

**NORTHEAST COLORADO  
HEALTH DEPARTMENT**

**AUDITED FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

NORTHEAST COLORADO HEALTH DEPARTMENT  
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December 31, 2023

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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, 2023, 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, 2023, 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 37 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 25, 2024 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 25, 2024

NORTHEAST COLORADO HEALTH DEPARTMENT  
MANAGEMENT DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023

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, 2023.

**FINANCIAL HIGHLIGHTS**

- The net position of the Northeast Colorado Health Department decreased by \$136,565 in 2023.
- The total revenue decreased by \$637,235 compared to 2022. This represents a 14% decrease.

**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 \$1,443,181 by the close of 2023.

NORTHEAST COLORADO HEALTH DEPARTMENT  
MANAGEMENT DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023

**NET POSITION**

The following tables focus on the combined net position and changes in net position of the Department's governmental activities from 2022 to 2023.

	<b>2023</b>	<b>2022</b>	<b>Net Change</b>
Current assets	\$ 3,289,517	\$ 3,362,336	\$ (72,819)
Long-term assets	-	246,065	(246,065)
Capital assets	810,274	871,629	(61,355)
Deferred outflows	1,159,905	99,653	1,060,252
	<hr/>		
Total assets and deferred outflows	<b>\$ 5,259,696</b>	<b>\$ 4,579,683</b>	<b>\$ 680,013</b>
	<hr/>		
Current liabilities	\$ 752,455	\$ 610,593	\$ 141,862
Long-term liabilities	2,986,801	189,707	2,797,094
	<hr/>		
Total liabilities	<b>3,739,256</b>	<b>800,300</b>	<b>2,938,956</b>
Deferred Inflows	<b>77,259</b>	<b>2,199,637</b>	<b>(2,122,378)</b>
	<hr/>		
Invested in capital assets	810,274	871,629	(61,355)
Unrestricted	632,907	708,117	(75,210)
	<hr/>		
Total net position	<b>1,443,181</b>	<b>1,579,746</b>	<b>(136,565)</b>
	<hr/>		
<b>Total liabilities, deferred inflows and net position</b>	<b>\$ 5,259,696</b>	<b>\$ 4,579,683</b>	<b>\$ 680,013</b>

**PROGRAM REVENUE**

	<b>2023</b>	<b>2022</b>	<b>Net Change</b>
Charges for services	\$ 441,501	\$ 429,208	\$ 12,293
Operating grants & Contributions	3,583,446	4,281,263	(697,817)
Capital grants and Contributions			
General Revenues:			
Investment earnings	39,521	6,792	32,729
Miscellaneous	38,649	23,089	15,560
	<hr/>		
<b>Total Revenues</b>	<b>4,103,117</b>	<b>4,740,352</b>	<b>(637,235)</b>
	<hr/>		
<b>Program Expenses</b>			
Salaries & related expenses	3,074,913	2,861,434	213,479
Materials and services	1,087,460	1,344,119	(256,659)
Depreciation	77,309	84,227	(6,918)
	<hr/>		
<b>Total Expenses</b>	<b>4,239,682</b>	<b>4,289,780</b>	<b>(50,098)</b>
	<hr/>		
Change in net position	<b>(136,565)</b>	<b>450,572</b>	<b>(587,137)</b>
	<hr/>		
Net position at beginning of year	<b>1,579,746</b>	<b>1,129,174</b>	<b>450,572</b>
	<hr/>		
Net position at end of year	<b>\$ 1,443,181</b>	<b>\$ 1,579,746</b>	<b>\$ (136,565)</b>
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NORTHEAST COLORADO HEALTH DEPARTMENT  
MANAGEMENT DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023

**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 \$2,742,974 which is \$222,506 less 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 \$810,274 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>2023</b>	<b>2022</b>	<b>Net Change</b>
Land	\$ 85,000	\$ 85,000	\$ -
Buildings & certain improvements	638,947	672,062	(33,115)
Equipment	86,327	114,567	(28,240)
Total capital net position of depreciation	<b>\$ 810,274</b>	<b>\$ 871,629</b>	<b>\$ (61,355)</b>

**ECONOMIC FACTORS**

Northeast Colorado Health Department is continuing to manage NCHD in a fiscally conservative manner.

**NOTES OF MAJOR 2023 ACTIVITIES AND ACTIONS**

- The Northeast Colorado Health Department purchased land in Morgan County at a greatly reduced cost. NCHD is working on applying for grants which will allow us to move forward with a new building in Morgan County.
- COVID related money received is closing out. The State has revised the SOW for remaining COVID funds, the agency is still able to operate our normal immunization programs with these funds.

**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, 2023

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, 2023

Assets:		
Cash	\$ 2,687,187	
Grant receivables	602,330	
Net pension asset	-	
Capital assets, net of accumulated depreciation	<u>810,274</u>	
Total Assets		\$ 4,099,791
Deferred Outflows of Resources:		
Pension Plan	1,146,023	
Other Post Employment Benefits	<u>13,882</u>	
Total Deferred Outflows		<u>1,159,905</u>
Total Assets and Deferred Outflows		<u><u>\$ 5,259,696</u></u>
Liabilities		
Accounts payable	\$ 154,863	
Unearned grant revenue	391,680	
Accrued compensated absences	205,912	
Other post employment benefits liability	179,625	
Net pension liability	<u>2,807,176</u>	
Total Liabilities		\$ 3,739,256
Deferred Inflows of Resources:		
Pension Plan	13,994	
Other Post Employment Benefits	<u>63,265</u>	
Total Deferred Inflows		77,259
Net Position		
Invested in capital assets	810,274	
Unrestricted	<u>632,907</u>	
Total Net Position		<u>1,443,181</u>
Total Liabilities and Net Position		<u><u>\$ 5,259,696</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, 2023

Functions/ Programs	Program Revenues				Net
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental Activities					
General government	\$ 4,239,682	\$ 441,501	\$ 3,583,446	\$ -	\$ (214,735)
Total Governmental Activities	\$ 4,239,682	\$ 441,501	\$ 3,583,446	\$ -	\$ (214,735)
	General Revenues				
			Investment earnings		39,521
			Miscellaneous		38,649
			Change in Net Position		(136,565)
			Net Position, Beginning of Year		1,129,174
			Net Position, End of Year		\$ 992,609

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, 2023

	Assets	General Fund
Cash		\$ 2,687,187
Grant receivables		<u>602,330</u>
Total Assets		<u>\$ 3,289,517</u>
Liabilities and Fund Balance		
Liabilities		
Accounts Payable		\$ 154,863
Unearned Grant Revenue		<u>391,680</u>
Total Liabilities		\$ 546,543
Fund Balance		
Unassigned		<u>2,742,974</u>
Total Fund Balance		<u>2,742,974</u>
Total Liabilities and Fund Balance		<u>\$ 3,289,517</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, 2023

Total Fund Balance - Balance Sheet - Governmental Funds	\$ 2,742,974
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.	810,274
Deferred inflows and outflows related to pensions	1,082,646
Accrued compensated absences	(205,912)
Other post employment benefits liability	(179,625)
Net pension liability	<u>(2,807,176)</u>
Total Net Position	<u><u>\$ 1,443,181</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, 2023

	GENERAL FUND
Revenues	
Intergovernmental	\$ 3,583,446
Fees for services	441,501
Contributions	4,687
Miscellaneous	73,483
Total Revenue	\$ 4,103,117
Expenditures	
Salaries and related expenses	3,222,209
Materials and services	1,087,460
Capital outlay	15,954
Total Expenses	4,325,623
Change in Fund Balance	(222,506)
Fund Balance Beginning of Year	2,965,480
Fund Balance End of Year	\$ 2,742,974

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, 2023

Net Change in Fund Balance - Governmental Funds	\$ (222,506)
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.	(61,355)
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.	7,825
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.	23,497
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>115,974</u>
Net Change in the Net Position - Governmental Activities	<u><u>\$ (136,565)</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, 2023

**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, 2023

**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, 2023

**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  
NOTES TO FINANCIAL STATEMENTS  
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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 2023 was \$55,356.

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	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
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	<u>498,866</u>	<u>34,309</u>	<u>(40,676)</u>	<u>462,494</u>
Total Capital assets being depreciated	<u>1,899,082</u>	<u>34,309</u>	<u>(40,676)</u>	<u>1,862,710</u>
Total Capital assets	1,984,082	34,309	(40,676)	1,947,710
Less accumulated depreciation for:				
Buildings and certain improvements	(728,154)	(33,116)	-	(761,270)
Equipment	<u>(384,299)</u>	<u>(32,543)</u>	<u>40,676</u>	<u>(376,166)</u>
Total accumulated depreciation	<u>(1,112,453)</u>	<u>(65,660)</u>	<u>40,676</u>	<u>(1,137,436)</u>
Capital Assets, net	<u>\$ 871,629</u>	<u>\$ (31,351)</u>	<u>\$ -</u>	<u>\$ 810,274</u>

**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.

**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).

*Benefits provided as of December 31, 2022.* 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.

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**NOTE 5. DEFINED BENEFIT PENSION PLAN (continued)**

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.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. 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 the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% 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.

*Contributions provisions as of December 31, 2023:* 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, 2023 through December 31, 2023 are summarized in the table below:

	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023	July 1, 2023 Through December 31, 2023
Employee contribution (all employees other than State Troopers)	8.50%	9.00%	9.00%	9.00%
State Troopers	12.50%	13.00%	13.00%	13.00%

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

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

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

	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023	July 1, 2023 Through December 31, 2023
Employer contribution rate	10.50%	11.00%	11.00%	11.00%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%	(1.02)%	(1.02)%
Amount apportioned to the LGDTF	9.48%	9.98%	9.98%	9.98%
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	0.03%	0.03%	0.06%	0.06%
<b>Total employer contribution rate to the LGDTF</b>	<b>13.21%</b>	<b>13.71%</b>	<b>13.74%</b>	<b>13.74%</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 \$311,715 for the year ended December 31, 2023.

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

The net pension liability for the LFDTF was measured as of December 31, 2022 and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TPL to December 31, 2022. The Northeast Colorado Health Department proportion of the net pension asset was based on Northeast Colorado Health Department contributions to the LGDTF for the calendar year 2022 relative to the total contributions of participating employers.

At December 31, 2023, the Northeast Colorado Health Department reported a liability of \$2,807,176 for its proportionate share of the net pension liability.

At December 31, 2022, the Northeast Colorado Health Department proportion was 0.28 percent, which was .01 percent greater than its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the Northeast Colorado Health Department recognized pension expense of \$232,207. At December 31, 2023 the Northeast Colorado Health Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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**NOTE 5. DEFINED BENEFIT PENSION PLAN (continued)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual Experience	\$	\$ 13,994
Net difference between projected and actual Earnings on pension plan investments	1,146,023	
Contributions subsequent to the measurement Date	<u>311,715</u>	
Totals	<u>\$ 1,457,738</u>	<u>\$ 13,994</u>

\$311,715 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, 2023. 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>
2024	\$ 226,406
2025	226,406
2026	226,406
2027	226,406
2028	<u>226,405</u>
	<u>\$ 1,132,029</u>

*Actuarial assumptions.* The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30 percent
Real wage growth	0.70 percent
Wage inflation	3.00 percent
Salary increases, including wage inflation	3.20 – 11.30 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)	1.00 percent compounded annually
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

<sup>1</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.

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**NOTE 5. DEFINED BENEFIT PENSION PLAN (continued)**

The TPL for the LGDTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, as allowable under C.R.S. § 24-51-313, of Tri-County Health Department (Tri-County Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

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

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.

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

The actuarial assumptions used in the December 31, 2021, valuations were based on the results of the 2020 experience analysis for the periods January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board during the November 20, 2020, meeting.

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.

Several factors are considered in evaluating the long-term rate of return assumption, 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 percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% 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:

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**NOTE 5. DEFINED BENEFIT PENSION PLAN (continued)**

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	6.00%	4.70%
<b>Total</b>	<b>100.00%</b>	

Note: 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 nominal rate of return assumption of 7.25%.

*Discount rate.* The discount rate used to measure the TPL was 7.25%. 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%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the required adjustments resulting from the 2018 and 2020 AAP assessments. 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 required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions 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.
- The AIR balance was excluded from the initial FNP, 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 FNP and the subsequent AIR benefit payments were estimated and included in the projections.

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**NOTE 5. DEFINED BENEFIT PENSION PLAN (continued)**

- 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	\$ 4,712,543	\$ 2,807,176	\$ 1,212,070

*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.

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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, 2023 through December 31, 2023 are summarized in the tables below:

	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023	July 1, 2023 Through December 31, 2023
<b>Employee Contribution Rates:</b>				
All employees other than State Troopers	8.50%	9.00%	8.50%	9.00%
State Troopers	12.50%	13.00%	13.00%	13.00%
<b>Employer Contribution Rates:</b>				
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%

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

Additionally, the employers are required to contribute AED, SAED, and other statutory amounts for employees other than State Troopers to the LGDTF, as follows:

	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023	July 1, 2023 Through December 31, 2023
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%
Automatic Adjustment Provision (AAP) as specified in C.R.S. § 24-51-413	0.50%	1.00%	1.00%	1.00%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.03%	0.03%	0.06%	0.06%
<b>Total employer contribution rate to the LGDTF</b>	<b>4.23%</b>	<b>4.73%</b>	<b>4.76%</b>	<b>4.76%</b>

\*\*Contribution rates 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 2023..

**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, 2023

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Northeast Colorado Health Department is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Northeast Colorado Health Department were \$23,619 for the year ended December 31, 2023.

NORTHEAST COLORADO HEALTH DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**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, 2023, the Northeast Colorado Health Department reported a liability of \$179,625 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2022. The Northeast Colorado Health Department proportion of the net OPEB liability was based on Northeast Colorado Association of Local Government's contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022 the Northeast Colorado Health Department proportion was 0.022 percent, which was .001 percent greater than its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the Northeast Colorado Health Department recognized OPEB expense of \$(598). At December 31, 2023, 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	\$13,882	
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on OPEB plan investments		\$ 63,265
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	\$23,619	
Total	\$37,501	\$ 63,265

\$23,619 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, 2023. 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, 2023</b>	
2024	\$ 9,877
2025	9,877
2026	9,877
2027	9,878
2028	9,878

NORTHEAST COLORADO HEALTH DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

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

*Actuarial assumptions.* The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	State Division	School Division	Local Government Division	Judicial Division
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	3.30%- 10.90%	3.40%-11.00%	3.20%- 11.30%	2.80%-5.30%
State Troopers	3.20%- 12.40%	N/A	3.20%- 12.40%	N/A
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation			7.25%	
Discount rate			7.25%	
Health care cost trend rates				
PERA benefit structure:				
Service-based premium subsidy			0.00%	
PERACare Medicare plans			6.50% in 2022 gradually decreasing to 4.50% in 2030	
Medicare Part A premiums			3.75% in 2022, gradually increasing to 4.50% in 2029	
DPS benefit structure:				
Service-based premium subsidy			0.00%	
PERACare Medicare plans			N/A	
Medicare Part A premiums			N/A	

The TOL for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health Department (TriCounty Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 2022 premium rates for the United Healthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the United Healthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

NORTHEAST COLORADO HEALTH DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

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

**Age-Related Morbidity Assumptions**

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-69	3.0%	1.5%
70	2.9%	1.6%
71	1.6%	1.4%
72	1.4%	1.5%
73	1.5%	1.6%
74	1.5%	1.5%
75	1.5%	1.4%
76	1.5%	1.5%
77	1.5%	1.5%
78	1.5%	1.6%
79	1.5%	1.5%
80	1.4%	1.5%
81 and older	0.0%	0.0%

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$1,704	\$1,450	\$583	\$496	\$1,923	\$1,634
70	\$1,976	\$1,561	\$676	\$534	\$2,229	\$1,761
75	\$2,128	\$1,681	\$728	\$575	\$2,401	\$1,896

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$6,514	\$5,542	\$4,227	\$3,596	\$6,752	\$5,739
70	\$7,553	\$5,966	\$4,901	\$3,872	\$7,826	\$6,185
75	\$8,134	\$6,425	\$5,278	\$4,169	\$8,433	\$6,657

The 2022 Medicare Part A premium is \$499 (actual dollars) per month.

NORTHEAST COLORADO HEALTH DEPARTMENT  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2023

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

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2020, 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 used to measure the TOL are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

Mortality assumptions used in the December 31, 2020, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (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  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

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

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87% of the rates prior to age 80 and 107% 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 mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median 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% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

NORTHEAST COLORADO HEALTH DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

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

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% 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 following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- Per capita health care costs in effect as of the December 31, 2021, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2022 plan year.
- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by United Healthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above.

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the TOL, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

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, 2020.

NORTHEAST COLORADO HEALTH DEPARTMENT  
 NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2023

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

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.

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	6.00%	4.70%
<b>Total</b>	<b>100.00%</b>	

Note: 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	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	189,308	163,296	141,047

*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, 2022, measurement date.

NORTHEAST COLORADO HEALTH DEPARTMENT  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2023

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

- 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%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

*Sensitivity of the 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	\$208,239	\$179,625	\$155,151

*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.

NORTHEAST COLORADO HEALTH DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 8. COMMITMENTS AND CONTINGENCIES (continued)**

**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, 2023

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, 2023

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%
2022	282,345	282,345	2,138,980	13.20%
2023	311,715	311,715	2,315,562	13.47%

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, 2023

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%	86.30%
2021	0.24%	1,245,494	1,692,399	73.60%	90.90%
2022	0.29%	(246,065)	2,138,980	-11.51%	101.49%
2023	0.28%	2,807,176	2,315,562	121.23%	48.89%

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, 2023

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%
2022	21,818	21,818	2,138,980	1.02%
2023	23,619	23,619	2,315,562	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, 2023

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%	16.70%
2018	0.018%	233,930	1,474,404	15.87%	17.50%
2019	0.017%	231,292	1,461,500	15.83%	17.00%
2020	0.017%	191,080	1,526,806	12.52%	24.50%
2021	0.018%	171,041	1,692,399	10.11%	32.80%
2022	0.022%	189,707	2,138,980	8.87%	39.40%
2023	0.022%	179,625	2,315,562	7.76%	27.50%

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
County contributions	\$ 697,956	\$ 697,956	\$ 697,956	\$ -
Fees	431,580	431,580	441,501	9,921
Contracts	4,939,843	4,939,843	2,885,490	(2,054,353)
Interest	1,300	1,300	39,521	38,221
Miscellaneous	6,810	6,810	38,649	31,839
Total Revenues	6,077,489	6,077,489	4,103,117	(1,974,372)
Expenditures				
Salaries	2,773,136	2,773,136	2,394,480	378,656
Related expenses	1,029,438	1,029,438	845,669	183,769
Travel	123,966	123,966	129,885	(5,919)
Supplies	146,543	146,543	64,038	82,505
Postage	10,344	10,344	7,624	2,720
Communications	95,624	95,624	59,517	36,107
Utilities	42,024	42,024	39,299	2,725
Photocopy	27,254	27,254	16,027	11,227
Rent and building operations	65,283	65,283	27,888	37,395
Maintenance	124,316	124,316	82,508	41,808
Equipment	268,956	268,956	31,077	237,879
Marketing	3,000	3,000	3,658	(658)
Treasurer fee	16,800	16,800	16,800	-
Program expense	893,114	893,114	250,471	642,643
Professional fees	419,559	419,559	289,618	129,941
Capital outlay	-	-		-
Mini grant expenses	500	500	1,625	(1,125)
Bank fees	2,770	2,770	2,577	193
Software main/ licenses	34,862	34,862	62,862	(28,000)
Total Expenditures	6,077,489	6,077,489	4,325,623	1,751,866
Excess Revenues over Expenditures	-	-	(222,506)	(222,506)
Fund Balance Beginning of Year			2,965,480	
Fund Balance End of Year			\$ 2,742,974	

NORTHEAST COLORADO HEALTH DEPARTMENT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended December 31, 2023

**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, 2023

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, 2023

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	\$ 2,078,755
Total U.S. Department of Agriculture		2,078,755
<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	169,148
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	22,355
Injury Prevention and Control Research Programs	93.136	42,250
Family Planning - Services	93.217	45,079
Oral Health Workforce Activities	93.236	17,290
Immunization Grants	93.268	41,769
Epidemiology and Lab Capacity for Infectious Infectious Diseases	93.323	732,661
State Actions to Improve Oral Health Outcomes	93.366	10,221
CDC's Collaboration with Academia to Strengthen Public Health	93.967	1,335
Preventive Health Services Block Grant	93.991	39,320
Maternal and Child Health Services Block Grant to the States	93.994	61,941
Total U.S. Department of Health and Human Services		1,183,369
Total Expenditures of Federal Awards		\$ 3,262,124

NORTHEAST COLORADO HEALTH DEPARTMENT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
December 31, 2023

**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.	\$ 1,688,056
CFDA No. 93.977	Value of Chlamydia Grant supplies provided for participants.	<u>9,320</u>
	Total value of nonmonetary assistance	<u>\$ 1,697,376</u>



**LIITJOHANN, 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 the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Northeast Colorado Health Department, as of and for the year ended December 31, 2023, 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 25, 2024.

**Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 or significant deficiencies may exist that were not identified.

**Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "L. Morgan" followed by a stylized flourish.

Fort Morgan, Colorado  
June 25, 2024



**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**

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

We have audited the Northeast Colorado Health Department's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Northeast Colorado Health Department's major federal programs for the year ended December 31, 2023. 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.

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, 2023.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

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

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Northeast Colorado Health Department's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal

control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Northeast Colorado Health Department's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

#### **Report on Internal Control over Compliance**

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

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

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

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



Fort Morgan, Colorado  
June 25, 2024

NORTHEAST COLORADO HEALTH DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
December 31, 2023

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, 2023

**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, 2023

**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.