

**NORTHEAST COLORADO  
HEALTH DEPARTMENT**

**AUDITED FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

NORTHEAST COLORADO HEALTH DEPARTMENT  
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December 31, 2021

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**INDEPENDENT AUDITORS' REPORT**

Board of Health  
Northeast Colorado Health Department  
Sterling, Colorado

*Opinions*

We have audited the accompanying financial statements of the governmental activities and the major fund of the Northeast Colorado Health Department as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund information of the Northeast Colorado Health Department as of December 31, 2021, 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.

*Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Northeast Colorado Health Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

*Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Northeast Colorado Health Department's ability to continue as a going concern for twelve months beyond the financial statement date, including and currently known information that may raise substantial doubt shortly thereafter.

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

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

In performing and audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Northeast Colorado Health Department's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt the Northeast Colorado Health Department's ability to continue as a going concern for a reasonable period of time.

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

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-5 and 36 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 supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. The schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2022 on our consideration of the 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 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 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 Northeast Colorado Health Department's internal control over financial reporting and compliance.



Fort Morgan, Colorado  
June 17, 2022

NORTHEAST COLORADO HEALTH DEPARTMENT  
MANAGEMENT DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021

This section of the Northeast Colorado Health Department's annual financial report presents our discussion and analysis of the Northeast Colorado Health Department's financial performance during the year ending December 31, 2021.

**FINANCIAL HIGHLIGHTS**

- The net position of the Northeast Colorado Health Department increased by \$196,523 in 2021.
- The total revenue increased by \$655,616 during the year a 18% increase over 2020.

**USING THIS ANNUAL REPORT**

This discussion and analysis is intended to serve as an introduction to the Northeast Colorado Health Department's basic financial statements. This is now the fifteenth year where a management discussion and a comparison to the prior year's activity has been provided in this document. This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities provide information about the activities of the Northeast Colorado Health Department as a whole and present a longer-term view of the Northeast Colorado Health Department's finances. These statements tell how these services were financed in the short term as well as what remains for future financial security. The Northeast Colorado Health Department's basic financial statements are comprised of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

**THE DEPARTMENT AS A WHOLE**

The government-wide financial statements are designed to provide interested readers with information about the Northeast Colorado Health Department as a whole, using accounting methods similar to those used by private-sector businesses.

The Statement of Net Position includes all of the Northeast Colorado Health Department's assets and liabilities with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Northeast Colorado Health Department is improving or deteriorating.

The Statement of Activities presents information showing how the Northeast Colorado Health Department's net position changed during the fiscal year. All changes in net position are reported as soon as the event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future years (e.g. earned but unused annual leave). As noted earlier, net position may serve over time as a useful indicator of the Northeast Colorado Health Department's financial position. In the case of the Northeast Colorado Health Department, total assets exceeded liabilities in the amount of \$1,129,174 by the close of 2021.

NORTHEAST COLORADO HEALTH DEPARTMENT  
MANAGEMENT DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021

**NET POSITION**

The following tables focus on the combined net position and changes in net position of the Department's governmental activities from 2020 to 2021.

	<b>2021</b>	<b>2020</b>	<b>Net Change</b>
Current assets	\$ 3,161,242	\$ 2,977,792	\$ 183,450
Capital assets	921,547	950,760	(29,213)
Deferred outflows	362,937	108,470	254,467
<b>Total assets and deferred outflows</b>	<b>\$ 4,445,726</b>	<b>\$ 4,037,022</b>	<b>\$ 408,704</b>
Current liabilities	\$ 498,005	\$ 394,065	\$ 103,940
Long-term liabilities	1,416,535	2,010,738	(594,203)
<b>Total liabilities</b>	<b>1,914,540</b>	<b>2,404,803</b>	<b>(490,263)</b>
Deferred Inflows	<b>1,402,012</b>	<b>699,571</b>	<b>702,441</b>
Invested in capital assets	921,547	950,760	(29,213)
Unrestricted	207,627	(18,109)	225,736
<b>Total net position</b>	<b>1,129,174</b>	<b>932,651</b>	<b>196,523</b>
<b>Total liabilities, deferred inflows and net position</b>	<b>\$ 4,445,726</b>	<b>\$ 4,037,025</b>	<b>\$ 408,704</b>

**PROGRAM REVENUE**

	<b>2021</b>	<b>2020</b>	<b>Net Change</b>
Charges for services	\$ 413,077	\$ 391,448	\$ 21,629
Operating grants & Contributions	3,959,809	3,243,773	716,036
Capital grants and Contributions			
General Revenues:			
Investment earnings	1,170	4,747	(3,577)
Miscellaneous	88,506	166,978	(78,472)
<b>Total Revenues</b>	<b>4,462,562</b>	<b>3,806,946</b>	<b>655,616</b>
<b>Program Expenses</b>			
Salaries & related expenses	3,079,402	2,289,768	789,634
Materials and services	1,102,080	1,155,191	(53,111)
Depreciation	84,557	82,456	2,101
<b>Total Expenses</b>	<b>4,266,039</b>	<b>3,527,415</b>	<b>738,624</b>
Change in net position	<b>196,523</b>	<b>279,531</b>	<b>(83,008)</b>
Net position at beginning of year	<b>932,651</b>	<b>653,120</b>	<b>737,420</b>
Net position at end of year	<b>\$ 1,129,174</b>	<b>\$ 932,651</b>	<b>\$ 196,523</b>

NORTHEAST COLORADO HEALTH DEPARTMENT  
MANAGEMENT DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021

**THE DEPARTMENT'S FUND**

The Department's only fund is the General Fund, which is used to account for all financial resources since there are no activities for which there is a separate reporting requirement. As the Department completed the year, the General Fund reported an Unassigned Fund Balance of \$2,873,513 which is \$289,783 greater than reported last year.

**NOTES TO THE FINANCIAL STATEMENT**

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

In addition to the basic financial statements and notes, this report also presents other supplementary information concerning the Northeast Colorado Health Department's annual budget and comparisons to actual revenues and expenditures.

**CAPITAL ASSETS**

At the end of the year, the Department had \$921,547 invested in a broad range of capital assets, including land, buildings and equipment. The following table reports the Department's capital assets, net of related depreciation:

	<b>2021</b>	<b>2020</b>	<b>Net Change</b>
Land	\$ 85,000	\$ 85,000	\$ -
Buildings & certain improvements	705,816	741,793	(35,977)
Equipment	130,731	123,967	6,764
Total capital net position of depreciation	<b>\$ 921,547</b>	<b>\$ 950,760</b>	<b>\$ (29,213)</b>

**ECONOMIC FACTORS**

At the end of 2021, the Northeast Colorado Health Department was in sound financial condition. The agency continues to manage NCHD in a fiscally conservative manner and was able in increase employment to add permanent Covid-19 employees.

**NOTES OF MAJOR 2021 ACTIVITIES AND ACTIONS**

- In 2021 the Northeast Colorado Health Department transitioned back to regular operations and was able to return to offering all services.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview to customers, taxpayers, citizens, residents, funders, and any others interested in the finances of the Northeast Colorado Health Department. Accountability for the funds received and expended by the Northeast Colorado Health Department is taken very seriously. Questions or concerns regarding any of the information provided in this report should be addressed to the Northeast Colorado Health Department, Attn: Accounting; 700 Columbine, Sterling, CO 80751.

NORTHEAST COLORADO HEALTH DEPARTMENT  
BASIC FINANCIAL STATEMENTS  
December 31, 2021

The Basic Financial Statements of the Department include the following:

**Government-wide financial statements.** The government-wide statements display information about the reporting government as a whole, except for its fiduciary activities.

**Fund financial statements.** The fund financial statements display information about major funds individually and non-major funds in the aggregate for governmental and enterprise funds, as applicable.

**Notes to the financial statements.** The notes communicate information essential for fair presentation of the financial statements that is not displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements.

NORTHEAST COLORADO HEALTH DEPARTMENT  
STATEMENT OF NET POSITION  
As of December 31, 2021

Assets:		
Cash	\$ 2,265,056	
Grant receivables	896,186	
Capital assets, net of accumulated depreciation	<u>921,547</u>	
Total Assets		\$ 4,082,789
Deferred Outflows of Resources:		
Pension Plan	361,205	
Other Post Employment Benefits	<u>1,732</u>	
Total Deferred Outflows		<u>362,937</u>
Total Assets and Deferred Outflows		<u><u>\$ 4,445,726</u></u>
Liabilities		
Accounts payable	\$ 175,875	
Unearned grant revenue	111,854	
Accrued compensated absences	210,276	
Other post employment benefits liability	171,041	
Net pension liability	<u>1,245,494</u>	
Total Liabilities		\$ 1,914,540
Deferred Inflows of Resources:		
Pension Plan	1,346,932	
Other Post Employment Benefits	<u>55,080</u>	
Total Deferred Inflows		1,402,012
Net Position		
Invested in capital assets	921,547	
Unrestricted	<u>207,627</u>	
Total Net Position		<u>1,129,174</u>
Total Liabilities and Net Position		<u><u>\$ 4,445,726</u></u>

The accompanying notes and independent auditors' report  
should be read with these financial statements.

NORTHEAST COLORADO HEALTH DEPARTMENT  
STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2021

	Program Revenues				
Functions/ Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Governmental Activities
Governmental Activities					
General government	\$ 4,266,039	\$ 413,077	\$ 3,959,809	\$ -	\$ 106,847
Total Governmental Activities	\$ 4,266,039	\$ 413,077	\$ 3,959,809	\$ -	106,847

General Revenues

Investment earnings	1,170
Miscellaneous	88,506
	196,523
Change in Net Position	196,523
Net Position, Beginning of Year	653,120
Net Position, End of Year	\$ 849,643

The accompanying notes and independent auditors' report  
should be read with these financial statements.

NORTHEAST COLORADO HEALTH DEPARTMENT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2021

	Assets	<u>General Fund</u>
Cash		\$ 2,265,056
Grant receivables		<u>896,186</u>
Total Assets		<u>\$ 3,161,242</u>
Liabilities and Fund Balance		
Liabilities		
Accounts Payable		\$ 175,875
Unearned Grant Revenue		<u>111,854</u>
Total Liabilities		\$ 287,729
Fund Balance		
Unassigned		<u>2,873,513</u>
Total Fund Balance		<u>2,873,513</u>
Total Liabilities and Fund Balance		<u>\$ 3,161,242</u>

The accompanying notes and independant auditor's report  
should be read with these financial statements.

NORTHEAST COLORADO HEALTH DEPARTMENT  
RECONCILIATION OF THE BALANCE SHEET OF  
GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET POSITION  
December 31, 2021

Total Fund Balance - Balance Sheet - Governmental Funds	\$ 2,873,513
Adjustments needed to reconcile to the statement of net position:	
Net capital assets are recorded for financial purposes but are not included as a financial resource for governmental funds.	921,547
Deferred inflows and outflows related to pensions	(1,039,075)
Long term liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the General Fund. Long-term liabilities at year end consist of:	
Accrued compensated absences	(210,276)
Other post employment benefits liability	(171,041)
Net pension liability	<u>(1,245,494)</u>
Total Net Position	<u><u>\$ 1,129,174</u></u>

The accompanying notes and independent auditor's report  
should be read with these financial statements.

NORTHEAST COLORADO HEALTH DEPARTMENT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2021

		<u>GENERAL FUND</u>
Revenues		
Intergovernmental	\$ 3,959,809	
Fees for services	413,077	
Contributions	6,219	
Miscellaneous	<u>83,457</u>	
Total Revenue		\$ 4,462,562
Expenditures		
Salaries and related expenses	3,015,355	
Materials and services	1,102,080	
Capital outlay	<u>55,344</u>	
Total Expenses		<u>4,172,779</u>
Change in Fund Balance		289,783
Fund Balance Beginning of Year		<u>2,583,730</u>
Fund Balance End of Year		<u><u>\$ 2,873,513</u></u>

The accompanying notes and independent auditor's report  
should be read with these financial statements.

NORTHEAST COLORADO HEALTH DEPARTMENT  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2021

Net Change in Fund Balance - Governmental Funds	\$	289,783
Adjustments needed to reconcile to the Statement of Activities:		
Capital outlays to purchase or build capital assets are reported in the governmental funds as a current expenditure. These same types of capital outlays are capitalized and depreciated over an appropriate useful life expectancy for governmental activities. This is the amount of capital purchases over depreciation expense for the current period.		(29,213)
In the governmental funds the cost of compensated absences is expensed in the period the compensation is paid. However, in the statement of activities the expense for compensated absences is expensed when earned or accrued. The difference between the amount expensed during the period exceeded the amount accrued by.		(14,306)
The General Fund reports District contributions to the employee's post retirement health benefit investment pool as expenditures. However, in the statement of activities, the cost of post retirement health benefits earned, net of contributions, is reported as health benefit expense.		(230)
The General Fund reports District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.		<u>(49,511)</u>
Net Change in the Net Position - Governmental Activities	\$	<u><u>196,523</u></u>

The accompanying notes and independent auditor's report  
should be read with these financial statements.

NORTHEAST COLORADO HEALTH DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2021

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The summary of the significant accounting policies of the Northeast Colorado Health Department (the Department) is presented to assist the reader in understanding the accompanying financial statements and supplementary financial data presented in this report. These policies have been applied in a consistent manner in preparation of this report and should be read with the accompanying financial statements.

The financial statements of the Department have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the Department's accounting policies are described below.

**A. Reporting Entity**

The Department consists of a primary government with no component units.

This means that the Department does not have any relationships with other organizations or entities for which it is financially accountable or by which excluding the organization or entity would cause the financial statements to be misleading or incomplete.

**B. Fund Accounting**

Governmental fund accounting is used to account for all or most of the government's general activities. The Department's only fund is the General Fund, which is used to account for all financial resources since there are no activities required to be separately accounted for.

**C. Basis of Presentation**

*Government-wide financial statements:* The statement of net position and the statement of activities display information about the Department as a whole. These statements include the financial activities of the primary government.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

*Fund Financial Statements:* The fund financial statements report detailed information about the Department. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. The Department has only one fund, the General Fund.

The governmental fund types are accounted for by only using current financial resources. Therefore, the balance sheet generally includes current assets and current liabilities and the statement of revenues, expenditures and changes in fund balance reports the current sources and uses of financial resources.

*Revenues – exchange and non-exchange transactions:* Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Department, available means expected to be received within sixty days of fiscal year-end.

NORTHEAST COLORADO HEALTH DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Presentation (continued)**

*Revenues – exchange and non-exchange transactions (continued):* Non exchange transactions, in which the Department receives value without directly giving equal value in return, include county contributions, grants and other miscellaneous sources. Revenues from grants are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Department must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Department on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

*Expenses and Expenditures:* On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the fund basis of accounting expenditures are generally recognized in the period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**D. Encumbrances**

The encumbrance system is not utilized by the Department.

**E. Receivables**

No allowance for doubtful accounts has been provided in the accompanying financial statements since substantially all accounts are deemed by management to be collectible.

**F. Capital Assets**

Capital assets are reported in the government-wide statement of net position, but are not reported in the fund financial statements. All capital assets with a unit cost of \$1,000 or greater are capitalized at cost and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) will be capitalized on a prospective basis, from 2004. Infrastructure prior to 2004 will not be capitalized.

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Useful Lives</u>
Buildings and certain improvements	15-50 Years
Equipment	7-10 Years

**G. Compensated Absences**

The Northeast Colorado Health Department reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences". The Department maintains a vested program for employee compensated personal time off (PTO). Part-time employees working a minimum of 10 hours per week earn PTO on a prorated basis determined by hours worked.

NORTHEAST COLORADO HEALTH DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2021

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Compensated Absences (Continued)**

All permanent full-time employees earn the following amounts of compensated PTO:

<u>Years of Service</u>	<u>Monthly Accrual Hours</u>	<u>Maximum Accrual</u>
1 to 4.99 Years	19 hours	360 hours
5 to 9.99 Years	23 hours	360 hours
10 to 14.99 Years	27 hours	360 hours
15 plus years	30 hours	360 hours

**H. Accrued Liabilities and Long Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources.

**I. Net Position**

Net position represents the difference between assets and liabilities. Invested in capital assets equals capital assets net of accumulated depreciation and less outstanding debt, if any. Net position is reported as restricted when there are liabilities imposed on its use, either through the enabling legislation adopted by the Department or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Department does not have any restricted net position at year end.

**J. Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditures) until then. The District has one item that qualifies for reporting in this category: changes in the net pension liability not included in pension expense reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category: changes in the net pension liability not included in pension expense reported in the government-wide statement of net position.

**K. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the board of health and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the year.

**L. Use of Estimates**

Preparation of financial statements in accordance with generally accepted accounting principles in the United States allows management to use estimates when necessary to present financial information that otherwise cannot be acquired in any other reasonable way.

NORTHEAST COLORADO HEALTH DEPARTMENT  
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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. Pensions:**

The Northeast Colorado Health Department participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing Multi-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**NOTE 2. CASH AND INVESTMENTS**

The Department's bank accounts and certificates of deposit at year-end were entirely covered by federal depository insurance or by collateral held by the Department's custodial banks under provisions of the Colorado Public Deposit Protection Act.

The Colorado Public Deposit Protection Act requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral includes municipal bonds, U.S. government securities, mortgages and deeds of trust.

State statutes authorize the Department to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of the state of Colorado or any county, school district, and certain towns and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, and certain repurchase agreements.

**NOTE 3. RISK MANAGEMENT**

The Department is exposed to various risks of loss related to torts; theft of; damage to; and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Department participates in the Colorado Counties Casualty and Property Pool (CAPP), a public entity risk pool currently operating as a common risk management and insurance program for 40 member counties and their affiliates. The Department makes an annual contribution to CAPP for its general liability, property, broiler, and machinery coverage. The agreement for the formation of CAPP states that it will provide members the coverage authorized through joint self-insurance, insurance, and reinsurance, or any combination thereof, provide claims services related to such coverage, and provide risk management and loss control services. The Department's contribution to CAPP in 2021 was \$25,005.

The Department continues to contribute toward commercial insurance for employee health and accident insurance and workers compensation insurance. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk. Settled claims resulting from these risks have not exceeded the insurance coverage provided in any of the past three years.

NORTHEAST COLORADO HEALTH DEPARTMENT  
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**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the year was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land – Sterling	\$ 10,000	\$ -	\$ -	\$ 10,000
Land – Ft Morgan	25,000	-	-	25,000
Vacant Lots - FM	50,000	-	-	50,000
Total Capital assets, not being depreciated	85,000	-	-	85,000
Capital assets, being depreciated				
Buildings and certain improvements	1,400,216	-	-	1,400,216
Equipment	569,101	55,344	(165,714)	458,731
Total Capital assets being depreciated	1,969,317	55,344	(165,714)	1,858,947
Total Capital assets	2,054,317	55,344	(165,714)	1,943,947
Less accumulated depreciation for:				
Buildings and certain improvements	(658,421)	(35,976)	-	(694,397)
Equipment	(445,136)	(48,581)	165,714	(328,003)
Total accumulated depreciation	(1,103,557)	(84,557)	165,714	(1,022,400)
Capital Assets, net	\$ 950,760	\$ (29,213)	\$ -	\$ 921,547

**NOTE 5. DEFINED BENEFIT PENSION PLAN**

**Summary of Significant Accounting Policies**

*Pensions.* Northeast Colorado Health Department participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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, of these changes were in effect as of December 31, 2021.

**General Information about the Pension Plan**

*Plan description.* Eligible employees of the Northeast Colorado Health Department 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](http://www.copera.org/investments/pera-financial-reports).

NORTHEAST COLORADO HEALTH DEPARTMENT  
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**NOTE 5. DEFINED BENEFIT PENSION PLAN (continued)**

*Benefits provided as of December 31, 2020.* PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007 will receive the lesser of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

NORTHEAST COLORADO HEALTH DEPARTMENT  
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**NOTE 5. DEFINED BENEFIT PENSION PLAN (continued)**

*Contributions provisions as of December 31, 2021:* Eligible employees and Northeast Colorado Health Department 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. Employee contribution rates for the period January 1, 2021 through December 31, 2021 are summarized in the table below:

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021
Employee contribution (all employees other than State Troopers)	8.00%	8.50%	8.50%	8.50%
State Troopers	10.75%	12.00%	12.00%	12.50%

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

The employer contribution requirements for all employees are summarized in the table below:

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021
Employer contribution rate	10.00%	10.50%	10.50%	10.50%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%	(1.02)%	(1.02)%
Amount apportioned to the LGDTF	8.98%	9.48%	9.48%	9.48%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	2.20%	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	1.50%	1.50%	1.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	N/A	N/A	0.02%	0.02%
<b>Total employer contribution rate to the LGDTF</b>	<b>12.68%</b>	<b>13.18%</b>	<b>13.20%</b>	<b>13.20%</b>

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 Northeast Colorado Health Department is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Northeast Colorado Health Department were \$218,983 for the year ended December 31, 2021.

NORTHEAST COLORADO HEALTH DEPARTMENT  
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**NOTE 5. DEFINED BENEFIT PENSION PLAN (continued)**

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

At December 31, 2021, the Northeast Colorado Health Department reported a liability of \$1,245,494 for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll forward the total pension liability to December 31, 2020. The Northeast Colorado Health Department proportion of the net pension liability was based on Northeast Colorado Health Department contributions to the LGDTF for the calendar year 2020 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2020, the Northeast Colorado Health Department proportion was 0.24 percent, which was an increase of .02 percent from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the Northeast Colorado Health Department recognized pension expense of \$96,735. At December 31, 2021 the Northeast Colorado Health Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

December 31, 2021	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual Experience	\$	\$ 1,346,932
Net difference between projected and actual Earnings on pension plan investments	340,122	
Contributions subsequent to the measurement Date	<u>21,083</u>	
Totals	<u>\$ 361,205</u>	<u>\$ 1,346,932</u>

\$21,083 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. 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 Ending December 31	<u>Amount</u>
2022	\$ 68,024
2023	68,024
2024	68,025
2025	68,024
2026	<u>68,025</u>
	<u>\$ 470,674</u>

NORTHEAST COLORADO HEALTH DEPARTMENT  
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**NOTE 5. DEFINED BENEFIT PENSION PLAN (continued)**

*Actuarial assumptions.* The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 10.45 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; (automatic)	1.25 percent compounded annually
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

<sup>1</sup> For 2019, the annual increase was 0.00 percent.

Healthy mortality assumptions for active members reflect 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 reflect 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 based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019, 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.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period 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.

NORTHEAST COLORADO HEALTH DEPARTMENT  
 NOTES TO FINANCIAL STATEMENTS  
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**NOTE 5. DEFINED BENEFIT PENSION PLAN (continued)**

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	
Members other than State Troopers	3.20%-11.30%
State Troopers <sup>1</sup>	3.20%-12.40%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.25%
PERA benefit structure hired after 12/31/06 <sup>2</sup>	Financed by the AIR

<sup>1</sup> C.R.S. § 24-51-101 (46), as amended, expanded the definition of "State Troopers" to include certain employees within the LGDTF, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA's 2020 Annual Report for more information.

<sup>2</sup> Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Pre-retirement mortality assumptions for Members other than State Troopers were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

NORTHEAST COLORADO HEALTH DEPARTMENT  
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**NOTE 5. DEFINED BENEFIT PENSION PLAN (continued)**

Post-retirement non-disabled mortality assumptions for Members other than State Troopers were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a benefit-weighted basis.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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.

NORTHEAST COLORADO HEALTH DEPARTMENT  
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**NOTE 5. DEFINED BENEFIT PENSION PLAN (continued)**

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives <sup>1</sup>	6.00%	4.70%
<b>Total</b>	<b>100.00%</b>	

<sup>1</sup> The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

\* 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 projection 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 3.00 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increase in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect 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.

NORTHEAST COLORADO HEALTH DEPARTMENT  
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**NOTE 5. DEFINED BENEFIT PENSION PLAN (continued)**

- 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.
- 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 Northeast Colorado Health Department proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability 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 (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 2,869,121	\$ 1,245,494	(110,024)

*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](http://www.copera.org/investments/pera-financial-reports).

**NOTE 6. DEFINED CONTRIBUTION PENSION PLANS**

Voluntary Investment Program

*Plan Description* - Employees of the Northeast Colorado Health Department 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](http://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.

Defined Contribution Retirement Plan (DC Plan)

*Plan Description* – Employees of the LGDTF that were hired on or after January 1, 2019 which were eligible to participate in the LGDTF, a cost-sharing multiple-employer defined benefit pension plan, have the option to participate in the LGDTF or the Defined Contribution Retirement Plan (PERA DC Plan). The PERA DC Plan is an Internal Revenue Code Section 401(a) governmental profit-sharing defined contribution plan. Title 24, Article 51, Part 15 of the C.R.S., as amended, assigns the authority to establish Plan provisions to the PERA Board of Trustees. The DC Plan is also included in PERA's CAFR as referred to above.

NORTHEAST COLORADO HEALTH DEPARTMENT  
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**NOTE 6. DEFINED CONTRIBUTION PENSION PLANS (continued)**

*Funding Policy* – All participating employees in the PERA DC Plan and the Northeast Colorado Health Department are required to contribute a percentage of the participating employees' PERA-includable salary to the PERA DC Plan. The employee and employer contribution rates for the period January 1, 2021 through December 31, 2021 are summarized in the tables below:

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021
Employee Contribution Rates:				
Employee contribution (all employees other than State Troopers)	8.00%	8.50%	8.50%	8.50%
State Troopers	10.75%	12.00%	12.00%	12.50%
Employer Contribution Rates:				
On behalf of all employees other than State Troopers)	10.00%	10.00%	10.00%	10.00%
State Troopers	12.85%	12.85%	12.85%	12.85%

Additionally the employers are required to contribute to the LGDTF on behalf of all employees other than State Troopers as follows:

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	2.20%	2.20%	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	1.50%	1.50%	1.50%	1.50%
Automatic Adjustment Provision (AAP), as specified in C.R.S. § 24-51-413 <sup>1</sup>	N/A	0.50%	0.50%	0.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	N/A	N/A	0.02%	0.02%
<b>Total employer contribution rate to the LGDTF<sup>1</sup></b>	3.70%	4.20%	4.22%	4.22%

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

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**NOTE 6. DEFINED CONTRIBUTION PENSION PLANS (continued)**

Contribution requirements are established under Title 24, Article 51, Section 1505 of the C.R.S., as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings and are immediately 50 percent vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10 percent. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.80 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the C.R.S. As a result, forfeitures do not reduce pension expense. The Northeast Colorado Health Department did not have any employees participating in the PERA DC Plan for 2021.

**NOTE 7. DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**

**Summary of Significant Accounting Policies**

*OPEB.* Northeast Colorado Health Department participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the 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 Northeast Colorado Health Department 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 in order 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](http://www.copera.org/investments/pera-financial-reports).

*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 amount of 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.

NORTHEAST COLORADO HEALTH DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

**NOTE 7. DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (continued)**

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 who have not participated 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 premiums 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.

For benefit recipients who have not participated 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 premiums 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.

*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 Northeast Colorado Health Department is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Northeast Colorado Health Department were \$17,262 for the year ended December 31, 2021.

NORTHEAST COLORADO HEALTH DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2021

**NOTE 7. DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (continued)**

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

At December 31, 2021, the Northeast Colorado Health Department reported a liability of \$171,041 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. The Northeast Colorado Health Department proportion of the net OPEB liability was based on Northeast Colorado Health Department's contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020 the Northeast Colorado Health Department proportion was 0.018 percent, which was an increase of .001 percent from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the Northeast Colorado Health Department recognized OPEB expense of \$4,079. At December 31, 2021, the Northeast Colorado Health Department reported deferred outflows of resources and deferred inflows of resources to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$1,502	
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on OPEB plan investments		\$ 55,080
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	\$230	
Total	\$1,732	\$ 55,080

\$230 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December, 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended December 31, 2021</b>	
2022	\$ 301
2023	301
2024	300
2025	300
2026	300

NORTHEAST COLORADO HEALTH DEPARTMENT  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2021

**NOTE 7. DEFINED BENEFIT 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 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.60 percent in 2019, gradually decreasing to 4.50 percent in
2029	
Medicare Part A premiums	3.50 percent in 2019, gradually increasing to 4.50 percent in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
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.

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 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.

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:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
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:

Medicare Plan	Cost for Members Without Medicare Part A
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.

NORTHEAST COLORADO HEALTH DEPARTMENT  
 NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2021

**NOTE 7. DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (continued)**

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, 2017, 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.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
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.

NORTHEAST COLORADO HEALTH DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

**NOTE 7. DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (continued)**

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.
- 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.

NORTHEAST COLORADO HEALTH DEPARTMENT  
 NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2021

**NOTE 7. DEFINED BENEFIT 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:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
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%
<b>Total</b>	<b>100.00%</b>	

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 Northeast Colorado Health Department 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:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
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	195,930	171,041	149,774

*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.

NORTHEAST COLORADO HEALTH DEPARTMENT  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2021

**NOTE 7. DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (continued)**

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan 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 end of the month.

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 Northeast Colorado Health Department 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%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$195,930	\$171,041	\$149,774

*OPEB plan fiduciary net position.* Detailed information about the HCTF'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](http://www.copera.org/investments/pera-financial-reports).

**NOTE 8. COMMITMENTS AND CONTINGENCIES**

**A. Federal and State Funding**

The Department receives revenues from various federal and state grant programs which are subject to final review and approval by the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Department expects such amounts, if any, to be immaterial.

**B. TABOR Amendment**

The Department is organized as a "district" department (pursuant to CRS 25-1-501). The "district" is comprised of six area counties. The governing body is the board of health. Members of the board are appointed by a committee composed of one county commissioner from each county in the district. The board appoints a public health administrator to serve as the administrative and executive head. Noticeably absent from the state laws pertaining to the "district" form of organization is language granting the health board power to set the tax levy necessary to insure the allocation of local funds for operation of the department. The power to tax or impose assessments is fundamental to the definition of "local government" regarding the applicability of the TABOR Amendment. The statutes enabling formation of the "district" form of organization also appear to give the health department more autonomy and less proneness to administrative direction by the state. Accordingly, the district may be compared to a "special purpose authority" pursuant to CRS 24-77-102 (15), which is exempt from the reaches of TABOR Amendment. TABOR is complex and subject to judicial interpretation. The Department believes that it is no longer subject to the provisions of TABOR. However, the Department has made certain interpretations of TABOR's language in order to determine its compliance.

NORTHEAST COLORADO HEALTH DEPARTMENT  
REQUIRED SUPPLEMENTARY INFORMATION  
December 31, 2021

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Employer Pension Contributions
- Schedule of the Health Department's Proportionate Share of Net Pension Liability
- Schedule of Employer OPEB Contributions
- Schedule of the Health Department's Proportionate Share of Net OPEB Liability
- Budgetary Comparison Schedule – General Fund

NORTHEAST COLORADO HEALTH DEPARTMENT  
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS  
For the Year Ended December 31, 2021

Year Ended December 31,	Statutorily Required Contributions	Contributions Made	Covered Payroll	% of Covered Payroll
2015	\$ 180,583	\$ 180,583	\$ 1,424,155	12.68%
2016	178,929	178,929	1,411,107	12.68%
2017	181,687	181,687	1,432,862	12.68%
2018	186,955	186,955	1,474,404	12.68%
2019	185,319	185,319	1,461,500	12.68%
2020	193,599	193,599	1,526,806	12.68%
2021	218,983	218,983	1,692,399	12.94%

Until a full 10-year trend is compiled, the District will present information for those years for which information is available.

NORTHEAST COLORADO HEALTH DEPARTMENT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF NET PENSION LIABILITY  
For the Year Ended December 31, 2021

Year Ended December 31,	Cumulative Proportion of Net Pension Liability	Cumulative Proportionate Share	Covered Payroll	% of Covered Payroll	Plan Net Position as a % of Net Pension Liability
2015	0.26%	\$ 2,330,403	\$ 1,424,155	163.64%	80.70%
2016	0.25%	2,731,921	1,411,107	193.61%	76.87%
2017	0.24%	3,186,805	1,432,862	222.41%	73.76%
2018	0.24%	2,605,426	1,474,404	176.71%	79.37%
2019	0.22%	2,803,585	1,461,500	191.83%	82.80%
2020	0.22%	1,623,688	1,526,806	106.35%	134.37%
2021	0.24%	1,245,494	1,692,399	73.60%	179.15%

Until a full 10-year trend is compiled, the District will present information for those years for which information is available.

NORTHEAST COLORADO HEALTH DEPARTMENT  
SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS  
For the Year Ended December 31, 2021

Year Ended December 31,	Statutorily Required Contributions	Contributions Made	Covered Payroll	% of Covered Payroll
2017	\$ 14,615	\$ 14,615	\$ 1,432,862	1.02%
2018	15,039	15,039	1,474,404	1.02%
2019	14,907	14,907	1,461,500	1.02%
2020	15,573	15,573	1,526,806	1.02%
2021	17,262	17,262	1,692,399	1.02%

Until a full 10-year trend is compiled, the District will present information for those years for which information is available.

NORTHEAST COLORADO HEALTH DEPARTMENT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF OPEB LIABILITY  
For the Year Ended December 31, 2021

Year Ended December 31,	Cumulative Proportion of Net OPEB Liability	Cumulative Proportionate Share	Covered Payroll	% of Covered Payroll	Plan Net Position as a % of Net OPEB Liability
2017	0.018%	\$ 233,380	\$ 1,432,862	16.29%	99.50%
2018	0.018%	233,930	1,474,404	15.87%	98.82%
2019	0.017%	231,292	1,461,500	15.83%	101.51%
2020	0.017%	191,080	1,526,806	12.52%	117.32%
2021	0.018%	171,041	1,692,399	10.11%	131.19%

Until a full 10-year trend is compiled, the District will present information for those years for which information is available.

NORTHEAST COLORADO HEALTH DEPARTMENT  
GENERAL FUND  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
County contributions	\$ 697,956	\$ 697,956	\$ 697,956	\$ -
Fees	413,334	413,134	413,077	(57)
Contracts	2,926,740	3,705,585	3,261,853	(443,732)
Interest	4,800	4,800	1,170	(3,630)
Miscellaneous	132,005	91,305	88,506	(2,799)
Total Revenues	<u>4,174,835</u>	<u>4,912,780</u>	<u>4,462,562</u>	<u>(450,218)</u>
Expenditures				
Salaries	2,224,762	2,626,025	2,253,502	372,523
Related expenses	832,844	957,398	781,176	176,222
Travel	107,998	127,421	86,984	40,437
Supplies	74,399	77,396	78,733	(1,337)
Postage	13,295	9,370	7,737	1,633
Communications	76,748	67,285	76,370	(9,085)
Utilities	50,301	48,170	36,460	11,710
Photocopy	20,573	19,670	15,741	3,929
Rent and building operations	51,458	49,807	49,002	805
Maintenance	71,802	69,123	115,696	(46,573)
Equipment	49,002	130,377	93,968	36,409
Marketing	3,000	3,000	2,474	526
Treasurer fee	10,000	10,000	10,000	-
Program expense	220,971	245,293	199,456	45,837
Professional fees	290,341	420,788	294,383	126,405
Capital outlay	-	-	-	-
Mini grant expenses	500	500	380	120
Bank fees	2,260	2,335	2,677	(342)
Software main/ licenses	49,440	48,822	68,040	(19,218)
Total Expenditures	<u>4,149,694</u>	<u>4,912,780</u>	<u>4,172,779</u>	<u>740,001</u>
Excess Revenues over Expenditures	25,141	-	289,783	289,783
Fund Balance Beginning of Year			<u>2,583,730</u>	
Fund Balance End of Year			<u><u>\$ 2,873,513</u></u>	

NORTHEAST COLORADO HEALTH DEPARTMENT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended December 31, 2021

**NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING**

Annual budgets are adopted as required by Colorado Statutes. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United State of America.

Budget amounts included in the financial statements are based on the final amended budget. After initial budget approval, the Department's board of health may approve supplemental appropriations if an occurrence, condition, or need exists which was not known at the time the budget was adopted. No supplemental appropriations were made during the year. Expenditures may not legally exceed appropriations as adopted by resolution at the fund level.

Prior to September 1<sup>st</sup>, the executive director submits the proposed budget to the board of health. Prior to December 31<sup>st</sup>, the board of health, after reviewing the budget, adopts the budget and passes a resolution making appropriations for the ensuing year.

NORTHEAST COLORADO HEALTH DEPARTMENT  
SINGLE AUDIT SECTION  
December 31, 2021

In December 2014, the Office of management and Budget issued Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). This Uniform Guidance was effective for fiscal years beginning after December 24, 2015. The following schedule and reports are included in the Department's financial statements in accordance with the requirements of the Uniform Guidance.

NORTHEAST COLORADO HEALTH DEPARTMENT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended December 31, 2021

Federal Grantor / Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Federal Expenditures
<u>U.S. Department of Agriculture:</u>		
Pass-through programs from:		
Colorado Department of Public Health and Environment		
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	\$ 1,578,959
Total U.S. Department of Agriculture		1,578,959
<u>U.S. Department of Health and Human Services:</u>		
Pass-through programs from:		
Colorado Department of Public Health and Environment		
Public Health Emergency Preparedness	93.069	174,395
Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Coop Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	26,000
Injury Prevention and Control Research Programs	93.136	50,000
Family Planning - Services	93.217	86,861
Oral Health Workforce Activities	93.236	43,189
Immunization Grants	93.268	138,344
Epidemiology and Lab Capacity for Infectious Infectious Diseases	93.323	656,235
Public Health Emergency Response	93.354	26,430
State Actions to Improve Oral Health Outcomes	93.366	11,806
Preventive Health Services Block Grant	93.991	18,750
Preventive Health Services: Sexually Transmitted Diseases Control Grants	93.977	9,960
Maternal and Child Health Services Block Grant to the States	93.994	58,091
Total U.S. Department of Health and Human Services		1,300,061
Total Expenditures of Federal Awards		\$ 2,879,020

**Note A – Basis of Presentation:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Northeast Colorado Health Department and is presented on the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Grant and entitlement revenues are recognized to the extent of related expenditures or when compliance with matching requirements are met. A deferred revenue account is established when receipts exceed the related expenditures. The information in this schedule is presented in accordance with the requirements of OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note B – Nonmonetary Assistance:**

Federal nonmonetary assistance is reported in the schedule at the fair market value of the items received and disbursed during the year. The Northeast Colorado Health Department received nonmonetary assistance for the year as follows:

CFDA No. 10.557	Value of Women, Infants and Children (WIC) food vouchers redeemed by participants.	\$ 1,152,488
CFDA No. 93.977	Value of Chlamydia Grant supplies provided for participants.	<u>9,960</u>
	Total value of nonmonetary assistance	<u>\$ 1,162,448</u>



**LIITTJOHANN, KAUFFMAN, and PEDERSON**  
Certified Public Accountants

David A. Kauffman, C.P.A., P.C.

Daniel M. Pederson, C.P.A.'s, P.C.

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

To the Board of Health  
Northeast Colorado Health Department  
Sterling, 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 Northeast Colorado Health Department, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Northeast Colorado Health Department's basic financial statements, and have issued our report thereon dated June 17, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Northeast Colorado Health Department's internal control over financial reporting (internal control) to determine the 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 Northeast Colorado Health Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Northeast Colorado 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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Northeast Colorado 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.

A handwritten signature in black ink, appearing to read "L. M. [unclear] / [unclear]", written in a cursive style.

Fort Morgan, Colorado  
June 17, 2022



**LIITTJOHANN, KAUFFMAN, and PEDERSON**  
Certified Public Accountants

David A. Kauffman, C.P.A., P.C.

Daniel M. Pederson, C.P.A.'s, P.C.

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

To the Board of Health  
Northeast Colorado Health Department  
Sterling, Colorado

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

We have audited the Northeast Colorado Health Department's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Northeast Colorado Health Department's major federal programs for the year ended December 31, 2021. Northeast Colorado 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 Northeast Colorado 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 Northeast Colorado 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 Northeast Colorado Health Department's compliance.

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

In our opinion, the Northeast Colorado 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, 2021.

## Report on Internal Control over Compliance

Management of the Northeast Colorado 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 Northeast Colorado 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 Northeast Colorado Health Department's internal control over compliance.

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

A handwritten signature in black ink, appearing to read "L. M. [unclear] / [unclear]".

Fort Morgan, Colorado  
June 17, 2022

NORTHEAST COLORADO HEALTH DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
December 31, 2021

Summary of audit results

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the Northeast Colorado Health Department.
2. No reportable conditions were disclosed during the audit of the basic financial statements as reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*.
3. No instances of noncompliance material to the basic financial statements of the Department were disclosed during the audit.
4. No reportable conditions relating to the audit the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for the Northeast Colorado Health Department expresses an unqualified opinion on all major federal programs.
6. The audit did not disclose any findings relative to the major federal award programs of the Department.
7. The program tested as major was:

Special Supplemental Nutrition Program  
for Women, Infants, and Children

CFDA No. 10.557
8. The threshold for distinguishing Type A and B Programs was \$750,000.
9. The Department qualified as a low-risk auditee.

NORTHEAST COLORADO HEALTH DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
December 31, 2021

**Findings- financial statement audit**

We noted no reportable conditions during our audit that need to be reported per auditing standards generally accepted in the United States.

**Findings and questioned costs – major federal award programs audit**

We noted no findings or questioned costs that are required to be reported in accordance with OMB Uniform Guidance.

NORTHEAST COLORADO HEALTH DEPARTMENT  
SCHEDULE OF PREVIOUS FINDINGS AND QUESTIONED COSTS  
December 31, 2021

**Findings- financial statement audit**

There were no prior reportable conditions related to the audit of the financial statements in accordance with Auditing Standards Generally Accepted in the United States.

**Findings and questioned costs – major federal award programs audit**

There were no prior audit findings or questioned costs in relation to an audit in accordance with OMB Uniform Guidance.