN LIFE INS CO SURPLUS NT         | 261,143             | 2%                          |
| BURLINGTON RES INC DEB                      | 259,805             | 2%                          |
| PRUDENTIAL INS CO AMER SURPLUS NT           | 258,148             | 2%                          |
| DEVON ENERGY CORP NEW FXD RT SR NT          | 252,758             | 2%                          |
| NXP B V/ FDG LLC SR NT                      | 251,375             | 2%                          |
| FIRST MIDWEST BANCORP INC DEL FXD RT SUB NT | 250,310             | 2%                          |
| HYATT HOTELS CORP SR NT                     | 250,310             | 2%                          |
| KOHL'S CORP N                               | 249,158             | 2%                          |
| JACKSON NATL LIFE INS CO SURPLUS N          | 238,896             | 2%                          |
| FIRST UN CORP STP UP SUB DE                 | 237,492             | 2%                          |
| AVIATION CAP GROUP LLC SR NT                | 233,679             | 2%                          |
| PROSPECT CAP CORP FXD RT SR NOTE            | 229,878             | 2%                          |
| NBD BK N A DETROIT MICH SUB N               | 229,545             | 2%                          |
| SABINE PASS LIQUEFACTION LLC                | 229,104             | 2%                          |
| UNITED DOMINION TLTY TR INC                 | 228,330             | 2%                          |
| AMAZON COM INC FXD RT SR NT                 | 227,592             | 2%                          |
| ENBRIDGE ENERGY PARTNERS L P GTD FXD RT SR  | 227,387             | 2%                          |
| SUNOCO LOGISTICS PARTNERS OPERATIONS LP GTC | 227,387             | 2%                          |
| DELL INTL L L C / EMC CORP FIRST LIEN NT    | 227,117             | 2%                          |
| PULTEGROUP INC GTD FXD RT SR NT             | 227,111             | 2%                          |
| LENNAR CORP GTD FXD RT NT                   | 225,871             | 2%                          |

**COUNTY HEALTH POOL**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2023 AND 2022

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

| <u>Investment Type</u>                      | <u>Market Value</u> | <u>% of Total Portfolio</u> |
|---------------------------------------------|---------------------|-----------------------------|
| EXPEDIA GROUP INC GTD FXD RT SR NT          | 224,825             | 2%                          |
| PROSUS N V ISI                              | 224,559             | 2%                          |
| TRANSCANADA PIPELINES LTD SR NT             | 224,442             | 2%                          |
| OWL ROCK CAP CORP FXD RT SR NT              | 224,327             | 2%                          |
| NATIONAL FUEL GAS CO FXD RT NT              | 224,055             | 2%                          |
| HEWLETT PACKARD ENTERPRISE CO GTD FXD RT NT | 223,967             | 2%                          |
| BOEING CO SR NT                             | 223,893             | 2%                          |
| ONEOK PARTNERS L P GTD SR NT                | 223,724             | 2%                          |
| SASOL FING USA LLC GTD FXD RT BOND          | 223,616             | 2%                          |
| BOARDWALK PIPELINES LP GTD FXD RT NTS       | 223,299             | 2%                          |
| AERCAP IRELAND CAP DESIGNATED ACTIVITY CO   | 222,834             | 2%                          |
| CANADIAN NAT RES LTD NT                     | 221,380             | 2%                          |
| GENERAL MTRS FINL CO INC                    | 220,209             | 2%                          |
| GE CAP FDG LLC GTD NT                       | 220,041             | 2%                          |
| BANKUNITED INC FXD RT SR NT                 | 219,461             | 2%                          |
| BLOCK FINL LLC GTD SR NT                    | 218,607             | 2%                          |
| CENOVUS ENERGY INC NT                       | 215,370             | 2%                          |
| DISCOVERY COMMUNICATIONS LLC                | 214,458             | 2%                          |
| ENERGY TRANSFER PARTNERS L P FXD RT SR NT   | 213,641             | 2%                          |
| RAYTHEON TECHNOLOGIES CORP NT               | 211,924             | 1%                          |
| LEGRAND S A DE                              | 211,788             | 1%                          |
| WALT DISNEY CO SR NT                        | 209,258             | 1%                          |
| HOLLYFRONTIER CORP FXD RT SR NT             | 170,588             | 1%                          |
| OMEGA HEALTHCARE INVS INC GTD SR NT         | 164,540             | 1%                          |
| PETRO-CDA DEB                               | 159,080             | 1%                          |
|                                             | \$ 12,489,777       |                             |

**COUNTY HEALTH POOL**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2023 AND 2022

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

As of December 31, 2022, concentrations in single issuers of the Pool's entire investment portfolio were as follows:

| <u>Investment Type</u>                  | <u>Market Value</u> | <u>% of Total Portfolio</u> |
|-----------------------------------------|---------------------|-----------------------------|
| MAGELLAN MIDSTREAM PARTNERS LP          | 641,388             | 4%                          |
| BANC ONE CORP                           | 514,053             | 3%                          |
| HOSPITALITY PPTYS                       | 452,411             | 3%                          |
| MICRON TECHNOLOGY INC                   | 444,033             | 3%                          |
| STATE STR BOSTON CORP                   | 269,865             | 2%                          |
| FOOD LION INC                           | 268,462             | 2%                          |
| BURLINGTON RES INC                      | 266,918             | 2%                          |
| METROPOLITAN LIFE INS CO                | 264,980             | 2%                          |
| PRUDENTIAL INS CO AMER SURPLUS          | 264,413             | 2%                          |
| GEORGIA PAC CORP                        | 257,555             | 2%                          |
| DEVON ENERGY CORP                       | 254,603             | 2%                          |
| KOHL'S CORP                             | 253,020             | 2%                          |
| FIRST MIDWEST BANCORP INC               | 252,960             | 2%                          |
| AON CORP                                | 251,738             | 1%                          |
| NXP B V/ FDG LLC                        | 248,828             | 1%                          |
| HYATT HOTELS CORP                       | 248,253             | 1%                          |
| FIRST UN CORP STP UP SUB DE             | 242,739             | 1%                          |
| JACKSON NATL LIFE INS CO                | 242,732             | 1%                          |
| GRUMA S A DE C V                        | 242,244             | 1%                          |
| NBD BK N A DETROIT MICH                 | 235,314             | 1%                          |
| PARK AEROSPACE HLDINGS                  | 234,420             | 1%                          |
| UNITED DOMINION TLTY TR INC             | 234,308             | 1%                          |
| AVIATION CAP GROUP LLC                  | 230,627             | 1%                          |
| AMAZON COM INC                          | 228,922             | 1%                          |
| ENBRIDGE ENERGY PARTNERS LP             | 228,668             | 1%                          |
| SUNOCO LOGISTICS PARTNERS OPERATIONS LP | 228,461             | 1%                          |
| PROSPECT CAP CORP                       | 227,997             | 1%                          |

**COUNTY HEALTH POOL**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2023 AND 2022

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

| <u>Investment Type</u>                    | <u>Market Value</u>  | <u>% of Total Portfolio</u> |
|-------------------------------------------|----------------------|-----------------------------|
| SABINE PASS LIQUEFACTION LLC              | 227,660              | 1%                          |
| DELL INTL L L C / EMC CORP FIRST LIEN     | 227,567              | 1%                          |
| PULTEGROUP INC                            | 225,954              | 1%                          |
| LENNAR CORP                               | 225,756              | 1%                          |
| TRANSCANADA PIPELINES LTD                 | 224,291              | 1%                          |
| NATIONAL FUEL GAS CO                      | 224,003              | 1%                          |
| AERCAP IRELAND CAP DESIGNATED ACTIVITY CO | 223,102              | 1%                          |
| HEWLETT PACKARD ENTERPRISE CO             | 223,049              | 1%                          |
| BOEING CO                                 | 222,930              | 1%                          |
| BOARDWALK PIPELINES LP                    | 222,397              | 1%                          |
| EXPEDIA GROUP INC                         | 222,264              | 1%                          |
| OWL ROCK CAP CORP                         | 221,913              | 1%                          |
| ONEOK PARTNERS LP                         | 221,902              | 1%                          |
| LEGRAND S A DE                            | 221,810              | 1%                          |
| BANKUNITED INC                            | 221,695              | 1%                          |
| PROSUS N V ISI                            | 220,781              | 1%                          |
| SASOL FING USA LLC                        | 219,958              | 1%                          |
| BLOCK FINL LLC                            | 219,679              | 1%                          |
| CANADIAN NAT RES LTD                      | 218,831              | 1%                          |
| RAYTHEON TECHNOLOGIES CORP                | 218,629              | 1%                          |
| GENERAL MTRS FINL CO INC                  | 216,825              | 1%                          |
| GE CAP FDG LLC                            | 214,974              | 1%                          |
| WALT DISNEY CO                            | 214,746              | 1%                          |
| CENOVUS ENERGY INC                        | 214,368              | 1%                          |
| ENERGY TRANSFER PARTNERS LP               | 209,629              | 1%                          |
| DISCOVERY COMMUNICATIONS LLC              | 208,546              | 1%                          |
| HOLLYFRONTIER CORP                        | 167,668              | 1%                          |
| OMEGA HEALTHCARE INVS INC                 | 162,631              | 1%                          |
| PETRO-CDA DEB                             | 161,193              | 1%                          |
|                                           | <u>\$ 13,954,656</u> |                             |



**COUNTY HEALTH POOL**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2023 AND 2022

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

The Pool's trust agent, Pershing LLC, uses Level 1 and Level 2 inputs for valuation purposes based on fair values in actively traded markets for identical or similar assets. Financial assets that are measured at fair value on a recurring basis are reflected in the Pool's statements of net position on December 31, 2023, and 2022, as follows:

|                           | <u><b>2023</b></u>          | <u><b>2022</b></u>         |
|---------------------------|-----------------------------|----------------------------|
| Cash and cash equivalents | \$ 1,523,636                | \$ 4,408,981               |
| Investments               | <u>14,241,858</u>           | <u>16,829,368</u>          |
|                           | <u><u>\$ 15,765,494</u></u> | <u><u>\$21,238,349</u></u> |

The composition of investment returns for the years ended December 31, 2023, and 2022 are as follows:

|                                       | <u><b>2023</b></u>       | <u><b>2022</b></u>         |
|---------------------------------------|--------------------------|----------------------------|
| Interest                              | \$ 786,832               | \$ 750,090                 |
| Unrealized gain (loss) on investments | <u>141,785</u>           | <u>(1,647,688)</u>         |
| Net investment income (loss)          | <u><u>\$ 928,617</u></u> | <u><u>\$ (897,598)</u></u> |

**NOTE 4: EXCESS INSURANCE CONTRACTS**

The Pool entered into an excess insurance contract to limit large losses. The excess loss coverage limits The Pool's exposure to \$125,000 of claims paid per person in 2023 and \$100,000 of claims paid per person in 2022.

Excess insurance premiums for the years ended December 31, 2023, and 2022 were \$12,999,516 and \$12,003,744, respectively.

Although management believes they have acquired excess insurance from solvent carriers, a contingent liability exists with respect to excess insurance coverages which would become a liability of the Pool if the excess insurers were unable to meet their obligations under the contracts.

**COUNTY HEALTH POOL**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2023 AND 2022

**NOTE 5: ADMINISTRATIVE AND CLAIMS SERVICING AGREEMENTS**

The Pool entered into an agreement with County Technical Services, Inc. (CTSI), a nonprofit corporation, to provide administrative services for the Pool. Fees for such services were \$535,627 and \$493,456 for 2023 and 2022, respectively.

Additionally, the Pool entered into an agreement with a third-party claims administrator, Anthem Blue Cross and Blue Shield (Anthem). Fees for such services were \$1,800,743 and \$2,33,156 for 2023 and 2022, respectively. CTSI and Anthem are considered to be related parties for purposes of these financial statements.

**NOTE 6: CLAIMS PAYABLE**

As discussed in Note 2, the Pool establishes a liability for both reported and un-reported claims. The following represents changes in that liability for the Pool during the years ended December 31, 2023, and 2022.

|                                                                    | <u>2023</u>         | <u>2022</u>         |
|--------------------------------------------------------------------|---------------------|---------------------|
| Claims payable, beginning of year                                  | \$ 5,250,000        | \$ 5,250,000        |
| Provision for claims expense                                       |                     |                     |
| Provision for covered events of the current year                   | 47,712,074          | 41,746,659          |
| Increase (Decrease) in provision for covered events of prior years | <u>3,546,896</u>    | <u>1,149,013</u>    |
|                                                                    | <u>51,258,970</u>   | <u>42,895,672</u>   |
| <br>                                                               |                     |                     |
| Payments, net of excess insurance recoveries                       |                     |                     |
| Claims expenses attributable to covered events of the current year | 41,462,074          | 36,496,659          |
| Claims expenses attributable to covered events of prior years      | <u>8,796,896</u>    | <u>6,399,013</u>    |
| Total payments                                                     | <u>50,258,970</u>   | <u>42,895,672</u>   |
| <br>                                                               |                     |                     |
| Claims payable, end of year                                        | <u>\$ 6,250,000</u> | <u>\$ 5,250,000</u> |

As a result of changes in estimates of insured events in prior years, the provision for claims expense increased by \$3,546,896 and \$1,149,013 for the years ended December 31, 2023, and 2022, respectively. The increase in both years is due to higher-than expected-losses and related expenses for claims.

**NOTE 7: CONCENTRATIONS**

The business plan of the Pool calls for contributions to be allocated and spread out among members to avoid concentrations. There were no contributions from individual members during the years ended December 31, 2023, and 2022, that exceeded 10% of total contributions.

**COUNTY HEALTH POOL**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2023 AND 2022

**NOTE 8: INSURANCE AND FINANCIAL RISKS**

Insurance Risks

Insurance risk is the risk that an event will take place giving rise to a claim or claims and includes the uncertainty of the amount and timing of any resulting claim or claims. Factors influencing insurance risk include but are not limited to the amount of risk undertaken, risk diversification and geographical and industry exposures. The Pool directly insures certain risks of members and as such there is a concentration of insurance risk within the industry sector and territory in which the Pool operates.

**NOTE 9: FAIR VALUE MEASUREMENTS**

Fair value is defined as 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. It establishes a hierarchy for fair value measurements based upon inputs to the valuation and the degree to which they are observable or not observable in the market. The three levels in the hierarchy are as follows:

Level 1 - Inputs to the valuation are based upon quoted prices (unadjusted) for identical assets or liabilities in active markets that are accessible as of the measurement date.

Level 2 - Inputs to the valuation include quoted prices in either markets that are not active, or in active markets for similar assets or liabilities, inputs other than quoted prices that are observable, and inputs that are derived principally from or corroborated by observable market data.

Level 3 - Inputs to the valuation are unobservable inputs for the asset or liability.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used by the Pool.

- U.S. treasury securities: Valued at the fair value of shares held by the Pool at year end.
- Certificates of deposit: Valued at amortized cost, which approximates fair value.
- Bonds: Valued at the fair value of shares held by the Pool at year end.
- Local government investment pool: Valued at cash equivalent.

**COUNTY HEALTH POOL**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2023 AND 2022

**NOTE 9: FAIR VALUE MEASUREMENTS (CONTINUED)**

Financial assets measured at fair value on a recurring basis are reflected in the Pool's statement of net position on December 31, 2023, as follows:

| <b>Assets:</b>                     |              |               |         |               |
|------------------------------------|--------------|---------------|---------|---------------|
|                                    | Level 1      | Level 2       | Level 3 | Total         |
| Negotiable certificates of deposit | \$ 1,752,081 | \$ -          | \$ -    | \$ 1,752,081  |
| Corporate obligations              | -            | 12,489,777    | -       | 12,489,777    |
| Local government investment pool   | 2,060,222    | -             | -       | 2,060,222     |
| Total                              | \$ 3,812,303 | \$ 12,489,777 | \$ -    | \$ 16,302,080 |

Financial assets measured at fair value on a recurring basis are reflected in the Pool's statement of net position on December 31, 2022, as follows:

| <b>Assets:</b>                     |              |               |         |               |
|------------------------------------|--------------|---------------|---------|---------------|
|                                    | Level 1      | Level 2       | Level 3 | Total         |
| US treasury securities             | \$ 96,500    | \$ -          | \$ -    | \$ 96,500     |
| Negotiable certificates of deposit | 2,778,212    | -             | -       | 2,778,212     |
| Corporate obligations              | -            | 13,954,656    | -       | 13,954,656    |
| Local government investment pool   | 1,146,900    | -             | -       | 1,146,900     |
| Total                              | \$ 4,021,612 | \$ 13,954,656 | \$ -    | \$ 17,976,268 |

**NOTE 10: SUBSEQUENT EVENTS**

As part of the administrative services provided to the Pool, CTSI has evaluated events subsequent to December 31, 2023, through March 27, 2024, which is the issuance date of this report. There were no material events noted in the subsequent period that would have impacted the results reported herein or in the Pool's results going forward.