

PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

FINANCIAL STATEMENTS

AND

REQUIRED SUPPLEMENTAL INFORMATION

AND

SUPPLEMENTARY INFORMATION

WITH

INDEPENDENT AUDITORS' REPORTS

DECEMBER 31, 2023

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1
Management's Discussion and Analysis (Unaudited)	4
Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements	
Governmental Fund	
Balance Sheet Governmental Fund - General Fund	11
Reconciliation of the Balance Sheet Governmental Fund - General Fund to the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund	13
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	14
Notes to Financial Statements	15
Required Supplemental Information (Unaudited)	
Schedule of Revenues, Expenditures, and Change in Fund Balance, Budget and Actual - General Fund	41
Notes to Budgetary Comparison Schedule - General Fund	42
Schedule of the Proportionate Share of the Net Pension (Asset) Liability	43
Schedule of Employer Contributions - Pension	44
Schedule of the Proportionate Share of the Net OPEB Liability	45
Schedule of Employer Contributions - OPEB	46
Supplementary Information	
Schedule of Expenditures of Federal Awards	47
Notes to Schedule of Expenditures of Federal Awards	49
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	50
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	52
Schedule of Findings and Questioned Costs	55
Corrective Action Plan	57



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, and General Fund of Pueblo Department of Public Health and Environment, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Pueblo Department of Public Health and Environment's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, and General Fund of Pueblo Department of Public Health and Environment, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of 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 Pueblo Department of Public Health and Environment 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.

Emphasis of Matter

As discussed in the notes to financial statements, the financial statements of Pueblo Department of Public Health and Environment are intended to present the financial position, and the changes in financial position of only that portion of the governmental activities, and General Fund of Pueblo Department of Public Health and Environment that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial positions of the City or County of Pueblo, Colorado, as of December 31, 2023, the changes in their financial positions, or, where applicable, their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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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 Pueblo Department of Public Health and Environment's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pueblo Department of Public Health and Environment's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pueblo Department of Public Health and Environment'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 management's discussion and analysis and budgetary comparison, pension information and other post-employment benefits information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information 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 December 6, 2024 on our consideration of Pueblo Department of Public Health and Environment's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Pueblo Department of Public Health and Environment's internal control over financial reporting and compliance.

CBIZ CPAs P.C.¹

Colorado Springs, Colorado
December 6, 2024

***MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)***

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
MANAGEMENT’S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023
(UNAUDITED)**

As management of the Pueblo Department of Public Health and Environment (the Health Department), we offer readers this discussion and analysis in order to provide a financial performance overview of the Health Department’s financial activities for the Fiscal Year ended December 31, 2023. Readers are encouraged to use the information presented here in conjunction with the financial statements that follow this narrative.

Fund Financial Highlights

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

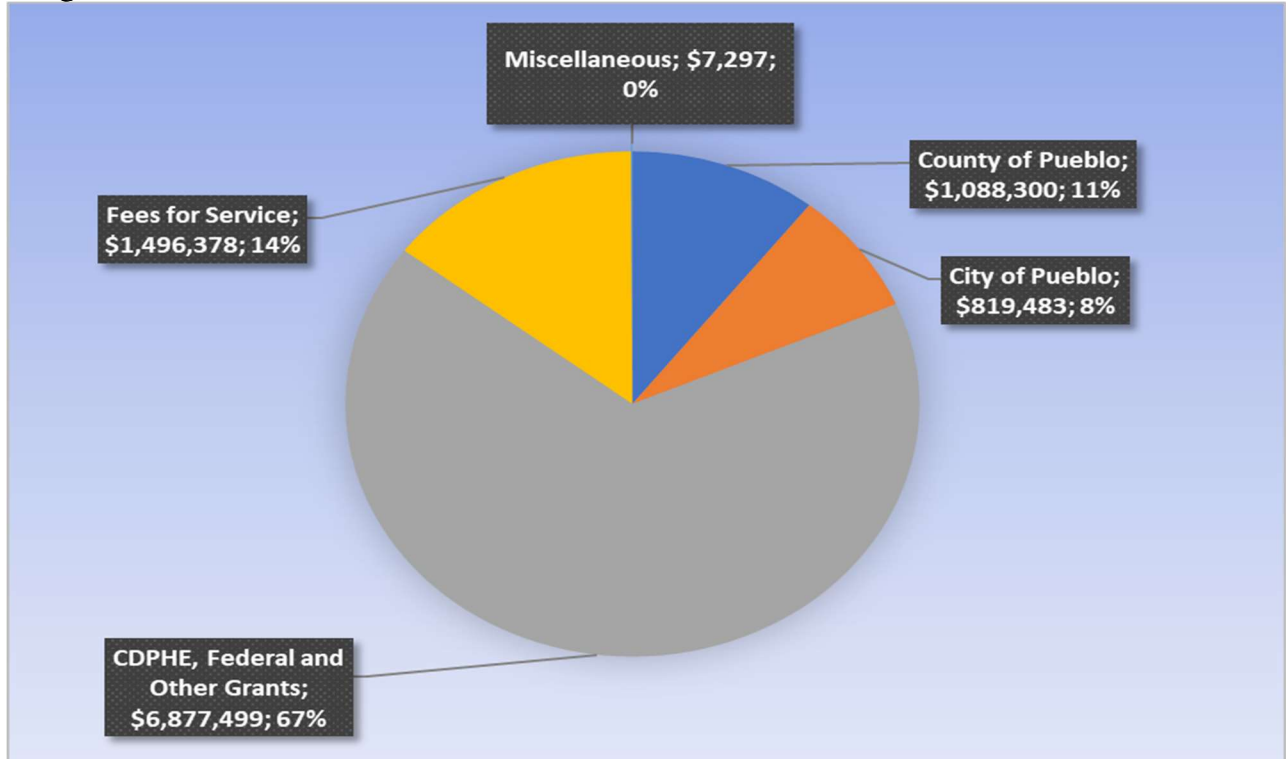
- The assets of the General Fund of the Health Department exceeded its liabilities by \$4,622,138 at the close of the fiscal year. Of this amount, \$1,137,078 may be used to meet the Health Department’s ongoing obligations.
- The total assets of the General Fund of the Health Department decreased by \$557,484 due to a decrease in accounts receivable and cash holdings. Normal operating liabilities decreased by \$442,521. Total fund balance decreased by the change in which expenditures exceeded revenues of \$114,963.
- Total revenues decreased by 7.8% or approximately \$868,000, which was due to a decrease in intergovernmental specific grants. Expenditures decreased by 4.5% or approximately \$497,000 due to a decrease in expenses for temp services.

Overview of the Financial Statements

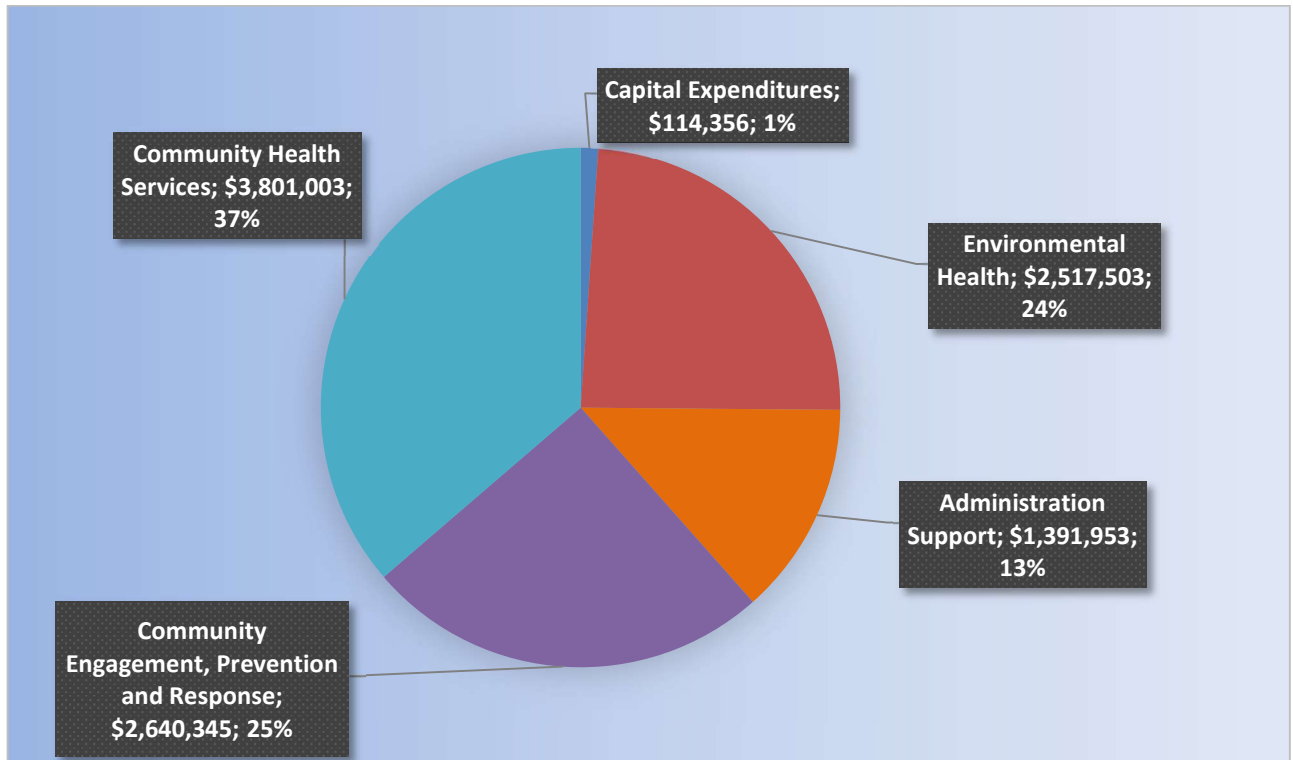
The Health Department is funded from a variety of sources. The percentage of monies received from each of these sources in 2023 is shown on the following page.

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023
(UNAUDITED)**

Percentage of funds received from each source:



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



**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
MANAGEMENT’S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023
(UNAUDITED)**

Government-Wide Statements

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

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

	<u>2023</u>	<u>2022</u>
Current and Other Assets	\$ 5,275,086	\$ 5,832,570
Capital Assets	243,092	211,707
Net Pension Asset	-	631,756
Total Assets	<u>\$ 5,518,178</u>	<u>\$ 6,676,033</u>
Deferred Outflows of Resources	<u>\$ 4,106,299</u>	<u>\$ 1,183,247</u>
Current Liabilities	\$ 652,948	\$ 1,095,469
Current Portion of Compensated		
Absences	-	90,667
Net Pension/OPEB Liability	8,222,705	491,075
Long-Term Portion of Compensated		
Absences	500,202	478,123
Total Liabilities	<u>\$ 9,375,855</u>	<u>\$ 2,155,334</u>
Deferred Inflows of Resources	<u>\$ 216,215</u>	<u>\$ 5,648,840</u>
Net Position (Deficit):		
Invested in Capital Assets	\$ 243,092	\$ 211,707
Restricted	391,527	493,350
Unrestricted	(602,212)	(649,951)
Total Net Position (Deficit)	<u>\$ 32,407</u>	<u>\$ 55,106</u>

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

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023
(UNAUDITED)**

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

	<u>2023</u>	<u>2022</u>
Expenses		
Health and Welfare		
Administrative	\$ 2,287,113	\$ 270,217
Health Promotions and Emergency Preparedness	2,333,033	2,539,170
Community Health Services	3,459,627	3,754,540
Environment Health	2,293,123	2,444,955
Total Expenses	<u>10,372,896</u>	<u>9,008,882</u>
Program Revenues		
Charges for Services	1,496,378	1,440,817
Operating Grants and Contributions		
City of Pueblo-special Allocation	819,483	907,651
County of Pueblo-special Allocation	1,088,299	1,184,389
Intergovernmental Specific Grants	6,292,866	7,236,209
Contributions and Private Grants	584,633	376,586
Other	68,538	30,808
Total Revenues	<u>10,350,197</u>	<u>11,176,460</u>
Change in Net Position	<u>\$ (22,699)</u>	<u>\$ 2,167,578</u>

The table below shows the condensed budget comparison for 2023:

	<u>Final Budget</u>	<u>Actual</u>
Revenues		
Charges for Service	\$ 1,599,990	\$ 1,496,378
Intergovernmental	1,907,783	1,907,783
Grants and Contributions	6,548,093	6,877,499
Investment Earnings	6,000	61,240
Other	-	7,297
	<u>\$ 10,061,866</u>	<u>\$ 10,350,197</u>
Expenditures		
Personnel and Benefits	\$ 8,758,963	\$ 8,182,607
Operating	1,952,591	2,168,197
Capital Outlay	65,538	114,356
	<u>\$ 10,777,092</u>	<u>\$ 10,465,160</u>

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
MANAGEMENT’S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023
(UNAUDITED)**

The Pueblo Department of Public Health and Environment continued to respond to COVID-19 needs focused on contract tracing, epidemiology efforts and community outreach. The Health Department continued to receive COVID-19 funding to meet the response needs.

Economic Factors and Next Year’s Budget

The Pueblo Department of Public Health and Environment provides critical services to the citizens within the City of Pueblo and Pueblo County. The costs of these services continue to rise due to inflation. The Health Department’s revenue will decrease in 2024 by \$649,581 mainly due to the ending of COVID-19 funding sourced. All programs will continue to be evaluated to assure that adequate funding is available to sustain the needed level of services required and to meet the goal of the Department to be fiscally responsible. The Pueblo Department of Public Health and Environment will continue to research new funding sources to meet the Public Health needs of the community.

Discussion on of Finding related to the Data Collection Form not submitted timely

The financial statements were not finalized by the due date due to transitional changes at the audit firm. Our audit with Erickson, Brown & Kloster, LLC was confirmed around February 13, 2024, that our 2023 audit would start the week of April 22, 2024, and go through May 3, 2024. We were notified shortly after scheduling the audit that Erickson, Brown & Kloster, LLC had been acquired by CBIZ Inc. as well as the auditor assigned to perform our audit departed the firm. At that time, it was not known when our audit would be conducted. Our audit was rescheduled to start on July 8, 2024. The standard work papers that have been submitted in previous audits were submitted to the firm’s drop box on July 8, 2024. Additional schedules were submitted that week. Upon several request for an update about our financial audit, I was informed on September 9, 2024, the individual that was assigned to conduct our financial audit had resigned on September 6, 2024, and they did not have another auditor to work on the audit. We were notified on September 30, 2024, of the individual that was assigned to work on the audit. Additional information requested by the auditors were submitted between one to three days. On November 14, 2024, a draft audit was made available to start reviewing. The audit was presented to the Board of Health on November 27, 2024. The process to submit the Data Collection Form to the Federal Audit Clearinghouse will subsequently begin.

A Request for Quotes (RFQ) went out to auditing firms to obtain quotes for our 2024 audit. A new auditing firm has been selected for the 2024 audit.

Request for Information

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

FINANCIAL STATEMENTS

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$ 2,243,256
Investments	1,216,079
Accounts Receivable	1,770,034
Prepaid Items	45,717
Capital Assets, Net of Depreciation	243,092
Total Assets	<u><u>\$ 5,518,178</u></u>
 Total Deferred Outflows of Resources	
Deferred Outflows of Resources - Pension Related	\$ 4,002,903
Deferred Outflows of Resources - OPEB Related	103,396
Total Deferred Outflows of Resources	<u><u>\$ 4,106,299</u></u>
 Liabilities	
Accounts Payable	\$ 155,174
Due to Other Governments	15,083
Accrued Liabilities	279,004
Prepaid Fees and Grants	203,687
Net Pension Liability	7,718,056
Net OPEB Liability	504,649
Long-term Liabilities	
Due in More Than One Year:	
Compensated Absences	500,202
Total Liabilities	<u><u>\$ 9,375,855</u></u>
 Deferred Inflows of Resources	
Deferred Inflows of Resources Pension Related	\$ 38,476
Deferred Inflows of Resources OPEB Related	177,739
Deferred Inflows of Resources	<u><u>\$ 216,215</u></u>
 Net Position (Deficit)	
Net Investment in Capital Assets	\$ 243,092
Restricted	391,527
Unrestricted	(602,212)
Total Net Position (Deficit)	<u><u>\$ 32,407</u></u>

See Notes to Financial Statements

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

	Governmental Activities
Expenses	
Administrative Support	\$ 2,287,113
Health Promotions and Emergency Preparedness	2,333,033
Community Health Services	3,459,627
Environmental Health	2,293,123
Total Expenses	10,372,896
 Program Revenues	
Charges for Services	1,496,378
Operating Grants and Contributions	
City of Pueblo-special Allocation	819,483
County of Pueblo-special Allocation	1,088,300
Intergovernmental Specific Grants	6,292,866
Contributions and Private Grants	584,633
Other	7,297
Total Program Revenues	10,288,957
 Net Program Expenses	 83,939
 General Revenues	
Investment Earnings	61,240
 Change in Net Position	 (22,699)
 Net Position - Beginning	 55,106
 Net Position (Deficit) - Ending	 \$ 32,407

See Notes to Financial Statements

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
BALANCE SHEET
GOVERNMENTAL FUND - GENERAL FUND
DECEMBER 31, 2023**

ASSETS

Cash and Cash Equivalents	\$	2,243,256
Investments		1,216,079
Accounts Receivable		1,770,034
Prepaid Items		45,717
		45,717
Total Assets	\$	5,275,086
		5,275,086

LIABILITIES AND FUND BALANCE

Liabilities

Accounts Payable	\$	155,174
Due to Other Governments		15,083
Accrued Liabilities		279,004
Prepaid Fees		203,687
		203,687
Total Liabilities		652,948
		652,948

Fund Balance

Nonspendable		45,717
Restricted		391,527
Committed		2,772,816
Assigned		275,000
Unassigned		1,137,078
		1,137,078
Total Fund Balance		4,622,138
		4,622,138

Total Liabilities and Fund Balance	\$	5,275,086
		5,275,086

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
RECONCILIATION OF THE BALANCE SHEET GOVERNMENTAL FUND - GENERAL FUND
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2023**

Total Fund Balance - Governmental Fund \$ 4,622,138

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

The net pension liabilities and related deferred items are not available for current period expenditures and are therefore not reported in the

Net Pension Liability	(7,718,056)
Net OPEB Liability	(504,649)
Deferred Outflows of Resources - Pension Related	4,002,903
Deferred Inflows of Resources - Pension Related	(38,476)
Deferred Outflows of Resources - OPEB Related	103,396
Deferred Inflows of Resources - OPEB Related	(177,739)

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

Capital Assets	2,093,835
Accumulated Depreciation	(1,850,743)

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

(500,202)

Total Net Position (Deficit) - Governmental Activities	\$ <u><u>32,407</u></u>
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**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2023**

Expenditures

Health and Welfare	
Administrative Support	\$ 1,391,953
Health Promotions and Emergency Preparedness	2,640,345
Community Health Services	3,801,003
Environmental Health	2,517,503
Capital Outlay	114,356
Total Expenditures	10,465,160

Program Revenues

Charges for Services	1,496,378
Operating Grants and Contributions	
City of Pueblo-special Allocation	819,483
County of Pueblo-special Allocation	1,088,300
Intergovernmental Specific Grants	6,292,866
Contributions and Private Grants	584,633
Other	7,297
Total Program Revenues	10,288,957

General Revenue

Investment Earnings	61,240
	61,240

Net Revenues	10,350,197
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Net Change in Fund Balance	(114,963)
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Fund Balance - Beginning	4,737,101
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Fund Balance - Ending	\$ 4,622,138
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See Notes to Financial Statements

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

Total Net Change in Fund Balance - Governmental Funds \$ (114,963)

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

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

Depreciation Expense	(82,970)
Capital Outlay	114,356

Changes in the net pension liability, deferred inflows and outflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (868,481)

Changes in the net OPEB liability, deferred inflows and outflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (55,857)

Current year contributions to PERA under GASB 68 and GASB 75 are not considered pension expense for the statement of activities, but are an expenditure on the statement of revenue and expenditures. 916,629

Governmental funds report compensated absences as expenses when paid. However, in the statement of activities the expense is accrued.

Prior Year Compensated Absences Payable	568,789
Current Year Compensated Absences Payable	(500,202)

Change in Net Position - Governmental Activities \$ (22,699)

NOTES TO FINANCIAL STATEMENTS

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

Government-Wide and Fund Financial Statements

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

The Health Department reports the following major governmental fund:

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

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

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

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

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

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

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

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

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

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

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

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

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

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

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

Use of Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

Legal Compliance – Budgets - A formal budget for the General Fund is adopted for each calendar year upon approval by the Board of Health. Management may request the Board of Health adopt supplemental appropriations, when the need arises, but cannot amend the adopted budget. No requests from the Board of Health were made in 2023 for supplemental appropriations.

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

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

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

Cash on Hand	\$ 1,285,614
Demand Deposits	55,199
Deposit with County Treasurer	902,443
Total Cash and Cash Equivalents	<u>\$ 2,243,256</u>

Deposits – At December 31, 2023, the bank balance of the Health Department’s deposits, including deposits with County Treasurer, was \$2,291,296. Of the bank balance, \$250,000 was covered by federal depository insurance and the remaining was collateralized in single financial institution collateral pools maintained by the individual financial institutions that hold these deposits but are not subject to credit risk because they are collateralized with securities held by the pledging financial institution’s agent in the Health Department’s name or County Treasurer.

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

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

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

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

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

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

As of December 31, 2023, the following summarizes the investments and maturities of the Health Department:

Investment Type	Fair Value
Colo Trust Plus+	\$ 574,263
C-Safe Cash	641,816
Total Investments	\$ 1,216,079

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

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

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

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

Credit Risk - The Health Department does not have an investment policy that would further limit its investment choices beyond the requirements of Colorado statutes. As of December 31, 2023, the County’s investments, in ColoTrust Plus+ and C-SAFE, were rated AAAM by Standard & Poor's.

NOTE 2 – RECEIVABLES

Receivables at December 31, 2023, consist of the following:

Colorado Department of Health	\$ 1,694,448
Other	75,586
	\$ 1,770,034

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

NOTE 3 - CAPITAL ASSETS

An analysis of changes in capital assets for the year ended December 31, 2023, follows:

Description	Beginning Balance	Additions	Deletions	Ending Balance
Depreciable Assets				
Furniture and Fixtures	\$ 414,507	\$ 55,203	\$ (6,428)	\$ 463,282
Computer Hardware and Software	241,100	-	-	241,100
Equipment	1,284,813	59,153	-	1,343,966
Improvements	1,977	-	-	1,977
Total Depreciable Assets	<u>1,942,397</u>	<u>114,356</u>	<u>(6,428)</u>	<u>2,050,325</u>
Non-Depreciable Assets				
Art	43,510	-	-	43,510
Total Capital Assets	<u>1,985,907</u>	<u>114,356</u>	<u>(6,428)</u>	<u>2,093,835</u>
 Less: Accumulated Depreciation				
Furniture and Fixtures	(402,061)	(9,272)	6,428	(404,905)
Computer Hardware and Software	(233,897)	(587)	-	(234,484)
Equipment	(1,136,266)	(73,111)	-	(1,209,377)
Improvements	(1,977)	-	-	(1,977)
Total Accumulated Depreciation	<u>(1,774,201)</u>	<u>(82,970)</u>	<u>6,428</u>	<u>(1,850,743)</u>
 Total Capital Assets, Net	 <u>\$ 211,706</u>	 <u>\$ 31,386</u>	 <u>\$ -</u>	 <u>\$ 243,092</u>

Depreciation expense was charged to functions/programs as follows:

Administrative Support	\$ 7,981
Health Promotions and Emergency Preparedness	27,275
Community Health Services	9,440
Environmental Health Services	38,274
	<u>\$ 82,970</u>

NOTE 4 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended December 31, 2023:

Description	Beginning Balance	Net Change	Ending Balance	Due Within One Year
Compensated Absences	\$ 568,789	\$ (68,587)	\$ 500,202	\$ -
			<u>\$ 500,202</u>	
			Obligations Due Beyond One Year	<u>\$ 500,202</u>

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

NOTE 5 - FUND BALANCES

In the fund financial statements, the governmental fund reports the following classification of fund balance at December 31, 2023:

	Fund Financial Statements
Nonspendable	
Prepaid Items	\$ 45,717
Restricted	
Donations and Deferred Income	391,527
Committed	
Capital Replacement	470,695
General Operating Fund	2,192,121
Employee Benefit Fund	110,000
Total Committed Emergency Operating	2,772,816
Assigned	
Core Services and Emergency Operating	275,000
Unassigned	1,137,078
Total Fund Balance	\$ 4,622,138

NOTE 6 - RISK MANAGEMENT

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

NOTE 7 – DEFINED BENEFIT PENSION PLAN

Plan Description and Benefit Provisions

The Health Department participates in the Local Government Division Trust Fund (LGDTF). The Local Government Division Trust Fund (Trust Fund) is a cost-sharing multiple-employer defined benefit pension plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 67 and is administered by the Public Employees' Retirement Association of Colorado (PERA). PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 CCR 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.

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

NOTE 7 – DEFINED BENEFIT PENSION PLAN - Continued

The Trust Fund serves as a defined benefit retirement plan where retirees receive a monthly benefit for their lifetime, and generally, an annual increase each year, as eligible. Members of affiliated employers are eligible to receive a lifetime monthly retirement benefit when certain age and service credit requirements are met. These eligibilities vary by the membership date and consider credited service at key dates. The benefits are based upon a defined or fixed multiplier, age, years of credited service, and highest average salary (HAS). For most employees, HAS, as of December 31, 2022, is one-twelfth of the average of the highest annual salaries that are associated with three periods (five periods, under certain circumstances) of 12 consecutive months under PERA-covered employment. The basic retirement benefit equals 2.5% x HAS x Years of Service. If a member reaches early retirement eligibility and wishes to begin benefit payments prior to achieving the full retirement requirements, then the monthly amount is reduced to consider the early receipt of monthly payments. Alternatively, if greater, a lifetime benefit is available that is calculated by annuitizing the member's account. At benefit commencement, the member can choose from different payment options, some of which can continue after the retiree's death to a named beneficiary, and for which the benefit amount is appropriately adjusted.

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

Contributions - Eligible employees and the 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. Eligible employees are required to contribute 9% of their PERA-includable salary during the period of January 01, 2023 through December 31, 2023.

Employers are required to contribute to the Trust Fund at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Employer contribution requirements, as a percentage of salary, are summarized on the following tables:

	January 1 Through June 30, 2022
Employer Contribution	10.50%
Amount of Employer Contribution Apportioned to the Health Care Trust Fund as Specified in C.R.S. § 24-51-208(1)(f)	-1.02%
Amount Apportioned to the LGDTF	9.48%
Amortization Equalization Disbursement (AED) as Specified in C.R.S. § 24-51-411	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as Specified in C.R.S. § 24-51-411	1.50%
Defined Contribution Supplement as Specified in C.R.S. § 24-51-415	0.03%
Total Employer Contribution Rate to the LGDTF	13.21%

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

NOTE 7 – DEFINED BENEFIT PENSION PLAN – Continued

	July 1 Through December 31, 2022
Employer Contribution	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%
Amount Apportioned to the LGDTF	9.98%
Amortization Equalization Disbursement (AED) as Specified in C.R.S. § 24-51-411	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as Specified in C.R.S. § 24-51-411	1.50%
Defined Contribution Supplement as Specified in C.R.S. § 24-51-415	0.03%
Total Employer Contribution Rate to the LGDTF	13.71%

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 Health Department is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Health Department were \$852,233 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 collective total pension liability is based upon the December 31, 2021, actuarial valuation, and generally accepted actuarial techniques were applied to roll forward the collective total pension liability to December 31, 2022. The roll forward calculation includes actual benefits, refunds and disability premiums paid for the plan year, interest on the total pension liability, the annual normal cost (also called service cost), changes of benefit terms, differences between expected and actual experience at the end of year, and changes of assumptions or other inputs. At December 31, 2023, the Pueblo Department of Public Health and Environment reported a liability of \$7,718,056 for its proportionate share of the net pension liability.

The Health Department’s proportion of the net pension liability was based on the Health Department’s contributions to the LGDTF for the calendar year 2022 relative to the total contributions of participating employers to the LGDTF.

The components of the collective net pension liability of the Health Department at the measurement date of December 31, 2022, were as follows:

Proportionate Share of Total Pension Liability	\$ 45,382,853
Proportionate Share of Fiduciary Net Position	(37,664,797)
Proportionate Share of Net Pension Liability (Asset)	\$ 7,718,056

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

NOTE 7 – DEFINED BENEFIT PENSION PLAN - Continued

Plan fiduciary net position (FNP) as a percentage of total pension liability is 0.76983% an increase from the prior year of 0.0330%.

For the year ended December 31, 2023, the Health Department, recognized pension expense of \$868,481. At December 31, 2023, the Health Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Actual and Expected Experience	\$ -	\$ 38,476
Changes in Assumptions or Other Inputs	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,150,878	-
Contributions Subsequent to the Measurement Date	852,233	-
Changes in Proportion and Other Differences	(208)	-
Total	<u>\$ 4,002,903</u>	<u>\$ 38,476</u>

Of the amount reported as deferred outflows of resources related to the LGDTF, resulting from contributions subsequent to the measurement date, \$852,233 will be recognized as a reduction of the net pension liability in the year ended December 31, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amounts Reported as Collective Deferred Outflows and Collective Deferred Inflows of Resources Recognized in Collective Pension Expense as Follows:
2024	\$ (350,004)
2025	462,831
2026	1,153,371
2027	1,846,204
	<u>\$ 3,112,402</u>

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

NOTE 7 – DEFINED BENEFIT PENSION PLAN - Continued

Actuarial Assumptions – The December 31, 2021, valuation used the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.30%
Real Wage Growth	0.70%
Wage Inflation	3.00%
Salary Increases, Including Wage Inflation	3.20% - 11.30%
Long-Term Investment Rate of Return, Net of Pension Plan Investment Expenses, Including Price Inflation	7.25%
Discount Rate	7.25%
Post-Retirement Structure Hired Prior to 1/1/07 and DPS Benefit Structure (Compounded Annually)	1.00%

The total pension liability for the Trust Fund, 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 actuarial assumptions used in the December 31, 2021, valuations were based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

The mortality tables 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.

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 long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies performed at least every five years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

NOTE 7 – DEFINED BENEFIT PENSION PLAN – Continued

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:

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

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

Discount Rate - The discount rate used to measure the total pension liability was 7.25%. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2021, and the financial status of the Trust Fund as of the prior measurement date (December 31, 2021). 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 and 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. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

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

NOTE 7 – DEFINED BENEFIT PENSION PLAN – Continued

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the required adjustments resulting from the 2018 and the 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 position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the Trust Fund's FNP 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% 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%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Health Department's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate - The following presents the Health Department's collective net pension liability calculated using the discount rate of 7.25% as of the measurement date, as well as if the net pension liability or asset were calculated using a discount rate that is 1-percentage point lowers (6.25%) or 1-percent point higher (8.25%):

	1% Decrease 6.25%	Discount Rate 7.25%	1% Increase 8.25%
Health Department's Proportionate Share of Net Pension Liability (Asset)	\$ 12,956,675	\$ 7,718,056	\$ 3,332,467

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

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

NOTE 8 – DEFINED CONTRIBUTION PENSION PLAN

Plan Description - Employees of the 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 annual comprehensive financial report for the Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions, and investment earnings. For the year ended December 31, 2023, program members contributed \$35,966.

NOTE 9 – DEFINED OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Health Care Trust Fund (OPEB)

The Health Department contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 74 and is administered by the Public Employees' Retirement Association of Colorado (PERA). PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Brief Description of Benefits of the OPEB Plan

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 PERA Care program, including the administration of the premium subsidies.

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 Division, School Division, Local Government Division and Judicial Division Trust Funds), 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 PERA Care. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

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

NOTE 9 – DEFINED OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - Continued

Eligibility to enroll in PERACare is voluntary and includes, among others, benefit recipients and their eligible dependents, as well as certain surviving spouses, divorced spouses and guardians. 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 (actual dollars) 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 (actual dollars) 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 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% 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 PERA Care 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 (actual dollars) 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 (actual dollars) 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 maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5% 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 (actual dollars) 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% 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 Health Department is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Health Department for the year ended December 31, 2023 were \$64,396.

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

NOTE 9 – DEFINED OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - Continued

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

The collective total OPEB liability is based upon the December 31, 2021, actuarial valuation, and generally accepted actuarial techniques were applied to roll forward the collective total OPEB liability to December 31, 2022. The roll forward calculation includes actual benefits, interest on the total OPEB liability, the annual normal cost (also called service cost), changes of benefit terms, differences between expected and actual experience at the end of year, and changes of assumptions or other inputs.

At December 31, 2023, the Health Department reported a liability of \$504,649 for its proportionate share of the net OPEB liability. The Health Department’s proportion of the net OPEB liability was based on the Health Department’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 Health Department’s proportion was 0.06181%, which was an increase of 0.00486% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the Health Department recognized OPEB expense of \$55,857. At December 31, 2023, the Health Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Actual and Expected Experience	\$ 66	\$ 122,041
Changes in Assumptions or Other Inputs	8,111	55,698
Net Difference Between Projected and Actual		
Investment Earnings	30,823	-
Contributions Subsequent to the Measurement Date	64,396	-
Total	\$ 103,396	\$ 177,739

Of the amount reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, \$64,396 will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2024.

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

NOTE 9 – DEFINED OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - Continued

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	Amounts Reported as Collective Deferred Outflows and Collective Deferred Inflows of Resources Recognized in Collective OPEB Expense as Follows:
2024	\$ (50,276)
2025	(47,208)
2026	(21,925)
2027	(3,288)
2028	(13,069)
Thereafter	(2,973)
	\$ (138,739)

Actuarial Assumptions - The December 31, 2021, valuation used the following actuarial assumptions and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.30%
Real Wage Growth	0.70%
Wage Inflation	3.00%
Salary Increases, Including Wage Inflation	3.20% - 11.30%
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

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

NOTE 9 – DEFINED OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - Continued

The total OPEB liability 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 UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare 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.

AGE-RELATED MORBIDITY ASSUMPTIONS

<u>Participant Age</u>	<u>Annual Increase (Male)</u>	<u>Annual Increase (Female)</u>
65 - 69	3.00%	1.50%
70	2.90%	1.60%
71	1.60%	1.40%
72	1.40%	1.50%
73	1.50%	1.60%
74	1.50%	1.50%
75	1.50%	1.40%
76	1.50%	1.50%
77	1.50%	1.50%
78	1.50%	1.60%
79	1.50%	1.50%
80	1.40%	1.50%
81 and Older	0.00%	0.00%

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

NOTE 9 – DEFINED OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - Continued

<u>Sample Age</u>	<u>MAPD PPO #1 with Medicare Part A Retiree/Spouse</u>		<u>MAPD PPO #1 without Medicare Part A Retiree/Spouse</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
65	\$ 1,704	\$ 1,450	\$ 6,514	\$ 5,542
70	\$ 1,976	\$ 1,561	\$ 7,533	\$ 5,966
75	\$ 2,128	\$ 1,681	\$ 8,134	\$ 6,425

<u>Sample Age</u>	<u>MAPD PPO #2 with Medicare Part A Retiree/Spouse</u>		<u>MAPD PPO #2 without Medicare Part A Retiree/Spouse</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
65	\$ 583	\$ 496	\$ 4,227	\$ 3,596
70	\$ 676	\$ 534	\$ 4,901	\$ 3,872
75	\$ 728	\$ 575	\$ 5,278	\$ 4,169

<u>Sample Age</u>	<u>MAPD HMO (Kaiser) with Medicare Part A Retiree/Spouse</u>		<u>MAPD HMO (Kaiser) without Medicare Part A Retiree/Spouse</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
65	\$ 1,923	\$ 1,634	\$ 6,752	\$ 5,739
70	\$ 2,229	\$ 1,761	\$ 7,826	\$ 6,185
75	\$ 2,401	\$ 1,896	\$ 8,433	\$ 6,657

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

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, 2021, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

NOTE 9 – DEFINED OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - Continued

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

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
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, 2021, valuation for the Local Government Division Trust Fund as shown below, reflect generational mortality and were applied, as applicable, in the December 31, 2021, valuation for the HCTF, but developed on a headcount-weighted basis. Affiliated employers of these Division Trust Funds 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.

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.

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 following health care costs assumptions were updated and used in the roll-forward calculation 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.

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

NOTE 9 – DEFINED OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - Continued

- 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, PERA Care 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 the 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 total OPEB liability, 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, valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies performed at least every five years, and asset/liability studies, performed every three to five years for PERA. 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.

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

NOTE 9 – DEFINED OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - Continued

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:

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

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

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

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare Trend Rate ¹	5.25%	4.50%	5.50%
Ultimate PERACare Medicare Trend Rate	3.50%	4.50%	5.50%
Initial Medicare Part A Trend Rate ¹	3.00%	3.75%	4.75%
Ultimate Medicare Part A Trend Rate	3.50%	4.50%	5.50%
Net OPEB Liability (Asset)	\$ 490,365	\$ 504,649	\$ 520,191

¹For the January 1, 2023, plan year.

Discount Rate - The discount rate used to measure the total OPEB liability was 7.25%. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2021, and the financial status of the Trust Fund as of the prior measurement date (December 31, 2021). 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.
- 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%.

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

NOTE 9 – DEFINED OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN - Continued

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- 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 HCTF's FNP 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% 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%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Health Department's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate – The following presents the Health Department's collective net OPEB liability calculated using the discount rate of 7.25% as of the measurement date, as well as if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%):

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability (Asset)	\$ 585,038	\$ 504,649	\$ 435,891

NOTE 10 - RELATED PARTIES

The Health Department was established by intergovernmental agreement between the City of Pueblo and the County of Pueblo. The following is a summary of the related party transactions for the year ended December 31, 2023:

City of Pueblo

Operating Subsidy Provided to the Health Department - Recorded as Revenue in the Statement of Activities	\$ 819,483
Total City of Pueblo Revenue	<u>\$ 819,483</u>
Payments to the City Made for Automotive Repairs and Maintenance for the Health Department's Vehicles, and Other Program Expenses - Recorded as Expenses in the Statement of Activities	\$ 20,535
Payments to the City Made for Program and Other Expenses - Recorded as Expenses in the Statement of Activities	22,281
Total City of Pueblo Expenses	<u>\$ 42,816</u>

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

NOTE 10 - RELATED PARTIES – Continued

County of Pueblo

Operating Subsidy Provided to the Health Department - Recorded as Revenue in the Statement of Activities	\$ 1,088,299
Other Program Funding Provided to the Health Department - Recorded as Revenue in the Statement of Activities	68,650
Total County of Pueblo Revenue	\$ 1,156,949
Payments Made to the County for Use of Data Processing Programs and Applications - Recorded as Expenses in the Statement of Activities	\$ 66,682
Payments Made to the County for Maintenance and Custodial Services - Recorded as Expenses in the Statement of Activities	112,000
Payments Made to the County for Communications Services - Recorded as Expenses in the Statement of Activities	38,966
Payments Made to the County for Other Miscellaneous Expenses - Recorded as Expenses in the Statement of Activities	3,013
Total County of Pueblo Expenses	\$ 220,661

At December 31, 2023, accounts receivable from and payable to the City of Pueblo, totaled \$84,957 and \$1,058, respectively, and accounts payable to the County of Pueblo totaled \$9,961.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

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

Other - The Health Department participates in a number of federal and state assisted grant programs. The disbursement of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Health Department. In the opinion of management, however, any such disallowed claims would not have a material effect on the financial statements of the Health Department as of and for the year ended December 31, 2023.

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

NOTE 12 - REVENUE – COLORADO DEPARTMENT OF PUBLIC HEALTH & ENVIRONMENT

The Health Department receives various contracts and grants that are passed on from the Colorado Department of Health and Environment. Total revenue allocated to each function of the Health Department for the year ended December 31, 2023, is as follows:

Per Capita	\$ 409,092
Health Promotions and Emergency Preparedness	1,275,494
Community Health Services	3,586,721
Environmental Health Services	427,433
Total from CDPHE	5,698,740
Other Federal Funding	594,126
Total Intergovernmental Specific Grants	\$ 6,292,866

The Health Department also reports the amounts redeemed under the WIC program for in-kind food debit type cards, from the Colorado Department of Public Health & Environment, in the amount of \$3,515,699. These in-kind donations are not included in the Statement of Activities or the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance, but are reported under the Schedule of Expenditures of Federal Awards as noncash expenditures.

NOTE 13 - SUBSEQUENT EVENT

Management has evaluated subsequent events through the date of the Independent Auditors' Report which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION
(UNAUDITED)

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE,
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u>
Revenues				
Charges for Services	\$ 1,599,990	\$ 1,599,990	\$ 1,496,378	\$ (103,612)
Intergovernmental -				
City of Pueblo - Special Allocation	819,483	819,483	819,483	-
County of Pueblo - Special Allocation	1,088,300	1,088,300	1,088,300	-
Specific Grants (Federal and CDPHE)	6,427,643	6,427,643	6,292,866	(134,777)
Contributions and Private Grants	120,450	120,450	584,633	464,183
Other	-	-	7,297	7,297
Investment Earnings	6,000	6,000	61,240	55,240
Total Revenues	<u>10,061,866</u>	<u>10,061,866</u>	<u>10,350,197</u>	<u>288,331</u>
Expenditures				
Personnel Services	7,794,330	7,794,330	6,233,061	1,561,269
Employee Benefits	964,633	964,633	1,949,546	(984,913)
Operating Costs	435,667	435,667	648,324	(212,657)
Travel	178,292	178,292	167,292	11,000
Public Education	92,571	92,571	129,874	(37,303)
Supplies	323,136	323,136	481,301	(158,165)
Other	922,925	922,925	741,406	181,519
Capital Outlay	65,538	65,538	114,356	(48,818)
Total Expenditures	<u>10,777,092</u>	<u>10,777,092</u>	<u>10,465,160</u>	<u>311,932</u>
Net Change in Fund Balance	(715,226)	(715,226)	(114,963)	600,263
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>4,737,101</u>	<u>4,737,101</u>
Ending Fund Balance	<u>\$ (715,226)</u>	<u>\$ (715,226)</u>	<u>\$ 4,622,138</u>	<u>\$ 5,337,364</u>

See Notes to Budgetary Comparison Schedule

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
NOTES TO BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)**

NOTE 1 - BUDGETARY INFORMATION

The Pueblo Department of Public Health and Environment adopts budgets on a basis consistent with GAAP for all government funds.

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

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

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

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY
YEARS ENDED DECEMBER 31,
(UNAUDITED)**

	Colorado PERA Local Government Division Trust Fund								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportionate Share of Total Pension Liability	\$ 45,382,853	\$ 42,430,804	\$ 39,665,378	\$ 34,697,918	\$ 33,669,014	\$ 33,997,299	\$ 30,982,910	\$ 31,560,090	\$ 34,505,783
Proportionate Share of Fiduciary Net Position	(37,664,797)	(43,062,560)	(36,048,942)	(29,931,565)	(25,573,327)	(26,982,845)	(22,817,660)	(24,259,913)	(27,851,453)
Proportionate Share of Net Pension Liability (Asset)	<u>\$ 7,718,056</u>	<u>\$ (631,756)</u>	<u>\$ 3,616,436</u>	<u>\$ 4,766,353</u>	<u>\$ 8,095,687</u>	<u>\$ 7,014,454</u>	<u>\$ 8,165,250</u>	<u>\$ 7,300,177</u>	<u>\$ 6,654,330</u>
Fiduciary Net Position as a Percentage of Total Pension Liability	82.99%	101.49%	90.88%	86.26%	75.96%	79.37%	73.65%	76.87%	80.72%
Covered Payroll	\$ 6,371,601	\$ 5,550,271	\$ 4,946,810	\$ 4,496,634	4,633,513	\$ 4,239,522	\$ 3,675,975	\$ 3,665,021	\$ 3,874,459
Net Pension Liability (Asset) as a Percentage of of Covered Payroll	121.13%	-11.38%	73.11%	106.00%	174.72%	165.45%	222.12%	199.19%	171.75%
Proportion of Net Pension Liability (Asset)	0.7698%	0.7369%	0.6940%	0.6517%	0.6439%	0.6299%	0.6047%	0.6627%	0.7424%

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

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION
YEAR ENDED DECEMBER 31,
(UNAUDITED)**

Colorado PERA Local Government Division Trust Fund

	Statutory Determined Contributions	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as % of Cov. Payroll
2016	\$ 464,737	\$ 464,737	\$ -	\$ 3,665,021	12.68%
2017	\$ 503,931	\$ 503,931	\$ -	\$ 3,675,975	13.71%
2018	\$ 535,384	\$ 535,384	\$ -	\$ 4,239,522	12.63%
2019	\$ 570,173	\$ 570,173	\$ -	\$ 4,633,513	12.31%
2020	\$ 569,054	\$ 569,054	\$ -	\$ 4,496,634	12.66%
2021	\$ 633,466	\$ 633,466	\$ -	\$ 4,946,810	12.81%
2022	\$ 723,734	\$ 723,734	\$ -	\$ 5,550,271	13.04%
2023	\$ 848,400	\$ 848,400	\$ -	\$ 6,371,601	13.32%

Notes to the Required Supplemental Information

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

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

PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
YEAR ENDED DECEMBER 31,
(UNAUDITED)

	Colorado PERA Local Government Division Trust Fund					
	2023	2022	2021	2020	2019	2018
Proportionate Share of Total OPEB Liability	\$ 821,541	\$ 810,417	\$ 746,175	\$ 742,873	\$ 818,838	\$ 771,409
Proportionate Share of Fiduciary Net Position	(316,892)	(319,342)	(244,568)	(181,917)	(139,421)	(135,218)
Proportionate Share of Net OPEB Liability	<u>\$ 504,649</u>	<u>\$ 491,075</u>	<u>\$ 501,607</u>	<u>\$ 560,956</u>	<u>\$ 679,417</u>	<u>\$ 636,191</u>
Fiduciary Net Position as a Percentage of Total OPEB Liability	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%
Covered Payroll	\$ 6,272,049	\$ 5,451,121	\$ 4,881,522	\$ 4,487,408	\$ 4,633,513	\$ 4,239,522
Net OPEB Liability as a Percentage of Covered Payroll	8.05%	9.01%	10.28%	12.50%	14.66%	15.01%
Proportion of Net OPEB Liability	0.0618%	0.0569%	0.0528%	0.0499%	0.0499%	0.0490%
Total OPEB Liability						
Service Cost	\$ 9,721	\$ 10,358	\$ 9,541	\$ 9,063	\$ 9,652	\$ 9,808
Interest on the Total OPEB Liability	62,555	57,617	56,482	58,811	56,354	53,175
Benefit Changes	(27)	-	-	-	-	2
Difference Between Expected and Actual Experience	(37,009)	(30,098)	(36,304)	(111,898)	(1,239)	3,600
Assumption Changes	(40,358)	8,817	(36,825)	1,001	5,712	-
Benefit Payments and Healthcare Claims	<u>(52,903)</u>	<u>(41,268)</u>	<u>(32,476)</u>	<u>(32,449)</u>	<u>(38,562)</u>	<u>(57,255)</u>
Net Change in Total OPEB Liability	(58,021)	5,426	(39,582)	(75,472)	31,917	9,330
Total OPEB Liability - Beginning	693,698	688,272	727,854	803,326	771,409	762,079
Total OPEB Liability - Ending	<u>\$ 635,677</u>	<u>\$ 693,698</u>	<u>\$ 688,272</u>	<u>\$ 727,854</u>	<u>\$ 803,326</u>	<u>\$ 771,409</u>
Plan Fiduciary Net Position						
Employer Contributions	\$ 55,601	\$ 49,792	\$ 45,772	\$ 47,262	\$ 43,243	\$ 40,537
Other Additions	5,565	4,617	4,175	3,486	4,181	4,955
OPEB Plan Net Investment Income (Loss)	(43,560)	38,907	31,821	26,884	(4,833)	22,024
Benefit Payments	(51,390)	(36,386)	(27,990)	(29,056)	(30,850)	(50,257)
OPEB Plan Administrative Expense	(4,411)	(7,390)	(5,795)	(4,636)	(10,188)	(9,380)
Other Deductions	<u>(33,400)</u>	<u>(33,582)</u>	<u>(28,216)</u>	<u>(951)</u>	<u>(12,862)</u>	<u>(50)</u>
Net Change in Plan Fiduciary Net Position	(71,595)	15,958	19,767	42,989	(11,309)	7,829
Plan Fiduciary Net Position - Beginning	202,623	186,665	166,898	123,909	135,218	127,389
Plan Fiduciary Net Position - Ending	<u>\$ 131,028</u>	<u>\$ 202,623</u>	<u>\$ 186,665</u>	<u>\$ 166,898</u>	<u>\$ 123,909</u>	<u>\$ 135,218</u>
Net OPEB Liability - Ending	\$ 504,649	\$ 491,075	\$ 501,607	\$ 560,956	\$ 679,417	\$ 636,191

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

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB
YEAR ENDED DECEMBER 31,
(UNAUDITED)**

Colorado PERA Local Government Division Trust Fund

	Statutory Determined Contributions	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as % of Cov. Payroll
2017	\$ 40,537	\$ 40,537	\$ -	\$ 3,974,218	1.02%
2018	\$ 43,243	\$ 43,243	\$ -	\$ 4,239,522	1.02%
2019	\$ 47,262	\$ 47,262	\$ -	\$ 4,633,513	1.02%
2020	\$ 45,772	\$ 45,772	\$ -	\$ 4,487,408	1.02%
2021	\$ 49,792	\$ 49,792	\$ -	\$ 4,881,522	1.02%
2022	\$ 55,601	\$ 55,601	\$ -	\$ 5,451,121	1.02%
2023	\$ 63,975	\$ 63,975	\$ -	\$ 6,272,049	1.02%

Notes to the Required Supplemental Information

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

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

SUPPLEMENTARY INFORMATION

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023**

	<u>ASSISTANCE LISTING NUMBER</u>	<u>ADDITIONAL AWARD IDENTIFYING NUMBER</u>	<u>PASS-THROUGH ENTITY'S IDENTIFYING NUMBER</u>	<u>FROM PASS-THROUGH AWARDS</u>	<u>FROM DIRECT AWARDS</u>	<u>TOTAL FEDERAL EXPENDITURES</u>	<u>PASSED THROUGH TO SUBRECIPIENTS</u>
U.S. DEPARTMENT OF AGRICULTURE							
Passed through from the Colorado Department of Public Health and Environment - WIC Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557		2024*2367 2024*2482	\$ 4,911,305	\$ -	\$ 4,911,305	\$ -
U.S. ENVIRONMENTAL PROTECTION AGENCY							
Passed through from the Colorado Department of Public Health and Environment - Voluntary School and Child Care Lead Testing and Reduction Grant Program	66.444		FEGA 202300009214	8,007	-	8,007	-
Superfund State Political Subdivision & Indian Tribe Site - Specific Cooperative Agreements	66.802	V00124300-08UATA00		-	101,636	101,636	-
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY				<u>8,007</u>	<u>101,636</u>	<u>109,643</u>	<u>-</u>
U.S. DEPARTMENT OF HOMELAND SECURITY							
Passed through from the Colorado Department of Public Safety - Chemical Stockpile Emergency Preparedness Program	97.040		#21CSEP22PH #22CSEP23PH	144,934	-	144,934	-
U.S. DEPARTMENT OF JUSTICE							
Comprehensive Opioid, Stimulant, and Substance Abuse Program (COSSAP)	16.838	15PBJA-21-GG04561-COAP		-	157,714	157,714	-
Passed through from the Institute for Intergovernmental Research - Comprehensive Opioid, Stimulant, and Substance Abuse Program (COSSAP)	16.838		2017-AR-BX-K0003	9,192	-	9,192	-
TOTAL U.S. DEPARTMENT OF JUSTICE				<u>9,192</u>	<u>157,714</u>	<u>166,906</u>	<u>-</u>
DEPARTMENT OF THE TREASURY							
COVID-19 - Passed through from the Colorado Department of Public Health and Environment - Coronavirus State and Local Fiscal Recovery Funds	21.027		2024*3052	126,805	-	126,805	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Passed through from the Colorado Department of Public Health and Environment - Public Health Emergency Preparedness	93.069		2024*0107	182,332	-	182,332	-
Passed through from the Centers For Disease Control and Prevention - Environmental Public Health and Emergency Response	93.070		5NUE1EH001429-03-00	112,675	-	112,675	-
Passed through from the Colorado Department of Public Health and Environment - Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		FHCA 22300008202	12,000	-	12,000	-

Continued on next page

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023**

Continued from previous page

	<u>ASSISTANCE LISTING NUMBER</u>	<u>ADDITIONAL AWARD IDENTIFYING NUMBER</u>	<u>PASS-THROUGH ENTITY'S IDENTIFYING NUMBER</u>	<u>FROM PASS- THROUGH AWARDS</u>	<u>FROM DIRECT AWARDS</u>	<u>TOTAL FEDERAL EXPENDITURES</u>	<u>PASSED THROUGH TO SUBRECIPIENTS</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - Continued							
Passed through from the Food and Drug Administration - Food and Drug Administration Research	93.103		G-BM&A 202111-01751	67,974	-	67,974	-
Passed through from the Colorado Department of Public Health and Environment - Injury Prevention and Control Research and State and Community Based Programs	93.136		2019*3604 2020*3583	166,901	-	166,901	-
Passed through from the Colorado Department of Public Health and Environment - Family Planning Services	93.217		2021*0286 2024*0050	75,488	-	75,488	-
Passed through from the Colorado Department of Public Health and Environment - Immunization Cooperative Agreements	93.268		FHJA 202100010305 FHCA 202200003014	264,903	-	264,903	-
Passed through from the Colorado Department Public Health and Environment - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		FHCA 202400002294 2024*2011	1,399,423	-	1,399,423	-
Passed through from the Colorado Department of Public Health and Environment - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354		FAAA 202200009778	70,736	-	70,736	-
Passed through from the Colorado Department of Public Health and Environment - Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967		23 FAA00043 2024*0720	24,217	-	24,217	-
Passed through from the Colorado Department of Public Health and Environment - Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977		2022*3810	154,427	-	154,427	-
Passed through from the Colorado Department of Public Health and Environment - Preventive Health and Health Services Block Grant	93.991		202300004848 FAAA 202400004790	23,333	-	23,333	-
Passed through from the Colorado Department of Public Health and Environment - Maternal and Child Health Services Block Grant to the States	93.994		2022*0909	152,494	-	152,494	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>2,706,903</u>	<u>-</u>	<u>2,706,903</u>	<u>-</u>
TOTAL FEDERAL EXPENDITURES				<u>\$ 7,907,146</u>	<u>\$ 259,350</u>	<u>\$ 8,166,496</u>	<u>\$ -</u>

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023**

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of Pueblo Department of Public Health and Environment under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Pueblo Department of Public Health and Environment, it is not intended to and does not present the net position, or changes in net position of Pueblo Department of Public Health and Environment.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pueblo Department of Public Health and Environment has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 – FAIR VALUE OF NONCASH AWARDS

Included in the amount reported for Assistance Listing Number 10.557 *WIC Special Supplemental Nutrition Program for Women, Infants, and Children (“WIC”)*, is \$3,515,699 for the fair market value of the redeemed food instrument issuances. A food instrument is a debit-type card called “eWIC” produced through the Colorado State WIC program that is issued to WIC participants and may be used to obtain WIC approved foods/formula from authorized vendors.

NOTE 4 – OTHER ITEMS

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities and General Fund of Pueblo Department of Public Health and Environment, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Pueblo Department of Public Health and Environment's basic financial statements, and have issued our report thereon dated December 6, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pueblo Department of Public Health and Environment'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 Pueblo Department of Public Health and Environment's internal control. Accordingly, we do not express an opinion on the effectiveness of Pueblo Department of Public Health and Environment'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a significant deficiency.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pueblo Department of Public Health and Environment'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*.

Pueblo Department of Public Health and Environment's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Pueblo Department of Public Health and Environment's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Pueblo Department of Public Health and Environment's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

*CBIZ CPAs P.C.*¹

Colorado Springs, Colorado
December 6, 2024

¹In certain jurisdictions, CBIZ CPAs P.C. operates under its previous name, Mayer Hoffman McCann P.C.



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Pueblo Department of Public Health and Environment'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 Pueblo Department of Public Health and Environment's major federal programs for the year ended December 31, 2023. Pueblo Department of Public Health and Environment'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, Pueblo Department of Public Health and Environment 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Pueblo Department of Public Health and Environment 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 Pueblo Department of Public Health and Environment's compliance with the compliance requirements referred to above.

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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 Pueblo Department of Public Health and Environment'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 Pueblo Department of Public Health and Environment'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 Pueblo Department of Public Health and Environment'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 Pueblo Department of Public Health and Environment'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 Pueblo Department of Public Health and Environment'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 Pueblo Department of Public Health and Environment'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.

CBIZ CPAs P.C.¹

Colorado Springs, Colorado
December 6, 2024

¹ In certain jurisdictions, CBIZ CPAs P.C. operates under its previous name, Mayer Hoffman McCann P.C.

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023**

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

 Yes X No

Significant deficiencies identified?

 X Yes None Reported

Noncompliance material to financial statements noted?

 Yes X No

Federal Awards

Internal control over major programs:

Material weaknesses identified?

 Yes X No

Significant deficiencies identified?

 Yes X None Reported

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 Yes X No

Identification of major federal programs:

U.S. Department of Agriculture, Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) – Federal Assistance Listing Number 10.557

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as a low-risk auditee?

 X Yes No

**PUEBLO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023**

Section II – Financial Statement Findings

2023-001 – Data Collection Form

Criteria: The Data Collection Form is required to be submitted to the Federal Audit Clearinghouse the earlier of 30 calendar days after receipt of the audit report or nine months after the end of the audit period in accordance with 2 CFR 200.512.

Condition: The Data Collection Form was not submitted to the Federal Audit Clearinghouse within the nine-month period for the year ended December 31, 2023.

Cause: The financial statements were not finalized by the due date.

Effect: Pueblo Department of Public Health and Environment is not in compliance with 2 CFR 200.512.

Recommendation: We recommend that the Data Collection Form be filed as soon as possible.

View of Responsible Officials: Management agreed with the auditors.

Section III – Federal Award Findings and Questioned Costs

None

Summary of Prior Year Findings for the Year Ended December 31, 2022

None

December 6, 2024

2023-001 – Data Collection Form

Criteria: The Data Collection Form is required to be submitted to the Federal Audit Clearinghouse the earlier of 30 calendar days after receipt of the audit report or nine months after the end of the audit period in accordance with 2 CFR 200.512.

Condition: The Data Collection Form was not submitted to the Federal Audit Clearinghouse within the nine-month period for the year ended December 31, 2023.

Cause: The financial statements were not finalized by the due date due to transitional changes at the audit firm.

Effect: Pueblo Department of Public Health and Environment is not in compliance with 2 CFR 200.512.

Recommendation: We recommend that the Data Collection Form be filed as soon as possible.

View of Responsible Officials: Management agreed with the auditors.

Corrective Plan of Action:

Upon completion of the financial statement for the audit firm and accepted by the Board of Health, the Data Collection Form will be filed.

An RFQ went out for a new auditor and a new firm has been selected for the 2024 audit.

Anticipated Completion Date: Upon completion of the audit.

Georgia Alfonso, Budget and Finance Director
Pueblo Department of Public Health & Environment