



PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

FINANCIAL STATEMENTS

AND

REQUIRED SUPPLEMENTAL INFORMATION

AND

ADDITIONAL INFORMATION

WITH

INDEPENDENT AUDITORS' REPORTS

DECEMBER 31, 2020

OSBORNE, PARSONS & ROSACKER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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OSBORNE, PARSONS & ROSACKER, LLP
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INDEPENDENT AUDITORS' REPORT

Board of Health
Pueblo Department of Public Health and Environment
101 West 9th Street
Pueblo, Colorado 81003-4103

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Pueblo Department of Public Health and Environment (Health Department) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Health Department's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Health Department, as of December 31, 2020, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information, and other post employment benefits information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental 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.

Additional Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2021, on our consideration of the Health Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Health Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Health Department's internal control over financial reporting and compliance.

Osborne, Parsons & Rosacker LLP

Colorado Springs, Colorado
September 15, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

As management of the Pueblo Department of Public Health and Environment, we offer readers this discussion and analysis in order to provide a financial performance overview of Pueblo Department of Public Health and Environment's financial activities for the Fiscal Year ended December 31, 2020. Readers are encouraged to use the information presented here in conjunction with the financial statements that follow this narrative.

Fund Financial Highlights

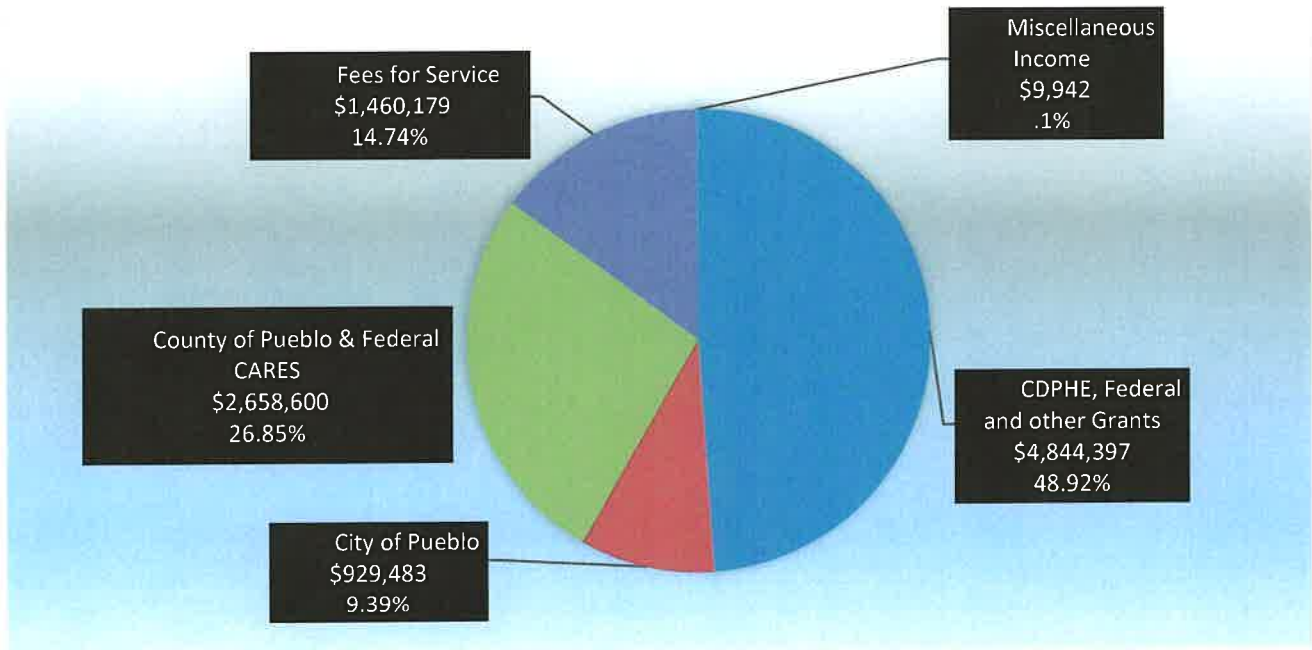
The Pueblo Department of Public Health and Environment is organized on the basis of funds, each considered an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other assets together with all related liabilities, obligations, reserves and equities, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

- The assets of the primary government of the Pueblo Department of Public Health and Environment exceeded its liabilities by \$3,669,865 at the close of the fiscal year. Of this amount, \$967,901 may be used to meet the Department's ongoing obligations.
- The total assets of the primary government of the Department increased by \$800,224 due to an increase in accounts receivable. Normal operating liabilities increased by \$175,715. Total fund balance increased by the change in which revenues exceeded expenditures by \$624,509.
- Total revenues increased by 20% or approximately \$1,701,000 which was due to an increase in funding to respond to the COVID-19 pandemic. Expenditures increased by 16% or approximately \$1,331,000 due to an increase in salaries and related benefit payments as well as an increase of expenditures related to the COVID-19 response efforts.

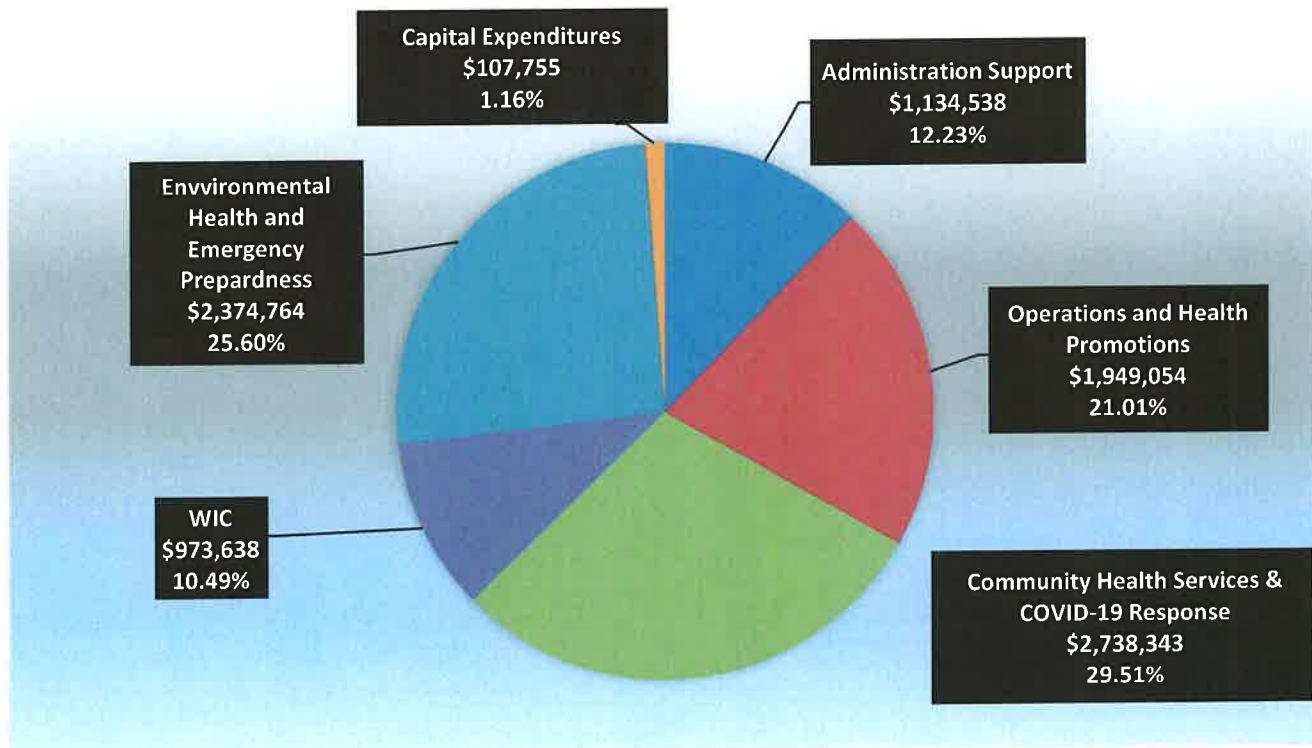
Overview of the Financial Statements

The Pueblo Department of Public Health and Environment is funded from a variety of sources. In 2020, the percentage of monies received from each of these sources is shown below:

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**



The revenues from the previous sources were distributed in the following manner:



**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

Government-Wide Statement

The Statement of Net Position presents information on the Pueblo Department of Public Health and Environment's assets and liabilities, with the difference between the two reported as "net position." Increases or decreases in net position may serve as a useful indicator as to whether the financial condition of the Department is improving or deteriorating over time.

The following table reflects the condensed Statement of Net Position compared to the prior Fiscal Year:

	<u>2020</u>	<u>2019</u>
Current and Other Assets	\$ 4,302,405	\$ 3,502,181
Capital Assets	337,954	348,835
Total Assets	<u>\$ 4,640,359</u>	<u>\$ 3,851,016</u>
 Deferred Outflows of Resources	 <u>\$ 1,009,455</u>	 <u>\$ 2,020,952</u>
Current Liabilities	\$ 632,540	\$ 456,825
Current Portion of Compensated Absences	-	43,005
Pension/OPEB Liability	5,327,309	8,775,103
Long-Term Portion of Compensated Absences	480,581	405,777
Total Liabilities	<u>\$ 6,440,430</u>	<u>\$ 9,680,710</u>
 Deferred Inflows of Resources	 <u>\$ 2,053,604</u>	 <u>\$ 1,034</u>
Net Position (Deficit):		
Invested in Capital Assets	\$ 337,954	\$ 348,835
Restricted	207,660	207,660
Unrestricted	<u>(3,389,834)</u>	<u>(4,366,271)</u>
Total Net Position (Deficit)	<u>\$ (2,844,220)</u>	<u>\$ (3,809,776)</u>

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

The Statement of Activities presents information showing how the Pueblo Department of Public Health and Environment's net assets changed during the most recent fiscal year. Revenues and expenses in this statement are recorded when earned or a liability is incurred. For example, items such as the value of earned but unused vacation leave will be recorded as an expense of the current period even though the actual use of the vacation time may not be used until subsequent periods.

The following table reflects the condensed Statement of Activities compared to the prior Fiscal Year:

	<u>2020</u>	<u>2019</u>
Expenses		
Health and Welfare		
Administrative	\$ 1,393,009	\$ 545,467
Disease Prevention and Emergency Preparedness	1,832,533	1,636,656
Community Health Services	3,448,747	2,128,760
Environment Health	2,261,655	2,444,258
Total Expenses	<u>\$ 8,935,944</u>	<u>\$ 6,755,141</u>
Program Revenues		
Charges for Services	\$ 1,460,179	\$ 1,449,083
Operating Grants and Contributions		
City of Pueblo-special Allocation	929,483	879,483
County of Pueblo-special Allocation	2,658,600	1,028,300
Intergovernmental Specific Grants	4,441,921	4,566,022
Contributions and Private Grants	402,476	258,837
Other	8,841	29,903
Total Revenues	<u>9,901,500</u>	<u>8,211,628</u>
Change in Net Position	<u>\$ 965,556</u>	<u>\$ 1,456,487</u>

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

The table below shows the condensed budget comparison for 2020:

	<u>Final Budget</u>	<u>Actual</u>
Revenues		
Charges for Service	\$ 1,484,409	\$ 1,460,179
Intergovernmental	3,517,782	3,588,083
Grants and Contributions	5,079,995	4,844,397
Investment Earnings	19,500	8,637
Other	-	1,305
	<u>10,101,686</u>	<u>9,902,601</u>
Expenditures		
Personnel and Benefits	7,007,721	6,707,811
Operating	2,871,935	2,462,526
Capital Outlay	222,030	107,755
	<u>\$ 10,101,686</u>	<u>\$ 9,278,092</u>

The Pueblo Department of Public Health and Environment, amended budget for COVID-19 response based on grants and funding and ended the year with revenues in excess of expenditures in the amount of \$624,509, of which \$207,660 is designated as Restricted Funds due to the revenue being received in 2020 but the expenses not incurred until 2021. The Health Department had an increase in revenue and expenses in 2020 due to the COVID-19 response needs. Funding for the COVID-19 response was \$1,946,817. Expenditures related to the COVID-19 response were \$2,063,172. There was also a decrease in funding and expenditures due to the decrease in services and program requirements from prior years as well as some services being suspended due to the COVID-19 restrictions.

Economic Factors and Next Year's Budget

The Pueblo Department of Public Health and Environment provides critical services to the citizens within the City of Pueblo and Pueblo County. The costs of these services continue to rise due to inflation. The Health Department will have an increase in their 2021 revenue and expenses due to the continued requirements of the COVID-19 response needs. Programs will continue to be evaluated to assure that adequate funding is available to sustain the needed level of services required and to meet the goal of the Department to be fiscally responsible. The Pueblo Department of Public Health and Environment will continue to research new funding sources to meet the Public Health needs of the community.

Request for Information

This financial report is designed to provide a general overview of the Pueblo Department of Public Health and Environment's finances for all interested parties. Questions concerning any information provided in this report or requests should be addressed to the Pueblo Department of Public Health and Environment, Budget and Finance Director, 101 West 9th Street, Pueblo, CO 81003.

FINANCIAL STATEMENTS

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$ 980,033
Investments	634,836
Accounts Receivable	2,597,906
Prepaid Items	89,630
Capital Assets, Net of Depreciation	337,954
Total Assets	<u><u>\$ 4,640,359</u></u>
 Total Deferred Outflows of Resources	
Deferred Outflows of Resources - Pension Related	\$ 957,168
Deferred Outflows of Resources - OPEB Related	52,287
Total Deferred Outflows of Resources	<u><u>\$ 1,009,455</u></u>
 Liabilities	
Accounts Payable	\$ 327,810
Due to Other Governments	10,248
Accrued Liabilities	15,791
Prepaid Fees and Grants	278,691
Net Pension Liability	4,766,353
Net OBEP Liability	560,956
Long-term Liabilities	
Due Within One Year:	
Compensated Absences	33,497
Due in More Than One Year:	
Compensated Absences	447,084
Total Liabilities	<u><u>\$ 6,440,430</u></u>
 Deferred Inflows of Resources	
Deferred Inflows of Resources Pension Related	\$ 1,949,980
Deferred Inflows of Resources OPEB Related	103,624
Deferred Inflows of Resources	<u><u>\$ 2,053,604</u></u>
 Net Position	
Net Investment in Capital Assets	\$ 337,954
Restricted	207,660
Unrestricted	(3,389,834)
Total Net Position	<u><u>\$ (2,844,220)</u></u>

See Notes to Financial Statements

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

	<u>Governmental Activities</u>
Expenses	
Administrative Support	\$ 1,393,009
Disease Prevention and Emergency Preparedness	1,832,533
Community Health Services	3,448,747
Environmental Health	<u>2,261,655</u>
Total Expenses	\$ <u>8,935,944</u>
Program Revenues	
Charges for Services	\$ 1,460,179
Operating Grants and Contributions	
City of Pueblo-special Allocation	929,483
County of Pueblo-special Allocation	2,658,600
Intergovernmental Specific Grants	4,441,921
Contributions and Private Grants	402,476
Other	<u>204</u>
Total Program Revenues	<u>9,892,863</u>
General Revenues	
Investment Earnings	<u>8,637</u>
Change in Net Position	965,556
Net Position - Beginning	<u>(3,809,776)</u>
Net Position - Ending	\$ <u>(2,844,220)</u>

See Notes to Financial Statements

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
BALANCE SHEET
GOVERNMENTAL FUND - GENERAL FUND
DECEMBER 31, 2020**

ASSETS

Cash and Cash Equivalents	\$	980,033
Investments		634,836
Accounts Receivable		2,597,906
Prepaid Items		89,630
		89,630
Total Assets	\$	4,302,405
		4,302,405

LIABILITIES AND FUND BALANCE

Liabilities

Accounts Payable	\$	327,810
Due to Other Governments		10,248
Accrued Liabilities		15,791
Prepaid Fees		278,691
		278,691
Total Liabilities		632,540
		632,540

Fund Balance

Nonspendable		89,630
Restricted		207,660
Committed		2,166,770
Assigned		237,904
Unassigned		967,901
		967,901
Total Fund Balance		3,669,865
		3,669,865

Total Liabilities and Fund Balance	\$	4,302,405
		4,302,405

See Notes to Financial Statements

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
RECONCILIATION OF THE BALANCE SHEET GOVERNMENTAL FUND - GENERAL FUND
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2020**

Total Fund Balance - Governmental Fund \$ 3,669,865

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

The net pension liability and related deferred items are not available for current period expenditures and are therefore not reported in the governmental funds.

Net Pension Liability	(4,766,353)
Net OPEB Liability	(560,956)
Deferred Outflows of Resources - Pension Related	957,168
Deferred Inflows of Resources - Pension Related	(1,949,980)
Deferred Outflows of Resources - OPEB Related	52,287
Deferred Inflows of Resources - OPEB Related	(103,624)

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

Capital Assets	1,966,618
Accumulated Depreciation	(1,628,664)

Liabilities regarding compensated absences are not due and payable in the current period, and therefore are not reported as liabilities in the governmental funds.

(480,581)

Total Net Position - Governmental Activities **\$ (2,844,220)**

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2020**

Expenditures

Health and Welfare	
Administrative Support	\$ 1,134,538
Disease Prevention and Emergency Preparedness	1,949,054
Community Health Services	3,711,981
Environmental Health	2,374,764
Capital Outlay	107,755
Total Expenditures	<u>9,278,092</u>

Program Revenues

Charges for Services	1,460,179
Operating Grants and Contributions	
City of Pueblo-special Allocation	929,483
County of Pueblo-special Allocation	2,658,600
Intergovernmental Specific Grants	4,441,921
Contributions and Private Grants	402,476
Other	1,305
Total Program Revenues	<u>9,893,964</u>

General Revenue

Investment Earnings	<u>8,637</u>
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Net Revenues

9,902,601

Net Change in Fund Balance

624,509

Fund Balance - Beginning

3,045,356

Fund Balance - Ending

\$ 3,669,865

See Notes to Financial Statements

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

Total Net Change in Fund Balance - Governmental Funds \$ 624,509

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays.

Depreciation Expense	(117,535)
Capital Outlay	107,755
Loss on Equipment Disposal	(1,101)

Changes in the net pension liability, deferred inflows and outflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(270,669)
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Changes in the net OPEB liability, deferred inflows and outflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(36,015)
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Current year contributions to PERA under GASB 68 and GASB 75 are not considered pension expense for the statement of activities, but are an expenditure on the statement of revenue and expenditures.	690,411
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Governmental funds report compensated absences as expenses when paid. However, in the statement of activities the expense is accrued.

Prior Year Compensated Absences Payable	448,782
Current Year Compensated Absences Payable	(480,581)

Change in Net Position - Governmental Activities	\$ 965,556
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NOTES TO FINANCIAL STATEMENTS

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Pueblo Department of Public Health and Environment (Health Department) was established on April 10, 1952, by an intergovernmental agreement between the City of Pueblo and the County of Pueblo. The Health Department operates under the provisions of Colorado Revised Statutes (CRS) 1973, 25-1-504. The governing body of the Health Department is composed of five members, two of which are appointed by the City of Pueblo, two are appointed by the County of Pueblo, and one member is jointly appointed. The governing body of the Health Department appoints the Public Health Director, and the Public Health Director appoints all other personnel. The intergovernmental agreement requires the governing body of the Health Department to submit a proposed annual operating budget to the City of Pueblo and the County of Pueblo. The City and County individually determine the amount of their respective annual subsidies for the Health Department. The intergovernmental agreement also stipulates that the participants shall endeavor to appropriate funds to the Health Department that are reasonable, fair, and equitable to all parties.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting standards and financial reporting principles.

The more significant accounting and reporting principles and practices used by the Health Department are described below.

Reporting Entity - The Health Department follows generally accepted accounting principles (GAAP) that provide guidance for determining which activities, organizations and functions should be included within the financial reporting entity. GAAP establishes financial accountability as the basic criterion for including a possible component organization in a primary government's legal entity. Financial accountability includes but is not limited to; ability to appoint a majority of the organization's governing body, ability to impose its will on the organization, and potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The Health Department does not have any component units.

As stated above, the Health Department operates under the provisions of CRS 1973, 25-1-504. The Health Department is not considered a component unit of the City of Pueblo or County of Pueblo for their annual financial reporting.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements - The government-wide financial statements report information on all of the nonfiduciary activities of the Health Department. The degree of to which the direct expense of a given function or segment is offset by program revenues (i.e., the statement of activities).

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The government-wide focus is more on the sustainability of the Health Department as an entity and the change in aggregate financial position resulting from activities of the fiscal period. The focus of the fund financial statements is on the major individual fund.

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Since the Health Department does not operate any enterprise fund or internal service fund activities, no proprietary funds are included in this report. The General Fund, because it is considered a major governmental fund, is the Health Department's only fund.

Fund Financial Statements - The accounts of the Health Department are organized on the basis of funds. Each fund is considered an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other assets together with all related liabilities, obligations, reserves and equities, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The Health Department reports the following major governmental fund:

General Fund – The General Fund is the primary operating fund of the Health Department. It accounts for general operating financial resources of the Health Department and all operating expenditures are recorded in this fund.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay the liabilities of the current period. For this purpose, the Health Department generally considers revenue to be available if collected within 60 days of the end of the current fiscal period. In applying the measurable and available concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the accrual criteria are met. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds while proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Grant and entitlement revenues, interest, and charges for services are considered revenues susceptible to accrual. Other receipts are generally not susceptible to accrual because they are not generally measurable until received in cash. Entitlements and shared revenues are recorded at the time of receipt or earlier if the accrual criteria are met. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash, Cash Equivalents, and Investments - Cash and cash equivalents consist of non-interest-bearing demand deposits. Investments include deposits with Colorado Local Government Liquid Asset Trust (ColoTrust) investment pool and Colorado Surplus Asset Fund Trust (C-Safe) investment pool.

Prepaid Fees and Grants - Prepaid items represent payments made for expenditures to be charged to a future accounting period. Prepaid grants represent amounts collected for specified expenditures that have not been incurred yet.

Capital Assets - Capital assets of the Health Department consist primarily of furniture and fixtures, computer hardware and software, and equipment and leasehold improvements, used in the routine operations of the Health Department. Durable items with a useful life greater than one year and a cost greater than \$5,000 are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized.

The following is the Health Department's assets depreciated over their estimated useful lives:

<u>Asset Type</u>	<u>Years</u>
Furniture and Fixtures	5-10
Computer Hardware and Software	3
Equipment	3-10
Improvements	20

Compensated Absences - Health Department employees hired prior to January 1, 2004, may accumulate vacation and sick leave subject to certain limitations regarding total accumulations and the amount that will be paid upon separation from service.

Health Department employees hired on or after January 1, 2004, may accumulate vacation and sick leave subject to certain limitations regarding total accumulations and the amount that will be paid upon separation from service.

Compensated absences are expected to be liquidated with available financial resources, and are reported as an expenditure and fund liability of the General Fund when amounts are due.

Long-Term Liabilities - In the government-wide financial statements, long-term debt and other similar long-term obligations are reported as liabilities of the General Fund in the applicable statement of net position.

Fund Equity - The Health Department adopted the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, on January 1, 2011. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. As such, governmental funds report fund balances in classifications based primarily on the extent to which the Health Department is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance for the Health Department's governmental fund consists of the following:

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Nonspendable – Includes items not expected to be converted to cash in the near term or funds that legally or contractually must be maintained intact.

Restricted – Includes items restricted by external sources like grantors, donors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed- Includes amounts that can only be used for the specific purposes determined by a formal action of the Board of Health. The same formal action must be taken to remove or change the limitations placed on the funds.

Assigned – Consists of funds intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed. The Pueblo Department of Public Health and Environment has delegated the authority to the Public Health Director, or his designee, to assign funds and amounts to be used for specific purposes.

Unassigned – Is the residual classification of the General Fund and includes all spendable amounts not contained in other classifications. This category also provides the resources necessary to meet any unexpected expenditures and revenue shortfalls.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications, fund balance is reduced in the order of restricted, committed, assigned and unassigned.

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets - this classification consists of capital assets net of accumulated depreciation and reduced by outstanding related debt that is attributed to the acquisition, construction, or improvement of capital assets.

Restricted - this classification consists of restrictions created by external creditors, grantors, contributors, laws, or regulations of other governments, enabling legislation and constitutional provisions.

Unrestricted - this classification represents the remainder of net assets that do not meet the definition of “invested in capital assets, net of related debt”, or “restricted net assets.”

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources - This separate financial statement element, *deferred outflows of resources, and deferred inflows of resources* represents consumption or acquisition of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) or an inflow (revenue) until that time.

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Legal Compliance – Budgets - A formal budget for the General Fund is adopted for each calendar year upon approval by the Board of Health. Management may request the Board of Health adopt supplemental appropriations, when the need arises, but cannot amend the adopted budget. No requests from the Board of Health were made in 2020 for supplemental appropriations.

NOTE 1 – CASH, CASH EQUIVALENTS, INVESTMENTS, AND DEPOSITS

Cash, cash equivalents, and investments are summarized as follows:

Cash on Hand	\$ 654,042
Demand Deposits	55,591
Deposit with County Treasurer	270,400
Total Cash and Cash Equivalents	<u>\$ 980,033</u>

Deposits –At December 31, 2020, the bank balance of the Health Department’s deposits, including deposits with County Treasurer, was \$1,150,136. Of the bank balance, \$250,000 was covered by federal depository insurance and \$900,136 was collateralized in single financial institution collateral pools maintained by the individual financial institutions that hold these deposits but are not subject to credit risk because they are collateralized with securities held by the pledging financial institution’s agent in the Health Department’s name or County Treasurer.

Colorado law requires all public monies be deposited in financial institutions that have been designated as eligible public depositories. Eligible public depositories must pledge qualifying collateral as security for all public deposits held by that institution that are not insured by depository insurance. The market value of the collateral that each institution pledges as security must equal at least 102% of the total uninsured deposits held by that institution. Generally, the eligible collateral in the collateral pools is held by the depository institution or its agent in the name of the depository institution. Custodial credit risk is the risk that, in the event of bank failure, the Health Department’s deposits may not be returned to it. The Health Department does not have a policy for custodial credit risk.

Investments - The Health Department is subject to the provision of Colorado Revised Statutes 24-75-601 entitled “Concerning Investment in Securities by Public Entities.” This law, among other things, outlines the types of securities that public entities in Colorado may acquire and hold as investments. These include U.S. government and agency securities, certain bonds of political subdivisions, bankers’ acceptances, commercial paper, local government investment pools, repurchase agreements, money market funds, and guaranteed insurance contracts. The statute also includes a provision limiting any investment to a five-year maturity unless the governing body authorizes a longer period.

The Health Department invests in the ColoTrust Plus+ and C-Safe which are local government investment pools that are not registered with the SEC as investment companies, but both have policies that provide that they will and do operate in a manner consistent with the SEC’s rule 2a7 of the ‘Investment Company Act of 1940’. Rule 2a7 allows SEC-registered mutual funds to use amortized costs rather than market value in computing share prices if certain conditions are met.

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – CASH, CASH EQUIVALENTS, INVESTMENTS, AND DEPOSITS - Continued

The regulatory oversight, for both pools, rests with the Colorado Securities Commission and the fair value of the Health Department’s investment in these two pools is the same as the value of the pool shares.

As of December 31, 2020, the following summarizes the investments and maturities of the Health Department:

Investment Type	Fair Value
Colo Trust Plus+	\$ 35,650
C-Safe Cash	599,186
Total Investments	\$ 634,836

ColoTrust and C-Safe are external investment pool valued using the NAV per share (or its equivalent) of the investments. Colo Trust Plus and C-Safe investments do not have any unfunded commitments, redemption restrictions, or redemption notice periods.

ColoTrust Plus is a local investment pool that reports at the fair value per share of the pool’s underlying portfolio. For pricing and redeeming shares, ColoTrust Plus maintains a stable net asset value (NAV) of \$1 per share using the fair value method. ColoTrust is exempt from being measured at fair value and is excluded from the fair value hierarchy.

C-Safe Cash is an external investment pool valued at amortized cost, in accordance with GASB Statement No. 79, Certain External Investment Pools and Pool Participants.

Interest Rate Risk - The Health Department’s policy of limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates parallels Colorado statutes.

Credit Risk - The Health Department does not have an investment policy that would further limit its investment choices beyond the requirements of Colorado statutes. As of December 31, 2020, the County’s investments, in ColoTrust Plus+ and C-SAFE, were rated AAAM by Standard & Poor’s.

NOTE 2 – RECEIVABLES

Receivables at December 31, 2020, consist of the following:

Colorado Department of Health	\$ 944,000
Other	1,653,906
	\$ 2,597,906

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - CAPITAL ASSETS

An analysis of changes in capital assets for the year ended December 31, 2020, follows:

Description	Beginning Balance	Additions	Deletions	Ending Balance
Depreciable Assets				
Furniture and Fixtures	\$ 414,507	\$ -	\$ -	\$ 414,507
Computer Hardware and Software	295,977	-	(32,167)	263,810
Equipment	1,135,059	107,755	-	1,242,814
Improvements	1,977	-	-	1,977
Total Depreciable Assets	<u>1,847,520</u>	<u>107,755</u>	<u>(32,167)</u>	<u>1,923,108</u>
Non-Depreciable Assets				
Art	43,510	-	-	43,510
Total Capital Assets	<u>\$ 1,891,030</u>	<u>\$ 107,755</u>	<u>\$ (32,167)</u>	<u>\$ 1,966,618</u>
Less: Accumulated Depreciation				
Furniture and Fixtures	\$ (386,199)	\$ (7,235)	\$ -	\$ (393,434)
Computer Hardware and Software	(278,465)	(4,511)	31,066	(251,910)
Equipment	(875,653)	(105,690)	-	(981,343)
Improvements	(1,878)	(99)	-	(1,977)
Total Accumulated Depreciation	<u>(1,542,195)</u>	<u>(117,535)</u>	<u>31,066</u>	<u>(1,628,664)</u>
Total Capital Assets, Net	<u>\$ 348,835</u>	<u>\$ (9,780)</u>	<u>\$ (1,101)</u>	<u>\$ 337,954</u>

Depreciation expense was charged to functions/programs as follows:

Administrative Support	\$ 12,674
Disease Prevention & Emergency Preparedness	5,300
Community Health Services	11,049
Environmental Health Services	88,512
	<u>\$ 117,535</u>

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended December 31, 2020:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 448,782	\$ 31,799	\$ -	\$ 480,581	\$ -
				Obligations Due Beyond One Year	<u>\$ 480,581</u>

NOTE 5 - OPERATING LEASES

The Health Department leases small office equipment under noncancelable leases with various expiration dates. Total lease expense plus applicable maintenance charges for the year ended December 31, 2020, was approximately \$12,000.

NOTE 6 - FUND BALANCES

In the fund financial statements, the governmental fund reports the following classification of fund balance at December 31, 2020:

	<u>Fund Financial Statements</u>
Nonspendable	
Prepaid Items	<u>\$ 89,630</u>
Restricted	
Donations and Deferred Income	<u>207,660</u>
Committed	
Capital Replacement	278,175
General Operating Fund	1,778,595
Employee Benefit Fund	<u>110,000</u>
Total Committed Emergency Operating	<u>2,166,770</u>
Assigned	
Core Services and Emergency Operating	<u>237,904</u>
Unassigned	967,901
Total Fund Balance	<u>\$ 3,669,865</u>

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - RISK MANAGEMENT

The Health Department is exposed to various risks of loss related to employee health coverage: Injuries to employees, torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the Health Department carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 8 – DEFINED BENEFIT PENSION PLAN

Summary of Significant Account Policies

The Pueblo Department of Public Health and Environment participates in the Local Government Division Trust Fund (LGDTF). The Local Government Division Trust Fund (Trust Fund) is a cost-sharing multiple-employer defined benefit pension plan as defined in Governmental Accounting Standards Board (GASB) Statement and is administered by the Public Employees' Retirement Association of Colorado ("PERA").

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, were in effect at the end of 2019. A full copy of the bill can be found online at www.leg.colorado.gov.

General Information About the Pension Plan

Plan Description - Eligible employees of the Pueblo Department of Public Health and Environment Pueblo Department of Public Health and Environment are provided with pensions through the Local Government Division Trust Fund (LGDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Brief Description of Benefit Provisions – Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly.

The Trust Fund serves as a defined benefit retirement plan here retirees receive a monthly benefit for their lifetime, and generally, an annual increase (AI) each year, as eligible. Members of affiliated employers are eligible to receive lifetime monthly retirement benefit when certain age and service credit requirements are met. These eligibilities vary by the membership date and consider credited service at key dates. The benefits are based upon a defined or fixed multiplier, age, years of credited service, and highest average salary (HAS). For most employees, HAS, as of December 31, 2019, is one-twelfth of the average of the highest annual salaries that are associated with three periods (five periods, under certain circumstance) of 12 consecutive months under PERA-covered employment. The basic retirement benefit equal $2.5\% \times HAS \times \text{Years of Service}$.

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 – DEFINED BENEFIT PENSION PLAN - Continued

If a member reaches early retirement requirements, then the monthly amount is reduced to consider the early receipt of monthly payments. Alternatively, if greater, a lifetime benefit is available that is calculated by annuitizing the member’s account. At benefit commencement, the member can choose from different payment options, some of which can continue after the retiree’s death to a named beneficiary, and for which the benefit amount is appropriately adjusted.

In addition to retirement benefits, the Trust Fund provides refund opportunities with matching employer dollars, if eligible, when leaving covered employment, and disability retirement and survivor benefits for those meeting certain criteria.

Contributions - Eligible employees and the Pueblo Department of Public Health and Environment are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 8 percent of their PERA-includable salary during the period of January 01, 2020 through December 31, 2020.

Employers are required to contribution to the Trust Fund at a rate set by Colorado statute. The contribution requirements are established under C.R.S. section 24-51-401, *et eq.* Employer contribution requirement, as a percentage of salary, are summarized in the table below:

	<u>January 1 Through December 31, 2019</u>
Employer Contribution	10.00%
Amount of Employer Contribution Apportioned to the Health Care Trust Fund as Specified in C.R.S. 24-51-208(1)(f)	-1.02%
Amount Apportioned to the LGDTF	8.98%
Amortization Equalization Disbursement (AED) as Specified in C.R.S. 24-51-411	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as Specified in C.R.S. 24-51-411	1.50%
Total Employer Contribution Rate to the LGDTF	12.68%

Contribution Rates for the LGDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Pueblo Department of Public Health and Environment is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from Pueblo Department of Public Health and Environment were \$690,411 for the year ended December 31, 2020.

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 – DEFINED BENEFIT PENSION PLAN – Continued

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

The collective total pension liability is based upon the December 31, 2018, actuarial valuation, and generally accepted actuarial techniques were applied to roll forward the collective total pension liability to December 31, 2019. At December 31, 2020, the Pueblo Department of Public Health and Environment reported a liability of \$4,766,353 for its proportionate share of the net pension liability.

The Pueblo Department of Public Health and Environment’s proportion of the net pension liability was based on Pueblo Department of Public Health and Environment’s contributions to the LGDTF for the calendar year 2019 relative to the total contributions of participating employers to the LGDTF. The components of the collective net pension liability of the Trust Fund at the measurement date of December 31, 2019, were as follows:

Proportionate share of total pension liability	\$ 34,697,918
Proportionate share of fiduciary net position	(29,931,565)
Proportionate share of net pension liability	\$ 4,766,353

Plan fiduciary net position (FNP) as a percentage of total pension liability is 0.6517% an increase from the prior year of 0.6439%.

For the year ended December 31, 2020, the Pueblo Department of Public Health and Environment, recognized pension expense of \$270,669. At December 31, 2020, the Pueblo Department of Public Health and Environment reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Actual and Expected Experience	\$ 311,902	\$ -
Changes in Assumptions or Other Inputs	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,949,980
Contributions Subsequent to the Measurement Date	644,639	-
Changes in Proportion and Other Differences	627	-
Total	\$ 957,168	\$ 1,949,980

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 – DEFINED BENEFIT PENSION PLAN - Continued

Of the amount reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, \$644,639 will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amounts Reported as Collective Deferred Outflows and Collective Deferred Inflows of Resources Recognized in Collective Pension Expense as Follows:
2020	\$ 329,797
2021	560,031
2022	82,914
2023	665,336
Thereafter	\$ -

Actuarial Assumptions – The December 31, 2018, valuation used the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.40%
Real Wage Growth	1.10%
Wage Inflation	3.50%
Salary Increases, Including Wage Inflation	3.50 - 10.45%
Long-Term Investment Rate of Return, net of Pension Plan Investment Expenses, Including Price Inflation	7.25%
Discount Rate	7.25%
Post-Retirement Structure Hired Prior to 1/1/07 and DPS Benefit Structure (Automatic)	1.25%
PERA Benefit Structure Hired after 12/31/06 (Ad Hoc, Substantively Automatic)	Financed by the Annual Increased Reserve (AIR)

The actuarial assumptions used in the December 31, 2018, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by PERA’s Board during the November 18, 2016, Board meeting.

Health mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 – DEFINED BENEFIT PENSION PLAN - Continued

Healthy, post-retirement mortality assumptions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were 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 then adding expected inflation.

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 – DEFINED BENEFIT PENSION PLAN - Continued

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation (%)</u>	<u>Geometric Real Rate of Return %</u>
U.S. Equity - Large Cap	21.20	4.30
U.S. Equity - Small Cap	7.42	4.80
Non U.S. Equity - Developed	18.55	5.20
Non U.S. Equity - Emerging	5.83	5.40
Core Fixed income	19.32	1.20
High Yield	1.38	4.30
Non U.S. Fixed income - Developed	1.84	0.60
Emerging Market Bonds	0.46	3.90
Core Real Estate	8.50	4.90
Opportunity Fund	6.00	3.80
Private Equity	8.50	6.60
Cash	1.00	0.20
Total	<u>100.00</u>	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Discount Rate - The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projected of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 – DEFINED BENEFIT PENSION PLAN - Continued

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, LGDTF’s fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Pueblo Department of Public Health and Environment Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the proportionate share of the net pension liability at December 31, 2020, calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease	Discount Rate	1% Increase
	6.25%	7.25%	8.25%
Health Department's Proportionate Share of Net Pension Liability	\$ 12,384,743	\$ 4,766,353	\$ 4,507,477

Pension Plan Fiduciary Net Position - Detailed information about the LGDTF’s fiduciary net position is available in PERA’s comprehensive annual financial report, which can be obtained at www.copera.org/investments/pera-financial-reports.

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 – DEFINED CONTRIBUTION PENSION PLAN

Plan Description - Employees of the Pueblo Department of Public Health and Environment that are also members of the LGDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions, and investment earnings. For the year ended December 31, 2020, program members contributed \$29,770.

NOTE 10 – DEFINED OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Health Care Trust Fund

OPEB – The Pueblo Department of Public Health and Environment contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

Plan Description - Eligible employees of the Pueblo Department of Public Health and Environment are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 – DEFINED OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – Continued

Benefits Provided - The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid. Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure - The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients not participating in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. §24-51-1206(4) provides an additional subsidy.

According to the statute, PERA cannot charge premium to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure - The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 – DEFINED OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN – Continued

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions - Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Pueblo Department of Public Health and Environment is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Pueblo Department of Public Health and Environment for the years ended December 31, 2020, and 2019 were \$52,055 and \$47,262.

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

At December 31, 2020, Pueblo Department of Public Health and Environment reported a liability of \$560,956 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. Pueblo Department of Public Health and Environment's proportion of the net OPEB liability was based on Pueblo Department of Public Health and Environment's contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the Pueblo Department of Public Health and Environment's proportion was 0.04991 percent, which was a decrease of 0.00003 from its proportion measured as of December 31, 2018.

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 – DEFINED OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - Continued

For the year ended December 31, 2020, the Pueblo Department of Public Health and Environment recognized OPEB expense of \$36,015. At December 31, 2020, the Pueblo Department of Public Health and Environment reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Actual and Expected Experience	\$ 1,861	\$ 94,261
Changes in Assumptions and Other Inputs	4,654	-
Net Difference Between Projected and Actual Investment Earnings	-	9,363
Contributions Subsequent to the Measurement Date	45,772	-
Total	\$ 52,287	\$ 103,624

Of the amount reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, \$45,772 will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Amounts Reported as Collective Deferred Outflows and Collective Deferred Inflows of Resources Recognized in Collective	
For the Plan Year December 31,	Pension Expense as Follows:	
2020	\$	(19,902)
2021		(19,901)
2022		(17,190)
2023		(20,749)
2024		(18,271)
Thereafter	\$	(1,097)

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 – DEFINED OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - Continued

Actuarial assumptions - The total OPEB liability in the December 31, 2018, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.40%
Real Wage Growth	1.10%
Wage Inflation	3.50%
Salary Increases, Including Wage Inflation	3.50% in aggregate
Long-Term Investment Rate of Return, net of OPEB Plan Investment Expenses, Including Price Inflation	7.25%
Discount Rate	7.25%
Health Care Cost Trend Rates PERA Benefit Structure:	
Service-Based Premium Subsidy	0.00%
	5.60% for 2019 gradually decreasing to 4.50% in 2029
PERACare Medicare Plans Medicare Part A Premiums	3.50% for 2019 gradually increasing to 4.50% in 2029
DPS Benefit Structure:	
Service-Based Premium Subsidy	0.00%
PERACare Medicare Plans	N/A
Medicare Part A Premiums	N/A

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

The actuarial assumptions used in the December 31, 2018, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 – DEFINED OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - Continued

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2019 for the PERA Benefit Structure:

<u>Medicare Plan</u>	<u>Cost for Members Without Medicare Part A</u>	<u>Premiums for Members Without Medicare Part A</u>
Medicare Advantage/Self-Insured Prescription	\$ 601	\$ 240
Kaiser Permanente Medicare Advantage HMO	\$ 605	\$ 237

The 2019 Medicare Part A premium is \$437 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

<u>Medicare Plan</u>	<u>Cost for Members Without Medicare Part A</u>
Medicare Advantage/Self-Insured Prescription	\$ 562
Kaiser Permanente Medicare Advantage HMO	\$ 571

All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2018, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 – DEFINED OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - Continued

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 – DEFINED OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - Continued

Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were 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 then adding expected inflation.

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 – DEFINED OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - Continued

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Sensitivity of the Pueblo Department of Public Health and Environment Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates - The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare Trend Rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare Trend Rate	3.50%	4.50%	5.50%
Initial Medicare Part A Trend Rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A Trend Rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 547,631	\$ 560,956	\$ 576,355

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 – DEFINED OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - Continued

Discount Rate - The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2019, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF’s fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of the Pueblo Department of Public Health and Environment Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	\$ 634,274	\$ 560,956	\$ 498,254

OPEB plan fiduciary net position. Detailed information about the HCTF’s fiduciary net position is available in PERA’s CAFR which can be obtained at www.copera.org/investments/pera-financial-reports.

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 - RELATED PARTIES

As discussed in the SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, the Health Department was established by intergovernmental agreement between the City of Pueblo and the County of Pueblo. The following is a summary of the related party transactions for the year ended December 31, 2020:

City of Pueblo

Operating Subsidy Provided to the Health Department - Recorded as Revenue in the Statement of Activities	\$	929,483
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County of Pueblo

Operating Subsidy Provided to the Health Department - Recorded as Revenue in the Statement of Activities	\$	2,658,600
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Payments Made to the County for Use of Data Processing Programs and Applications - Recorded as Expenses in the Statement of Activities	\$	62,228
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NOTE 12 - COMMITMENTS AND CONTINGENCIES

TABOR Amendment - Colorado voters passed an amendment to the state constitution in November 1992 that contains several limitations, including revenue raising, spending abilities and other specific requirements affecting state and local governments. The amendment is complex and subject to judicial interpretation, and it has not been determined if the Health Department is subject to the amendment.

Other - The Health Department participates in a number of federal and state assisted grant programs. The disbursement of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Health Department. In the opinion of management, however, any such disallowed claims would not have a material effect on the financial statements of the Health Department as of and for the year ended December 31, 2020.

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS**

NOTE 13 - REVENUE – COLORADO DEPARTMENT OF PUBLIC HEALTH & ENVIRONMENT

The Health Department receives various contracts and grants that are passed on from the Colorado Department of Health and Environment. Total revenue allocated to each function of the Department for the year ended December 31, 2020, is as follows:

Per Capita	\$ 324,039
Disease and Prevention and Emergency Preparedness	1,065,011
Community Health Services	2,185,589
Environmental Health Services	481,711
Total from CDPHE	4,056,350
Other Federal Funding	385,571
Total Intergovernmental Specific Grants	\$ 4,441,921

The Health Department also reports the amounts redeemed under the WIC program for in-kind food debit type cards, from the Colorado Department of Public Health & Environment, in the amount of \$2,341,308. These in-kind donations are not included in the Statement of Activities or the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance, but are reported under the Schedule of Expenditures of Federal Awards as noncash expenditures.

NOTE 14 - SUBSEQUENT EVENT

Management has evaluated subsequent events through September 15, 2021, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE,
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u>
Revenues				
Charges for Services	\$ 1,484,409	\$ 1,484,409	\$ 1,460,179	\$ (24,230)
Intergovernmental -				
City of Pueblo - Special Allocation	929,482	929,482	929,483	1
County of Pueblo - Special Allocation	1,088,300	2,588,300	2,658,600	70,300
Specific Grants (Federal and CDPHE)	4,790,600	4,571,278	4,441,921	(129,357)
Contributions and Private Grants	471,217	508,717	402,476	(106,241)
Other	-	-	1,305	1,305
Investment Earnings	19,500	19,500	8,637	(10,863)
Total Revenues	<u>8,783,508</u>	<u>10,101,686</u>	<u>9,902,601</u>	<u>(199,085)</u>
Expenditures				
Personnel Services	5,778,629	6,141,703	5,059,582	1,082,121
Employee Benefits	816,198	866,018	1,648,229	(782,211)
Operating Costs	406,450	433,183	733,315	(300,132)
Travel	288,324	88,324	89,766	(1,442)
Public Education	148,816	445,775	419,767	26,008
Supplies	350,747	956,575	545,257	411,318
Other	846,379	948,078	674,421	273,657
Capital Outlay	147,965	222,030	107,755	114,275
Total Expenditures	<u>8,783,508</u>	<u>10,101,686</u>	<u>9,278,092</u>	<u>823,594</u>
Net Change in Fund Balance	-	-	624,509	624,509
Beginning Fund Balance	-	-	3,045,356	3,045,356
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>3,669,865</u>	<u>\$ 3,669,865</u>

See Notes to Budgetary Comparison Schedule

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
NOTES TO BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED DECEMBER 31, 2020**

NOTE 1 - BUDGETARY INFORMATION

The Pueblo Department of Public Health and Environment adopts budgets on a basis consistent with US generally accepted accounting principles for all government funds.

The Pueblo Department of Public Health and Environment uses the following procedures in establishing the budgetary data reflected in the financial statements. These procedures are in compliance with Colorado Revised Statutes.

Budgets are required by state law for all funds. A formal budget is adopted each calendar year upon approval by the Board of Health and is employed as a management control device for the General Fund. In addition, the budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles. Budgetary control exists at the total fund level.

Unused appropriations for all of the annually budgeted funds lapse at the end of the year. Therefore, encumbrances are not presented as a reservation of fund balance and the Pueblo Department of Public Health and Environment appropriates funds in the subsequent year to honor these commitments.

**PUEBLO CITY-COUNTY HEALTH DEPARTMENT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
YEARS ENDED DECEMBER 31,**

Colorado PERA Local Government Division Trust Fund						
	2020	2019	2018	2017	2016	2015
Proportionate Share of Total Pension Liability	\$ 34,697,918	\$ 33,669,014	\$ 33,997,299	\$ 30,982,910	\$ 31,560,090	\$ 34,505,783
Proportionate Share of Fiduciary Net Position	(29,931,565)	(25,573,327)	(26,982,845)	(22,817,660)	(24,259,913)	(27,851,453)
Proportionate Share of Net Pension Liability	\$ 4,766,353	\$ 8,095,687	\$ 7,014,454	\$ 8,165,250	\$ 7,300,177	\$ 6,654,330
Fiduciary Net Position as a Percentage of Total Pension Liability	86.26%	75.96%	79.37%	73.65%	76.87%	80.72%
Covered Payroll	\$ 4,496,634	4,633,513	\$ 3,974,218	\$ 3,675,975	\$ 3,665,021	\$ 3,874,459
Net Pension Liability as a Percentage of Covered Payroll	105.9982%	174.7203%	176.4990%	222.1247%	199.1851%	171.7486%
Proportion of Net Pension Liability	0.65168%	0.64394%	0.6299%	0.6047%	0.6627%	0.7424%

* Amounts presented for each year were determined as of the measurement date (the calendar year-end that occurred one year prior to the year-end). Information determined under the provisions of GASB No. 68 is not available for years prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented.

**PUEBLO CITY-COUNTY HEALTH DEPARTMENT
SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION
YEAR ENDED DECEMBER 31,**

Colorado PERA Local Government Division Trust Fund

	Statutory Determined Contributions	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as % of Cov. Payroll
2016	\$ 464,737	\$ 464,737	\$ -	\$ 3,665,021	\$ 12.68%
2017	\$ 503,931	\$ 503,931	\$ -	\$ 3,675,975	\$ 13.71%
2018	\$ 535,384	\$ 535,384	\$ -	\$ 4,239,522	\$ 12.63%
2019	\$ 570,173	\$ 570,173	\$ -	\$ 4,633,513	\$ 12.31%
2020	\$ 569,054	\$ 569,054	\$ -	\$ 4,496,634	\$ 12.66%

Notes to the Required Supplemental Information

There were no changes to benefit assumptions as of the plan's measurement date

* Information determined under of the provision of GASB 68 is not available for years prior to 2016. In future reports, additional years will be added until 10 years of historical data are presented. Information presented in this schedule has been determined as of the most recent fiscal year-end (December 31) in accordance with GASB Statement No. 68.

**PUEBLO CITY-COUNTY HEALTH DEPARTMENT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB
LIABILITY
YEAR ENDED DECEMBER 31,**

Colorado PERA Local Government Division Trust Fund			
	2020	2019	2018
Proportionate Share of Total Pension Liability	\$ 742,873	\$ 818,838	\$ 771,409
Proportionate Share of Fiduciary Net Position	(181,917)	(139,421)	(135,218)
Proportionate Share of Net Pension Liability	<u>\$ 560,956</u>	<u>\$ 679,417</u>	<u>\$ 636,191</u>
Fiduciary Net Position as a Percentage of Total Pension Liability	24.49%	17.03%	17.53%
Covered Payroll	\$ 4,487,408	\$ 4,633,513	\$ 3,974,218
Net Pension Liability as a Percentage of of Covered Payroll	12.5007%	14.6631%	16.0080%
Proportion of Net Pension Liability	0.0499%	0.0499%	0.0490%

* Amounts presented for each year were determined as of the measurement date (the calendar year-end that occurred one year prior to the year-end). Information determined under the provisions of GASB No. 75 is not available for years prior to 2018. In future reports, additional years will be added until 10 years of historical data are presented.

**PUEBLO CITY-COUNTY HEALTH DEPARTMENT
SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB
YEAR ENDED DECEMBER 31,**

Colorado PERA Local Government Division Trust Fund

	Statutory Determined Contributions	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as % of Cov. Payroll
2017	\$ 40,537	\$ 40,537	\$ -	\$ 3,974,218	\$ 1.02%
2018	\$ 43,243	\$ 43,243	\$ -	\$ 4,239,522	\$ 1.02%
2019	\$ 47,262	\$ 47,262	\$ -	\$ 4,633,513	\$ 1.02%
2020	\$ 45,772	\$ 45,772	\$ -	\$ 4,487,408	\$ 1.02%

Notes to the Required Supplemental Information

There were no changes to benefit assumptions as of the plan's measurement date

* Information determined under the provision of GASB 75 is not available for years prior to 2017. In future reports, additional years will be added until 10 years of historical data are presented. Information presented in this schedule has been determined as of the most recent fiscal year-end (December 31) in accordance with GASB Statement No. 75.

See Notes to the Required Supplemental Information

ADDITIONAL INFORMATION

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2020**

	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH ENTITY'S IDENTIFYING NUMBER</u>	<u>FEDERAL EXPENDITURES</u>	<u>PASSED THROUGH TO SUBRECIPIENTS</u>
U.S. DEPARTMENT OF AGRICULTURE				
Passed through from Colorado Department of Public Health and Environment-Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	2021*2590 2021*2070	\$ 3,617,483	\$ -
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Superfund State Political Subdivision & Indian Tribe Site Specific Cooperative Agreements	66.802	08UATA00-TR2	35,824	-
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through from Colorado Department of Public Safety - Chemical Stockpile Emergency Preparedness Program	97.040	#17CSEP18PCCH #16CSEP17PCCH	142,099	-
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)				
Lead Based Paint Hazard Control in Privately Owned Housing	14.900	COLHB0662-18	88,381	-
U.S. DEPARTMENT OF JUSTICE				
Passed through from the Institute for Intergovernmental Research Comprehensive Opioid Abuse Program	16.838	2017-AR-BX-K0003	220,337	-
DEPARTMENT OF THE TREASURY				
Passed through from the Colorado Department of Public Health and Environment - COVID-19 Coronavirus Relief Fund	21.019	2 7 0	348,455	-
Passed through from the City and County of Pueblo- COVID-19 Coronavirus Relief Fund	21.019		1,570,300	-
TOTAL U.S. DEPARTMENT OF TREASURY			<u>1,918,755</u>	<u>-</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through from the Food and Drug Administration - Food and Drug Administration Research	93.103	U18FD006266-01	60,784	-
Passed through from the Health Resources and Services Administration Rural Health Care Services Outreach and Rural Health Network Development and Small health Care Provider Quality Improven	93.912	G25RH40057-01-00	34,063	-
Passed through from the Centers For Disease Control and Prevention - Environmental Public Health and Emergency Response	93.070	01	54,711	-
Passed through from Colorado Department of Public Health and Environment - Family Planning Services	93.217	2021*0286	34,767	-
Passed through from Colorado Department of Public Health and Environment - PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance Financed in Part by Prevention and Public Health Fu	93.539	2020*3427	72,434	-

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**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2020**

Continued from page 47

	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH ENTITY'S IDENTIFYING NUMBER</u>	<u>FEDERAL EXPENDITURES</u>	<u>PASSED THROUGH TO SUBRECIPIENTS</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES-Continued				
Passed through from the Department of Health and Human Services-Center for Disease Control and Prevention-Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	FHJA202000013640	11,127	-
Passed through from Colorado Department of Public Health and Environment - Preventive Health and Health Services Block Grant	93.991	n/a	25,000	-
Passed through from Colorado Department of Public Health and Environment - Public Health Emergency Preparedness	93.069	CT 2020*271 2019*3604	360,325	-
Passed through from Colorado Department of Public Health and Environment - Injury Prevention and Control Research and State and Community Based Programs	93.136	2020*3583	218,952	-
Passed through from Colorado Department of Public Health and Environment - Maternal and Child Health Services Block Grant To The States	93.994	2019*2289	<u>137,537</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>1,009,700</u>	<u>-</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 7,032,579</u>	<u>\$ -</u>

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2020**

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity, of the Pueblo Department of Public Health and Environment, and is presented on the modified accrual basis of accounting, wherein expenditures are recognized when the liability is incurred. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE 2 – OTHER ITEMS

Pass-Through Entity's Identifying Number - The pass-through entity's identifying number has been included where available.

Indirect Cost Rate – The Pueblo Department of Public Health and Environment has not elected to use the de Minimis Indirect Cost Rate of 10% for federal grants and funds.

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS***

Board of Health
Pueblo Department of Public Health and Environment
Pueblo, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Pueblo Department of Public Health and Environment (Health Department), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Health Department's basic financial statements, and have issued our report thereon dated September 15, 2021.

Internal Control over Financial Reporting

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

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

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

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL – CONTINUED

Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Health Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

Osborne Parsons & Rosacker LLP

Colorado Springs, Colorado
September 15, 2021

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

Board of Health
Pueblo Department of Public Health and Environment
Pueblo, Colorado

Report on Compliance for Each Major Federal Program

We have audited the Pueblo Department of Public Health and Environment's (Health Department) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Health Department's major federal programs for the year ended December 31, 2020. The Health Department's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE – CONTINUED

Page 2

Opinion on Each Major Federal Program

In our opinion, the Health Department, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control over Compliance

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

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

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

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

Osborne Parsons & Rosacker LLP

Colorado Springs, Colorado
September 15, 2021

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2020**

Summary of Audit Results

1. The auditors' report expresses an unmodified opinion on the financial statements of Pueblo Department of Public Health and Environment.
2. No significant deficiencies relating to internal control were disclosed in the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the Pueblo Department of Public Health and Environment were disclosed during the audit.
4. No significant deficiencies or material weaknesses were disclosed during the audit of the major federal award program of the Pueblo Department of Public Health and Environment.
5. Our report on compliance for major federal award programs for the Pueblo Department of Public Health and Environment expresses an unmodified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for the Pueblo Department of Public Health and Environment.
7. The program tested as a major program was: Department of the Treasury COVID-19 Coronavirus Relief Funds CFDA 21.019.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Pueblo Department of Public Health and Environment was determined to be a low-risk auditee.

Findings - Financial Statements Audit

None

Findings and Questioned Costs – Major Federal Award Program Audit

None