



**Board of Directors
Regular Meeting Agenda and
Executive Session**

Location: 120 Bristlecone Dr., Fort Collins, CO 80524 or [Zoom](#)

Date: Wednesday, May 20, 2026

Time: 6:00 PM

6:00 PM I. Call to Order Erin Hottenstein

- a. Roll Call Board of Directors
- b. Welcome Guests & Attendees
- c. Conflict of Interest Statement
- d. Approval of Agenda

6:05 PM II. Public Comment

6:15 PM III. Presentations

- a. CLA Annual Audit Presentation
- b. Presentation from Communications
- c. Employee Stay Interviews and Employee Engagement Survey

Victor Kraft
Marisa Dylan
Misty Manchester/
Julie Kenney

7:00 PM IV. Consent Agenda Erin Hottenstein

- a. Approval of Draft Regular Meeting minutes from 4.22.2026
- b. Board Public Policy
- c. ICC Cyber Security Review

7:05 PM V. Action Items Erin Hottenstein

None currently.

7:05 PM VI. Reports and Discussions

- a. Board of Director Reports
- b. Liaison to PVHS/UCHealth Report
- c. Executive Director Report
 - District buildings are almost all at capacity for staff office space (see ED Report for details). Needing to strategically explore opportunities to expand office capacity to accommodate 2026 budgeted positions.

Board
John McKay
Brian Ferrans

7:25 PM VII. Adjourn

Erin Hottenstein

7:30 PM Executive Session

Erin Hottenstein

An Executive Session pursuant to C.R.S. § 24-6-402(4)(a) to discuss the possible purchase, acquisition, lease, transfer, or sale of real, personal, or other property interests related to the district’s long-term campus expansion and facility planning needs, including the evaluation of potential properties and associated strategic considerations.

Updates:

- Next Board Meeting at the Health District on June 17,2026 at 6pm
 - Pre Board Meeting Dinner at 5pm
- 2026 SDA Annual Conference September 15-17th, Keystone, CO



AGENDA DOCUMENTATION

Meeting Date: May 20, 2026

SUBJECT: Approval of draft minutes from: April 22, 2026 Regular Meeting

PRESENTER: Erin Hottenstein

OUTCOME REQUESTED: Decision Consent Report

PURPOSE/ BACKGROUND

To approve the draft minutes from: April 22, 2026 regular meeting,

Attachment(s): Draft meeting minutes.

FISCAL IMPACT: N/A

STAFF RECOMMENDATION: Approve Minutes.



**Board of Directors Meeting
4.22.26
DRAFT MINUTES**

Location: 120 Bristlecone Dr., Fort Collins, CO 80524 or [Zoom](#)

Date: Wednesday April 22, 2026

Time: 6:00 PM

Board Members Present:	Also Present:
Erin Hottenstein, Board President (Virtual)	Elizabeth Lebuhn- Hoffman, Parker, Wilson & Carberry, P.C
Lee Thielen, Board Vice President	Brian Ferrans-Executive Director
Julie Kunce Field, Treasurer	Courtney Green-Interim Executive Director
Sarah Hathcock, Secretary	Jacque Ferrero-Executive Assistant/Board Clerk
John McKay, Liaison to UCHHealth	Dana Turner- VP of Client Experience
	Stacie Johns, M.D.-The Iris Center
	Casey Cash-The Iris Center
	Mike Lynch-Director of Infrastructure Operations
	Meredith Towle-Data and Analytic Manager
	Jessica Holmes-Controller/Finance Officer
	Natalie Wells-Eide Bailly
	Nick H.-Eide Bailly
	Juan Gonzales- ICC
	Michael Oliver-Information Systems Specialist

I. Call to Order

The meeting was called to order at 6:01 PM by Board President Erin Hottenstein, with a quorum present. Guests and attendees were welcomed, and no conflicts of interest were reported.

The agenda was approved unanimously upon motion by Director Thielen, seconded by Director Hathcock.

II. Public Comment

No public comment was received, either online or in person.

III. Presentations

a. Iris Center Presentation

Dr. Stacie Johns and Casey Cash presented on their community health clinic operating out of a Health District-leased space at 425 W. Mulberry Street. Their model emphasizes whole-person, relationship-centered care and aligns closely with the Health District's four strategic focus areas. Visit costs are \$35 for a 30-minute appointment and \$55 for a 60-minute appointment, with a sliding scale available for those who cannot afford it; no insurance is billed for office visits. Since opening in late October, the clinic has seen over 900 new patients and is operating in the black with no business debt. Funding comes primarily from community donations rather than patient fees. The Iris Center is the only in-person gender-affirming care clinic in Colorado and offers multilingual services including Spanish and language line access. Vaccine offerings remain a gap due to cost, though the clinic is actively working to address this. Board members expressed strong appreciation for the partnership and the value-aligned mission.

b. Forensic Audit Presentation by Eide Bailey

Eide Bailey presented the findings of a forensic audit covering January 2020 through December 2024. The audit found no fraud or misuse of funds but identified multiple internal control weaknesses, largely attributed to significant staff turnover — including three executive directors and six of seven finance staff departing within six months. Among the findings, 83% of P-card transactions sampled lacked documented approvals, meaning they were not necessarily unapproved but simply undocumented. Bank reconciliation practices were untimely and lacked proper review and segregation of duties. The Great Plains audit trail was never enabled, which had not been a result of malicious disabling as previously suspected. Overall fraud risk was rated moderate across control environment, preventative, and detective controls. A total of 53 recommendations were made; 83% are already implemented or in progress, 3 were opted out of, and 6 remain under consideration. The board requested a detailed list with context and timelines for the 9 outstanding items. New ERP and payroll systems implemented in 2025 now address many of the prior control gaps.

IV. Consent Agenda

The Consent agenda was approved unanimously with one correction to the February 18th Draft minutes, removing the phrase "at the Capitol" from a reference to town hall meetings held in Fort Collins on page 7.

This also included the approval of Public Policy-2026 Legislative Session and Bill updates.

The motion was made by Director Thielen and seconded by Director Hathcock and passed unanimously.

V. Action Items

a. Approval of Signatory for Safety Deposit Boxes (Resolution(s) 2026-03-08)

Resolutions approving Brian Ferrans as signatory for the Health District's six safety deposit boxes were passed unanimously, with the board noting potential for future consolidation.

The motion to approve Resolution(s) 2026-03-08 was made by Director Thielen, seconded by Director Field, and passed unanimously.

VI. Reports & Discussions

a. Financial Report — Jessica Holmes (Q1 Financials)

Jessica Holmes presented the Q1 2026 financials. The Health District had a strong first quarter, beating budget by \$947,000 and ending with over 9.5 months of cash on hand. Revenues totaled \$5.87 million, expenditures were \$3.58 million, and the positive change in fund balance was \$2.29 million, bringing the ending balance to \$15.92 million. The program expense ratio stood at 75%, a healthy benchmark. Most variances were timing-related, with the exception of personnel compensation from vacant positions. The board discussed reallocating underspent personnel funds and noted that staff budgeting methodology will be revised for 2027 to better reflect actual hire dates. Board members warmly thanked Jessica for her clear financial communication and welcomed her upcoming move to Loveland.

b. HR1 Update- Dana Turner

A potential federal “Reconciliation 2.0” is being floated that could further impact safety net programs, including consolidating Medicaid and CHIP into fixed block grants and repealing Medicaid expansion matching funds. Medicaid work requirement rulemaking is pending with key exemption definitions still unclear. The Health District is responding proactively by participating in work groups and NHP public improvement advisory committees and collaborating on community messaging to avoid confusion among Health First Colorado members. The District is also piloting the placement of health coverage guides at Crossroads Safe House’s family justice center and submitted a three-year Connect for Health Colorado grant application as an enrollment site. Library-based health insurance literacy classes are scheduled bimonthly in English and Spanish, with NHP potentially co-participating.

c. Board Public Policy Committee- Board

HB26-1300, which would have allowed health service districts to add affordable housing to their service plans without a formal modification process, failed 6-1 in its first Senate hearing and requires no further action. The board then discussed improving its legislative engagement process. The group agreed to explore moving the annual joint meeting with UC Health from March to June, which would free March for a regular board meeting and allow newly elected members to be introduced to UC Health following the election. There was also broad interest in organizing a Capitol visit or inviting legislators to the Health District during the off-session to advocate with a unified voice on issues that intersect with public health. Board members expressed a desire for all five elected board members to engage collectively on broader public health-adjacent legislation, rather than leaving such decisions solely to the committee.

d. Board Member Reports:

Director Thielen: Met with Brian Ferrans and engaged with former Mayor Jenny Arndt regarding HB1300 on behalf of the Public Policy Committee

Director Field: Attended the SAVA breakfast, where the keynote — an Epstein survivor — focused on PTSD, trauma recovery, and the importance of mental health support

Director Hathcock: Met with Ferrans, Green, and Turner, and emphasized the growing urgency of finding creative solutions to serve uninsured residents in northern Larimer County amid anticipated HR1 impacts

Director Hottenstein: Attended the Poudre School District board meeting, where the Health District was formally recognized for providing bridge funding for the behavioral health interns and fellows program

Director McKay: Attended the Matthews House annual birthday bash and reminded the group that May is Mental Health Awareness Month

e. Executive Director Report

Brian Ferrans reported that he is settling in well, having completed 31 staff meet-and-greets and launched quarterly open office hours to remain accessible. Looking ahead, a half-day board retreat is being scheduled via doodle poll for mission, vision, and values review, which will set the stage for strategic planning in 2027. The employee engagement survey closed with an approximately 80% response rate, up from the high 60s in 2025, and results are being compiled. All-staff annual compliance training has been launched through Compliancy Group. An RFP has been issued for a new client management system to replace the legacy database, with a goal of better data integrity and EHR integration. A community needs survey is launching Friday in Red Feather Lakes at the local food pantry.

VII. Adjournment

A motion to adjourn was made by Director McKay. and seconded by Director Thielen. Passed Unanimously.

The meeting was adjourned at 8:14 PM.



AGENDA DOCUMENTATION

Meeting Date: May 20, 2026

SUBJECT: Board Public Policy Committee Advocacy Items

PRESENTER: Erin Hottenstein

OUTCOME REQUESTED: ___ Decision Consent ___ Report

PURPOSE/ BACKGROUND

The Board Public Policy Committee met on April 17th and May 4th, 2026. The Committee took the following position:

- **Support:** SB26-178: Health Insurance Affordability Measures (*passed Senate and House, moving to Governor*)

Attachment(s): None.

FISCAL IMPACT: N/A

STAFF RECOMMENDATION: Ratify positions taken by the Board Public Policy Committee.



AGENDA DOCUMENTATION

Meeting Date: May 20, 2026

SUBJECT: ICC Cybersecurity Review

PRESENTER: Courtney Green and Mike Lynch

OUTCOME REQUESTED: Decision Consent Report

PURPOSE/ BACKGROUND

The CSD pool, requires the Board of Director's to approve a third-party cyber security review in order to provide an additional \$1M sublimit on our policy. These reviews are completed on a quarterly basis by ICC and help us strategically plan our IT projects and identify risks. They identify any potential exposure of PII, progress made on previous assessments, and next steps in cyber security planning.

Attachment(s): None.

FISCAL IMPACT: N/A

STAFF RECOMMENDATION: None



AGENDA DOCUMENTATION

Meeting Date: May 20, 2026

SUBJECT: Executive Director Report

PRESENTER: Brian Ferrans

OUTCOME REQUESTED: ___ Decision ___ Consent X Report

Please find the Executive Director Staff Report attached with current program updates.

• MEETINGS

The Executive Director met with the following community partners and attended the following meetings/events since the April Board meeting:

- Red Feather Community Outreach Event
- Multiple introductory meetings w/ Executive Coaching firms
 - Elevate Leadership
 - Crafted Leadership
 - Blue Mesa Group
- Mind our Future Coalition – Roundtable session to discuss youth mental health
- UCHHealth – Kevin Unger
- Husch Blackwell – introduction meeting & overview of UCH Joint Operating Agreement/Lease
- BizWest CEO Roundtable on Health Care Event
- Alliance for Suicide Prevention – Rachel Olsen-Towlen
- Frontline Public Affairs – Lisa Ward
- SummitStone Health Partners – Dr. Lesley Brooks, Cali Thole, Ben Stephens on community-based BH needs
- Larimer County BHS – Amy Martonis about consumer portal project and history of HealthInfoSource
- CLA – Victor Kraft to review annual audit report w/ Board Treasurer
- **UPCOMING MEETINGS & OUTREACH**
 - SummitStone to discuss adolescent behavioral health service needs as part of CAYAC service provision strategy assessment (scheduled)
 - Ft. Collins Rescue Mission – Seth Forwood to learn more about new shelter project and progress updates (in the works)
 - City of Ft. Collins – Claudia Menendez to learn more about City’s equity priorities and strategies (in the works)
 - Larimer County – Commissioner introductory meetings (in the works)

- **Key Updates**
 - 1. HD Campus and Office Space Capacity Challenges**
 - 120/202 Bristlecone and Shields buildings are at 100% capacity for office space, Mulberry building is 90% leased w/ only one suite available to accommodate 6-8 staff
 - Staff to begin preliminary exploratory assessment of real estate opportunities related to Client Campus to better understand options for future capacity expansion. This due diligence will help inform strategic planning and responsible stewardship of District assets
 - 2. Staff Meet n’ Greets continuing** - Completed 16 meet n’ greets this month with staff, total of 38 completed since March 23rd
 - 3. Executive Coach selected** – Sequoia Leadership Group
 - 4. Connections/CAYAC** - Beginning stages of strategic engagement work to help assess future scope of HD behavioral health services. Meetings being scheduled with key partners, internal staff, and other stakeholders to help inform priority areas and service array for adults and kids/families.
 - 5. Board Retreat** – scheduled for September 9th from 12pm-4pm. Focus will be on reviewing current mission/vision/values per Board policy requirement. Facilitator and location TBD.
 - 6. Open House** – wonderful turnout with more than 50 community members and partners that attended. Staff showcased all of our programs/services w/ subject matter experts leading discussions and tours through both of our Bristlecone buildings. More detailed attendee data and follow-up strategies will be available next week.
- **Upcoming Work/Events**
 - ELT Retreat**
 - Wednesday, May 27th at Sylvan Dale Ranch, Loveland, CO
 - Ft. Collins Police Services Ribbon Cutting**
 - Monday, June 1st 10am-11am to commemorate the office renovation for the Mental Health Response Team & the HOPE team
 - 5th Annual Fort Collins Juneteenth Celebration – Collective Liberation**
 - June 19-20th @ Foothills Mall

Attachment(s): Program Updates

Leadership report summary

Reporting department: MHC
Reporting month: April 2026

What's new/key updates

- The BH Manager, VP of Client Services, and Executive Director are engaged in collaborative meetings regarding current programming and community needs.
- Significant work was completed in April to meet telehealth compliance requirements. These efforts included collaboration with consultants and the Innovation and Quality team and support the team in offering secure, compliant telehealth services to those who need it.
- A Clinical Supervision procedure was finalized support future pre-licensed staff and potential student educational opportunities. This was a collaborative effort between the Clinical Quality Committee and the Mental Health Connections team.
- The team continued work to collaborate across programs to operationalize the Health District's strategic plan for organizational excellence by developing and implementing standardized operating procedures.

Strategic relevance

- **Organizational Excellence:** Strengthen infrastructure in all areas, including programs and services.
- **Health Equity:** Remove barriers to meet individual needs, helping all community members achieve their best health.

Issues/risks/challenges

- No significant issues to report.

Key metrics/trends



	Jan 2026 Confirmed	Feb 2026 Confirmed	Mar 2026 Confirmed	Apr 2026 Preliminary
Number of Appointments	59	35	34	35
Appointment Detail	20 Adult 39 CAYAC (Child)	26 Adult 9 CAYAC (Child)	28 Adult 6 CAYAC (Child)	29 Adult 6 CAYAC (Child)
Number of Unique Individuals Served	28	20	15	17
<p>Data Source: Health District ICANotes EHR, Appointment Table Includes: Attended appointments (therapy, testing, psychiatric services) Excludes: Care coordination encounters; All other therapy, testing, psychiatric appointment status (cancelled, no-show, or otherwise not attended) Limitations: These data reflect a point-in-time snapshot of a complex, evolving electronic health record. As patient records mature and undergo routine quality review, information may be revised and future summary reports may change. Note: The same individual may be counted as a unique client served in multiple Health District programs.</p>				

Leadership report summary

Reporting department: Larimer Health Connect
Reporting month: April 2026

What’s new/key updates

- The Connect for Health Colorado Grant application has been submitted. Applicants selected for funding are expected to be notified by May 22, 2026. The funding cycle will run from July 2026 – June 2029 (three years) rather than the two-year cycle in place since the Marketplace’s inception.
- Selected LHC staff have completed onboarding at The HIVE, at Crossroads Safehouse and are now scheduled to provide on-site support twice monthly, starting in May. The team is excited to help break down barriers and provide essential services alongside other trusted community partners including the Sexual Assault Victim Advocate (SAVA) Center, the Larimer County Court Resource Center, Larimer County Department of Health and Environment and Crossroads Safehouse’s medical unit, strengthening the continuum of care and improving access to services.
- We have partnered with our regional accountable entity (RAE), Northeast Health Partners, which manages Medicaid members, to collaborate as upcoming federal changes affecting Medicaid unfold. We look forward to working together to inform and educate members about these changes, with a focus on minimizing inappropriate loss of coverage. This partnership will also support outreach to individuals who may be affected by policy updates, including potential work requirements and related eligibility changes.

Strategic relevance

- **Partnerships:** Build and strengthen partnerships to maximize impact on community health.
- **Partnerships:** Improve collaboration between the Health District and our partners to advance health equity.
- **Health Equity:** Center community voices and remove barriers to meet individual needs, helping all community members achieve their best health.

Issues/risks/challenges

- No significant issues to report.

Key metrics/trends

	Jan 2026 Confirmed	Feb 2026 Confirmed	Mar 2026 Updated & Preliminary	Apr 2026 Preliminary

Number of Appointments	230	193	209 (208 reported last month)	178
Number of Unique Individuals Served	<p>First Update to the Board: Multiple household members may be served during each appointment counted above. We have completed initial rounds of validation testing for a new method of calculating total # of unique individuals served. We anticipate being able to confidently report this number by end of Q2 2026.</p>			
<p>Data Source: Health District Database Includes: In-person scheduled, In-person walk-in, Phone/virtual appointments for insurance navigation Excludes: Follow-up phone calls and emails (general communication encounters), Prescription assistance appointments Limitations: These data reflect a point-in-time snapshot of a complex, evolving client management system. As client records mature and undergo routine quality review, information may be revised and future summary reports may change. <i>Note: The same individual may be counted as a unique client served in multiple Health District programs.</i></p>				

Leadership report summary

Reporting department: Dental
Reporting month: April 2026

What’s new/key updates

- Dentists at the Family Dental Clinic continued ongoing efforts to utilize the dentists’ schedules to help support hygiene appointments, with each dentist seeing up to three hygiene patients per day.
- By implementing this approach, we were able to increase patient visits in both March and April and start to alleviate the hygiene bottleneck.
- The team continued work to collaborate across programs to operationalize the Health District’s strategic plan for organizational excellence by developing and implementing standardized operating procedures.

Strategic relevance

- **Organizational Excellence: Strengthen infrastructure:** by improving access to care, maximizing provider capacity, and increasing operational efficiency.
- **Health Equity:** Remove barriers to meet individual needs by expanding availability of preventive dental care services and helping ensure patients receive timely preventive dental services.

Issues/risks/challenges

- No significant issues to report

Key metrics/trends

	Jan 2026	Feb 2026	Mar 2026	Apr 2026
	Confirmed	Confirmed	Confirmed	Preliminary
Number of Appointments	466	494	605	528
Number of Unique Individuals Served	339	346	444	390
Community Screenings	n/a	n/a	n/a	n/a

Data Source: Health District Dentrix EHR, Appointment & Procedure Tables

Includes: Dentist and hygienist appointments combined

Excludes: Eligibility appointments and eligibility-only clients (no resulting dentistry appointment)

Limitations: These data reflect a point-in-time snapshot of a complex, evolving electronic health record. As patient records mature and undergo routine quality review, information may be revised and future summary reports may change.

Note: The same individual may be counted as a unique client served in multiple Health District programs.

Leadership report summary

Reporting department: Community Engagement
Reporting month: April 2026

What's new/key updates

- The Outreach and Education team tabled several events in April including the Loveland Warrant Clearance Event and Community Resource Fair. The team supported Open House efforts dropping off flyers to providers across the district and joined for community outreach and to kick off survey collection in Red Feather Lakes.
- The Mental Health and Substance Use Alliance nonclinical methods workgroup presented its first strategy proposal to the Steering Committee. The Steering Committee adopted the proposed strategy, which aims to build a coordinated approach to nonclinical behavioral health in Larimer County. The Alliance also welcomed a PhD student intern to start guiding the youth data development strategy.
- The Changing Minds campaign was invited to present at the UCHealth Zero Suicide Committee for Alcohol Awareness Month. The campaign was also featured at various outreach tabling events and continued to grow its online presence.
- The Health and History project pilot has launched, with presentations now being shared both internally and externally. Feedback so far has been positive, with appreciation expressed for how the project melds local data with our community's stories and lived experiences. Additional materials and engagement pathways are in development to support the project's continuation.

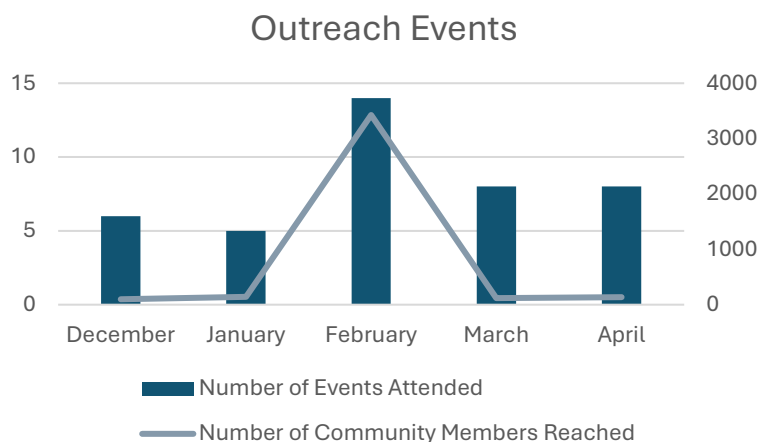
Strategic relevance

- **Health Equity:** The Community Engagement program strives to be responsive to community needs and marginalized identities in our approach and offerings. This is embedded in the Alliance nonclinical workgroup and is a key facet of the Health and History project.
- **Partnerships:** The Health and History project expands community engagement and builds relationships that advance health equity. Additionally, the Changing Minds campaign has enable the program to cultivate relationships with an array of community organizations.

Issues/risks/challenges

- No significant issues to report.

Key metrics/trends



Leadership report summary

Reporting department: Data & Analytics
Reporting month: April 2026

What's new/key updates

- **Data collection, reporting and interpretation:** Key progress in April 2026 included:
 - Processing speed has improved for producing monthly Board of Directors program metrics, although the time commitment still stretches over multiple days and multiple staff.
 - Completed building the HL-7 messaging feature to transmit client demographic data from the Health District Database to Dentrix (Dental Program EHR). We are now planning go-live implementation to alleviate data entry burden for intake staff and also test implementation of data system interfaces.
- **Data system modernization:**
 - Posted an RFP nationally to identify a new client data system that will replace our internally built and maintained client database.
 - Vendor applications are due May 18. A multi-disciplinary internal workgroup will evaluate applications.
 - Met with colleagues at Larimer County Dept of Health and Environment (LCDHE) to learn about their recent EHR transition process – successes, challenges and lessons learned to date.
- **Red Feather Lakes (RFL) Area Healthcare Access Survey:**
 - Officially launched the one-time, online convenience sample survey on April 24 at the Red Feather Lakes Food Pantry. This launch day was done in coordination with the Health District Outreach Team and our community partners from Mountain Ministries.
 - As of May 12, there have been 262 survey responses submitted. Our goal for representative results is approximately 350 responses. *Note, responses received so far have not been reviewed for quality, duplicates, or completeness.* The survey will remain open until May 31.

Strategic relevance

- **Organizational Excellence:** All updates relate to improving and expanding available data for decision-making.
- **Partnerships:** Our health care access survey project with the Red Feather Lakes community is expanding community engagement and building relationships.

Issues/risks/challenges:

- N/A

Key metrics/trends:

- No metrics to report this month. Defining and developing metrics for this program is part of the 2026 workplan. Anticipated areas of focus will be data quality indicators and/or data use trends.

Leadership report summary

Reporting department: Strategic Funding Partnerships
Reporting month: April 2026

What's new/key updates

- Over the course of the summer, the Board will receive high level updates indicating progress being made on implementing our framework to guide the work of strategic funding partnerships.
- This will include policies and procedures, evaluation tools and outcomes, relationship management strategies, and internal alignment across departments and programs related to partnerships.
- See the attached addendum for a high-level overview of the governance framework and key infrastructure building approaches informing this work. The addendum is intended to ground the Board for future reports and discussions.

Strategic relevance

- **Organizational Excellence:** Instituting processes for this new programmatic area build the infrastructure for this area to ensure clarity, transparency, and sustainability.
- **Partnerships:** Prioritizing relationship building with consistent feedback loops and mutual accountability mechanisms that strengthen identified service delivery outcomes.

Issues/risks/challenges

- No significant issues to report.

Key metrics/trends (quarterly)

- No metrics to report this month.

Leadership report summary

Reporting department: Health Equity
Reporting month: April 2026

What's new/key updates

- Recommendations to enhance current interpreter services tools and workflows were finalized following discovery sessions with all three direct service programs. Implementation of the recommendations is underway, starting with a vendor comparison, phone/video interpretation tools assessment, an updated interpreter services SOP, and a new staff onboarding toolkit. All work aligns with the national standards for culturally and linguistically appropriate services (CLAS).
- The 2026 Health Equity Action Team (HEAT) held its second meeting in April, reviewing 2026 all-staff health equity survey results and prioritizing two focus areas for the year. HEAT will spend the remainder of 2026 investigating root causes, mapping systems, and developing actionable recommendations for the focus areas. The 2026 focus areas are:
 - *Idea equity* – Who gets heard, and how position and influence shape whose ideas land
 - *Capacity and tools* – Supporting every role and team to integrate health equity into daily practice

Strategic relevance

- **Health Equity:** HEAT's prioritization of idea equity and capacity-building directly invests in staff knowledge and commitment to equity, while advancing an environment that welcomes diverse thought and experience. Interpreter services implementation advances culturally and linguistically appropriate services, helping all community members achieve their best health.
- **Organizational Excellence:** HEAT's structured process for surfacing and investigating staff-identified priorities strengthens internal communications and ensures staff feel seen, heard, and respected. Enhancements to existing interpreter services strengthen program infrastructure and service delivery.

Issues/risks/challenges

- N/A

Key metrics/trends

- At the start of each quarter, this section will contain visualizations on health equity strategic plan implementation progress.

Addendum: Partnership Strategy Overview for Board of Directors

Purpose

The Health District is evolving its approach to partnerships to better meet the complexity of today's community health challenges. No single organization can achieve population-level impact alone. This strategy positions partnerships as a core governance and delivery mechanism, not just a set of relationships, but a structured portfolio aligned to community health outcomes.

Where We Are Headed

We are moving toward a more intentional, disciplined, and transparent partnership model that:

- Aligns every partnership to our mission, statutory responsibilities, and community priorities
- Differentiates levels of engagement based on strategic value and risk
- Applies consistent principles, expectations, and governance structures
- Strengthens our role within a broader, interconnected health service ecosystem

This shift enables the Health District to act not only as a service provider and system convener, but also as a strategic investor and steward of public resources.

Why This Matters

- 1. Strategic Benefit** A structured partnership approach allows us to:
 - a. Focus resources on the highest-impact opportunities
 - b. Scale outcomes through collaboration rather than duplication
 - c. Increase leveraging of funding, expertise, and community assets
 - d. Strengthen alignment to address complex health challenges
- 2. Alignment** This approach ensures that partnerships:
 - a. Directly support community health priorities and equity goals
 - b. Align with the Health District's statutory and governance responsibilities
 - c. Reinforce a shared framework for decision-making across staff and leadership
- 3. Organizational Strengths** The Health District is well-positioned to lead this work due to:
 - a. Established trust and relationships across the community
 - b. Experience convening and coordinating cross-sector partners
 - c. A strong foundation in public stewardship and accountability
 - d. Growing capacity to support data-informed and equity-centered approaches

Risk Management & Accountability

A formal partnership strategy also strengthens oversight and reduces exposure by:

- Matching governance and oversight to the level of engagement and risk
- Clarifying roles, responsibilities, and decision-making authority
- Standardizing agreements, expectations, and performance measures
- Increasing transparency in how public resources are invested through partnerships

- Providing structured review and reassessment of partnerships over time

This ensures that as partnerships deepen, accountability and stewardship scale appropriately.

Strengthening Accountability: Selection, Reporting & Evaluation

As part of this strategy, the Health District is formalizing how partnerships are initiated, monitored, and evaluated to ensure transparency, consistency, and responsible stewardship of public resources. Key components include:

- **Structured Selection:** Clear processes for identifying and selecting partners based on alignment with community priorities, strategic value, and equity impact.
- **Quarterly Reporting:** Partners provide regular updates on progress toward agreed-upon outcomes, enabling ongoing visibility into performance and early identification of challenges.
- **Standardized Invoicing & Documentation:** Consistent expectations for financial reporting and invoicing tied to deliverables and outcomes, improving fiscal accountability.
- **Formal Evaluation Process:** Defined metrics and review points to assess partnership and health service effectiveness, inform continuation or adjustment, and support continuous improvement.

Together, these elements create a more disciplined and transparent partnership lifecycle—from selection through performance monitoring and evaluation.

What This Enables

With this approach, the Health District will be able to:

- Manage partnerships as a strategic portfolio, not isolated efforts
- Make consistent, transparent, and defensible decisions
- Advance health equity through intentional collaboration and shared accountability
- Strengthen long-term, system-level impact

Board Role Moving Forward

As this strategy is implemented, the Board plays a key role in:

- Providing governance oversight for high-impact and high-risk partnerships
- Ensuring alignment with mission, community priorities, and public stewardship responsibilities
- Supporting a disciplined, transparent approach to partnership decision-making

Summary

This work represents a shift from ad hoc partnership management to a strategic, governed partnership model—one that strengthens impact, improves accountability, and positions the Health District to lead effectively within a complex and evolving health system.

Leadership report summary

Reporting Department: Finance Department
Date: April 2026

What's New/Key Updates

- The 2025 Financial Audit is now complete. Audited financial statements can be found in this board package and the presentation from CLA will be given at this Board Meeting.
- The implementation of Expensify is in progress. The expense management software will be in use after a brief testing and training phase.
- Finance department staff have relocated to our Shields office.

Strategic Relevance

- **Organizational Excellence** – Strengthen infrastructure in all areas, including programs, services, finance, human resources, information technology, communications and facilities.
- **Great Governance** – Ensure the integrity of the Health District’s financial position and provide fiscal stewardship and accountability.

Issues/Risks/Challenges

- Continuation of previously reported challenges with functionality in NetSuite ERP and NetSuite Planning & Budgeting have led to an optimization phase. Identification of outside resources to assist with this process is in progress.

Key Metrics/Trends

Financial Audit Results Prove Substantial Staff Growth

- While it can be challenging to quantify staff growth and improvement, the results of the completed financial audit have provided an opportunity to do so. In 2024, the Adjusting Journal Entries report contained 10 entries that had a combined value of \$3.4 million. One year later in 2025, the same report had just 2 reclassing entries with a combined

value of about \$93,000. (Reclassifying entries do not change the “bottom line,” they just move amounts from one expense account to another.)

	Adjusting Entries	Reclassing Entries	Accounts Impacted	\$ Value
2024 Audit	7	3	81	\$ 3,400,793
2025 Audit	0	2	5	\$ 92,797
Improvement	7	1	76	\$ 3,307,996

- This improvement is attributable to:
 - correcting our accounting records to reflect the modified accrual basis of accounting,
 - the significant time and effort that was devoted to the clean-up of Dentrix (a huge “thank you!” to the Innovation & Quality team for leading the project),
 - and tremendous improvement in Accounts Payable processes and accounting.

Tax Revenues as of April 30, 2026

- As of April 2026, 64% of all property taxes levied by the Health District have been collected, as well as 33% of budgeted Specific Ownership Taxes.

	\$ Collected	% Collected	Remaining
Property Taxes	\$7,394,989	64%	\$4,083,306
Personal Property Exemption	\$ 16,531	100%	\$ -
Specific Ownership Taxes	\$ 234,334	33%	\$ 473,666
	\$7,645,855	63%	\$4,556,971

Leadership report summary

Reporting department: Human Resources
Date: April 2026

What’s new/key updates

- The HR team looks forward to helping with the Open House on May 14.
- Improvements were made to the UKG 30- and 90-day performance review workflows.
- HR has developed a monthly cadence and continues to partner with managers/VPs to support a positive work environment which facilitates good communication and the ability to be proactive meeting business needs.
- Summary of key themes from the Stay Interviews and Engagement survey is complete and the information will be shared with the Board at the May 20th meeting.
- HR teams members continue to work with the Health Equity Action Team (HEAT) and Culture in Action (CIA) committees.
- HR is closely working with a Senior Solution Consultant from UKG on reimplementation of the recruiting module. Conversations and rebuilding of the module is going well.

Strategic relevance

- **Organizational Excellence** – Strengthen infrastructure in all areas, including programs, services, finance, human resources, information technology, communications and facilities.
- **Health Equity** – Model inclusive excellence for health care partners and collaborators.

Issues/risks/challenges

- The continued challenge is finding the time required to re-implement the UKG recruitment module.
- Given some of the challenges with UKG, HR has begun exploring other HRIS platforms to be in a better position in case a change becomes necessary.
- The HR team is currently short-staffed due to a team member out for an extended period. This is requiring ongoing assessment and prioritizing of deliverables as a team.

Key metrics/trends

Job Searches/Pending	Onboarding	Offboarding
Five (5) positions are currently open and advertised.		(2)
One (1) Internal position was posted.		
Two (2) positions closed in early May and are in final stages of offer/onboarding.	Mental Health & Substance Use Alliance Intern PRN	

Leadership report summary

Reporting department: Marketing and Communications
Reporting month: April 2026

What's new/key updates

- Offer extended to Digital Media Specialist for digital design involving “The Loop,” social media, the new website, micro-pages and Google Ads. This person will also dive deeper into analytics for better data-based decision making.
- We're on track for a Q2 launch of the new HD website, having determined, among other things, our site navigation to ensure clients and patients know exactly where to go for the help they need. It will have “outside-in,” or patient/client-first content.
- As of the HD Open House on May 14, Marcom completed a volume of branded collateral to update spaces and messaging. Among these updates: new awnings, new exterior signage, new interior signage, increasing signage in Spanish, storyline wall in conference room of 120, branded canvas prints, intricate overall brochures, along with program-specific brochures, print and digital Open House invitations, new swag, and hanging sculptures in 120 and 202.
- We'll soon have tv screens playing motion graphic content in the Dental waiting area that's educational, entertaining and introductory to our providers. It will refer to our other services on campus. A TV screen will also be used in the 120 waiting area to entertain and educate about our collective services and resources.
- We're about six weeks into our carrying-too-much ad campaign and are at the onset of deeper analysis to determine and changes in direction, if needed.

Strategic relevance

- **Organizational Excellence** – Strengthen infrastructure in all areas, including programs, services, finance, human resources, information technology, communications and facilities.
- **Great Governance** – Ensure the integrity of the Health District's financial position and provide fiscal stewardship and accountability.
- **Health Equity** – Model inclusive excellence for health care partners and collaborators.

Issues/risks/challenges

- No significant issues to report

Leadership report summary

Reporting department: Compliance
Reporting month: April 2026

What's new/key updates

- We had a 100% completion rate for annual trainings on Compliancy Group. All HD employees completed the following trainings in April:
 - CORA
 - HIPAA
 - Violence in the Workplace
 - Ethics
 - Cybersecurity
 - Mobile Devices
 - Incident reporting
 - Safe Driving
- Planning for the 2027 election have began, with info being given out during the May 14 open house.
- Review of internal policies is underway. Internal policies are being added and updated as needed with plans for a complete revamp by the end of 2026.
- Compliance and Facilities has been approved to hire a joint admin assistant. The posting is due to be up mid-May.

Strategic relevance

- **Organizational Excellence** – Strengthen infrastructure in all areas, including programs, services, finance, human resources, information technology, communications and facilities.
- **Great Governance** – Ensure the integrity of the Health District's financial position and provide fiscal stewardship and accountability.

Issues/risks/challenges

- No significant issues to report

Key metrics/trends

- Compliancy Group Incident Reporting: 0 incidents reported for the month of April

Leadership report summary

Reporting department: Infrastructure Operations
Date: April 2026

What's new/key updates

- Completed the Family Room.
 - Completed all Interior and Exterior Signage.
 - Completed Phase 1 & 2 of our office moves.
 - Renegotiated new contract with ICC at a 25% discount.
 - Applied for a safety funds rebate. Expecting \$10,500.
 - Prepared the Campus for the Open House.
 - Scheduled Campus safety drills for end of May.
 - Continued to manage 3rd party tenant requests at 425 w. Mulberry.
-

Strategic relevance

- **Organizational Excellence** – Strengthen infrastructure in all areas, including programs, services, finance, human resources, information technology, communications and facilities.
 - **Great Governance** – Ensure the integrity of the Health District's financial position and provide fiscal stewardship and accountability.
 - **Health Equity** – Model inclusive excellence for health care partners and collaborators.
-

Issues/risks/challenges

- No significant issues to report.
-

Key metrics/trends

- Completed 53 / 55 Facility Workorders in past 30 days. 96% completion rate.
- 155 new Information Technology Workorder Tickets were created in past 30 days.

HEALTH SERVICES DISTRICT OF NORTHERN LARIMER COUNTY

**BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2025



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAconnect.com](https://www.CLAconnect.com)

**HEALTH SERVICES DISTRICT OF NORTHERN LARIMER COUNTY
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2025**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	13
STATEMENT OF ACTIVITIES	14
BALANCE SHEET – GOVERNMENTAL FUND	15
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION	16
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND	17
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES	18
NOTES TO FINANCIAL STATEMENTS	19
REQUIRED SUPPLEMENTARY INFORMATION	
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET TO ACTUAL – GENERAL FUND	34
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION	35



INDEPENDENT AUDITORS' REPORT

Board of Directors
Health Services District of Northern Larimer County
Fort Collins, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the major fund of the Health Services District of Northern Larimer County as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Health Services District of Northern Larimer County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Health Services District of Northern Larimer County, as of December 31, 2025, and the respective changes in financial position 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). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Health Services District of Northern Larimer County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Health Services District of Northern Larimer County'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.

Auditors' 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 auditors' 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

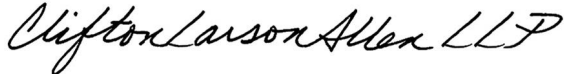
In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Health Services District of Northern Larimer County'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 the Health Services District of Northern Larimer County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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.



CliftonLarsonAllen LLP

Denver, Colorado
May 12, 2026

**HEALTH SERVICES DISTRICT OF NORTHERN LARIMER COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

This section of the financial report is a required component of the annual financial statements for governmental organizations and is intended to help explain the financial activity for the fiscal year ended December 31, 2025, through a brief narrative overview and analysis of financial statements. All interested persons are encouraged to read this report and to review the financial statements in conjunction with the descriptions of activity as highlighted below.

Financial Highlights

- Assets for the Health Services District of Northern Larimer County (Health District) exceeded liabilities and deferred inflows of resources by \$23,507,797 an increase of \$2,197,980 over the prior year.
- As of the close of the fiscal year, the Health District's governmental fund balance totaled \$13,630,083 an increase of \$2,240,019 over the prior year. Approximately 42% of this amount (\$5,690,172) is available at the Health District's discretion (unassigned).
- Approximately \$13 million of the revenues received in 2025 were used to provide health related services to residents in the northern two-thirds of Larimer County.

Overview of Financial Statements

This discussion and analysis serve as an introduction to the Health District's basic financial statements. The Health District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Required Financial Statements

The financial statements of the Health District report information about the Health District using accounting methods similar to those used by private-sector companies. These statements provide both long-term and short-term information about the Health District's overall financial status.

The Statement of Net Position presents information on all of the Health District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. This statement provides information about the nature and the amounts of investments in resources (assets) and the obligations to Health District creditors (liabilities). Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Health District is improving or deteriorating. The Health District currently has reserve resources that are intended to be gradually spent down based on directives from the Health District's Board of Directors, so some decrease is to be expected.

The Statement of Activities presents information showing how the Health District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

These two statements report the Health District's net position and changes in net position. This change in net position is important because it tells the reader whether the financial position of the Health District has improved or diminished. However, in evaluating the overall position of the Health District, non-financial information such as changes in economic conditions and the Health District's property tax base will also need to be evaluated.

**HEALTH SERVICES DISTRICT OF NORTHERN LARIMER COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Health District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Health District has only one fund, the general fund.

Governmental Fund

The presentation for the Health District's general fund focuses on how resources flow into and out of it and the balance that is left at year-end that is available for spending in future periods. The governmental fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view to cash, the governmental fund operations and the services provided. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Health District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the general fund is reconciled in the financial statements.

The Health District annually adopts an appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget. Actual expenditures were less than budgeted expenditures even after exclusions of fund budgeted for contingency.

Financial Analysis

As previously noted, net position may serve over time as a useful indicator of an entity's financial position. In the case of the Health District, assets exceed liabilities and deferred inflows of resources by \$23,507,797 at the close of the most recent fiscal year.

Cash and investments represent 15% of total assets. The funds on hand represent resources available for operations and contingencies of the Health District and are invested in local government investment pool and certificates of deposit.

Approximately 11% of the Health District's total assets reflect investment in capital assets (e.g. land, buildings, medical equipment, dental equipment, subscription-based information technology arrangements (SBITA) and computer hardware). The Health District uses these capital assets to provide health services to citizens of the northern two-thirds of Larimer County; consequently, these assets are not available for future spending. Unrestricted net position may be used to meet the Health District's ongoing obligations to creditors.

The Health District entered into a lease in 1994 with Poudre Valley Health Care, Inc., dba Poudre Valley Health System (PVHS) for the use of certain assets.

In 2012, the Health District Board of Directors approved an amendment to the lease. The amendment was in response to a request by PVHS for changes required to enable a joint-operating agreement under which PVHS and University of Colorado Hospital Authority would join to create a new regional health system, University of Colorado Health (UCHealth), to be operated by a new joint-operating company. The amended lease provided an extension of the term of the lease until 2062.

**HEALTH SERVICES DISTRICT OF NORTHERN LARIMER COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

The Health District reports a lease receivable as disclosed in Note 4. As of December 31, 2025, the lease receivable was \$59,358,495 or 62% of total assets as listed in Table A-1.

The following statement of net position (Table A-1) summarizes the Health District's assets, liabilities, and deferred inflows of resources, and net position.

Table A-1
Condensed Statement of Net Position

	2025	2024	Dollar Change	Percent Change
Current and Other Assets	\$ 85,560,703	\$ 82,693,221	\$ 2,867,482	3.47%
Capital Assets	10,198,336	9,936,025	262,311	2.64%
Total Assets	<u>95,759,039</u>	<u>92,629,246</u>	<u>3,129,793</u>	<u>3.38%</u>
Current Liabilities	1,410,581	1,183,412	227,169	19.20%
Noncurrent Liabilities	3,871	59,849	(55,978)	-93.53%
Total Liabilities	<u>1,414,452</u>	<u>1,243,261</u>	<u>171,191</u>	<u>13.77%</u>
Deferred Inflows of Resources	<u>70,836,790</u>	<u>70,076,168</u>	<u>760,622</u>	<u>1.09%</u>
Total Net Position	<u><u>\$ 23,507,797</u></u>	<u><u>\$ 21,309,817</u></u>	<u><u>\$ 2,197,980</u></u>	<u><u>10.31%</u></u>

Net position consists of the following components:

	2025	2024	Dollar Change	Percent Change
Net Investment in Capital Assets	\$ 10,122,015	\$ 9,818,491	\$ 303,524	3.09%
Restricted	467,019	470,801	(3,782)	-0.80%
Unrestricted	12,918,763	11,020,525	1,898,238	17.22%

A portion of the Health District's net position of \$467,019 represents resources that are subject to external restrictions (TABOR reserve). The balance of unrestricted net position of \$12,918,763 may be used to meet the Health District's obligations to citizens and creditors.

The unassigned fund balance of \$10,754,419 presented in the governmental fund balance sheet on page 14 provides a succinct view of the Health District's liquid resources that are available to the Health District on a short-term basis. Board policy requires the Health District to maintain a minimum of \$1 million dollars in liquid reserves.

**HEALTH SERVICES DISTRICT OF NORTHERN LARIMER COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

Table A-2
Condensed Statement of Activities

	2025	2024	Dollar Change	Percent Change
REVENUES				
Program Revenues:				
Net Charges for Services	\$ 1,116,452	\$ 1,305,822	\$ (189,370)	-14.50%
Operating Grants and Contributions	455,356	1,453,739	(998,383)	-68.68%
General Revenues:				
Property and Specific				
Ownership Tax	11,438,271	11,354,262	84,009	0.74%
Lease Revenue	1,576,183	1,546,332	29,851	1.93%
Other Revenue	630,443	652,037	(21,594)	-3.31%
Total Revenues	<u>15,216,705</u>	<u>16,312,192</u>	<u>(1,095,487)</u>	<u>-6.72%</u>
EXPENSES				
Administrative and General	3,608,448	1,807,143	1,801,305	99.68%
Client Experience	6,696,918	8,571,433	(1,874,515)	-21.87%
Strategy and Impact	<u>2,713,360</u>	<u>2,134,632</u>	<u>578,728</u>	<u>27.11%</u>
Total Expenses	<u>13,018,725</u>	<u>12,513,208</u>	<u>505,517</u>	<u>4.04%</u>
CHANGE IN NET POSITION	2,197,980	3,798,984	(1,601,004)	
Net Position - Beginning of Year	<u>21,309,817</u>	<u>17,510,833</u>	<u>3,798,984</u>	<u>21.70%</u>
NET POSITION - END OF YEAR	<u><u>\$ 23,507,797</u></u>	<u><u>\$ 21,309,817</u></u>	<u><u>\$ 2,197,980</u></u>	<u><u>10.31%</u></u>

The Health District's net position increased by \$2,197,980 during the current fiscal year.

**HEALTH SERVICES DISTRICT OF NORTHERN LARIMER COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

Revenues

Property and specific ownership taxes accounts for 73% of the Health District's revenue. The amount of revenue from property taxes is driven by the assessed valuation of the taxable properties within the Health District boundaries and by the voter approved mill levy for the Health District. Lease revenue accounts for 10% of the Health District's revenue and the remaining 17% comes from net program fees for services provided, grants, contributions, and investment income.

Significant changes in revenue include the following:

Charges for services increased 71% (\$631,622) over the previous year due to 2024 Medicaid claims that were not available or billed until 2025.

Investment earnings increased 44% (\$190,079) over the previous year due to higher interest rates and increased capital to invest.

Grants and partnerships decreased 69% (\$998,393) over the previous year due to state property tax backfill revenue.

Expenses

The Health District's direct expenditures were approximately 10% (\$1,543,314) less than budgeted.

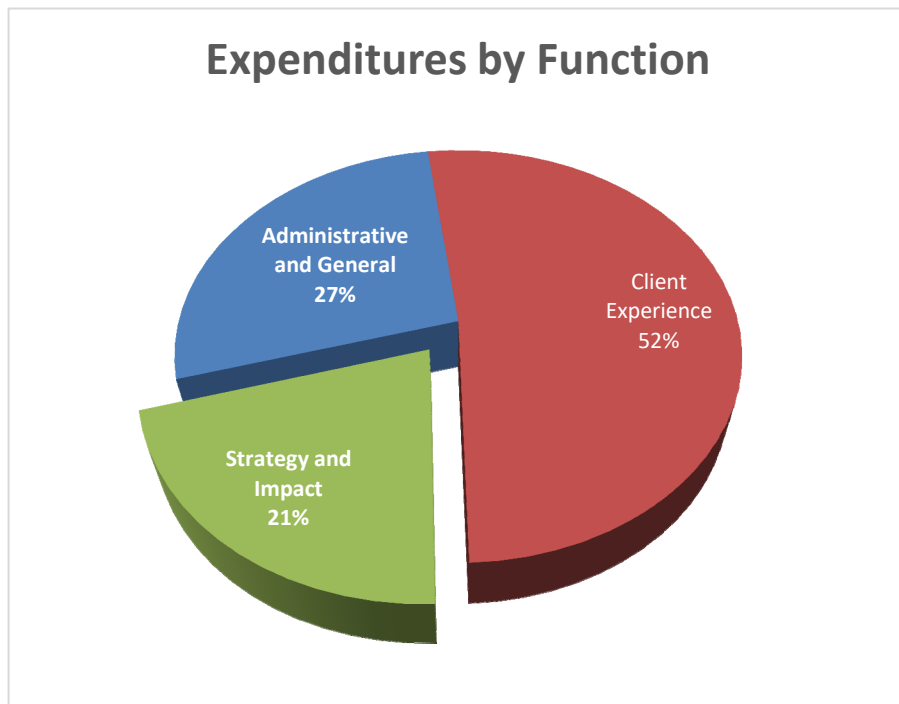
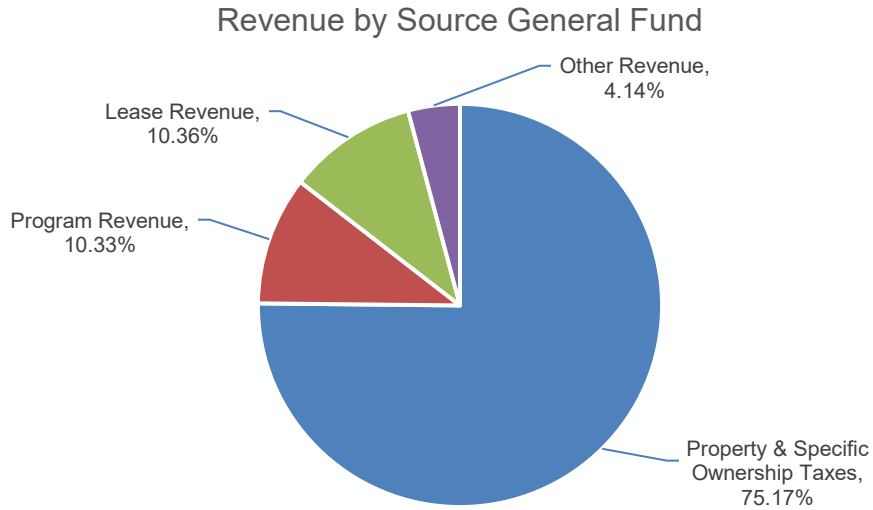
While expenses were less than budgeted overall, there were notable fluctuations by category. Personal Compensation was below budget by 24% (\$2,453,389) due to staffing vacancies. Partnership Funding was below budget by 19% (\$145,382) due to a partner that was unable to fill a staff position that was contractually required to receive funds. Professional Development, Service Expenses, and Supplies, Equipment, & Software were less than budget by a combined \$195,159.

In contrast, Contracted Services exceeded budgeted amounts by 25% (\$357,525) due to compensating for unfilled staff positions with consultants to meet service and operational needs. Capital Outlay was over budget in its entirety (\$707,640) due to a budgeting oversight (this was corrected in the 2026 budget). Occupancy and Other Operating Expenses also exceeded budget by \$162,736, largely a result of underestimated election expenditures.

The Expenditures by Function chart appears to indicate a significant increase in Administrative & General expenses at 27% compared to 15% from the prior year, this is due to a change in allocation practices. Before 2025, administrative salaries were allocated across program functions, this practice was changed to more accurately represent the actual cost of operating each program. Administrative expenses have actually declined, largely due to reduced administrative staff and operational efficiencies.

**HEALTH SERVICES DISTRICT OF NORTHERN LARIMER COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

While the condensed statement of activities presented on page 7 Table A-2, provides information as to the nature and sources of these changes, the following charts show the sources of the Health District's revenue and how these funds are spent.



**HEALTH SERVICES DISTRICT OF NORTHERN LARIMER COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

Budgetary Highlights

The Health District adopts annual Operations and Capital budgets outlining the estimated expenditures already authorized or to be considered by the Health District's Board of Directors. Funds budgeted but not spent from the current year's budget may be re-appropriated for future use.

The Health District saw an increase of \$2.2 million to its Governmental Fund Balance in 2025, rather than the planned decrease of \$69,977. Due to accurate forecasting during the year, the District was able to react to this increase during the creation of the 2026 budget, using most of the funds to increase its strategic outreach to the community it serves in support of the Board of Directors prioritized directions.

Revenue budgeting for 2025 focused on known income streams to avoid unnecessary budgetary misses on unverified sources. While this led to a more accurate budget for Tax Revenues, Service Revenues, and Contributions, an overly conservative approach in Lease Revenues and Investment Earnings resulted in a positive variance of 5% (\$743,965).

The 2025 Expenditure budget also aimed at increased accuracy through reduced contingencies and more closely mirroring prior year projections. This strategy proved effective in most areas, reducing the expenditure variance from 27% (\$4.6 million) in 2024, to 10% (\$1.5 million) in 2025. However, unexpected staffing turnover resulted in a large variance in Personnel Compensation expenditures that was not reallocated.

A comparison of 2025 budget to actual revenue and expenditures can be found on page 33.

Capital Assets and Debt Administration

Capital Assets

As of December 31, 2025, the Health District's investment in capital assets totaled \$10.2 million (net of accumulated depreciation and amortization). This investment in capital assets includes buildings, construction in process improvements, renovations, dental equipment, office equipment, subscription assets and computer software.

During 2025, \$660,277 was expended on capital assets. These capital expenditures include equipment, building, construction in progress, and subscription assets. See Note 5.

Table A-3
Capital Assets
Net of Accumulated Depreciation and Amortization

	2025	2024
Land	\$ 4,592,595	\$ 4,592,595
Construction in Progress	147,595	18,721
Buildings and Building Improvements	4,778,537	4,811,589
Subscription Asset	137,482	179,966
Equipment	542,127	333,154
Net Capital Assets	\$ 10,198,336	\$ 9,936,025

**HEALTH SERVICES DISTRICT OF NORTHERN LARIMER COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

Debt Administration

The Health District reports a subscription liability, see Note 6 and Note 7 for additional information. Additional information on the Health District's contingent obligations can be found in Note 9 to the financial statements.

**HEALTH SERVICES DISTRICT OF NORTHERN LARIMER COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

Economic Factors and Next Year's Budget

The 2026 annual budget includes about \$15.6 million in revenue, \$17.5 million in expenses, and a \$500,000 contingency. An increase to the 2025 budgeted \$14.9 million in revenues and expenses. The expenditure increase was intentionally and strategically calculated to align with the Health Districts priorities and planned initiatives during the year 2026.

The Health District's largest source of revenue is local property tax dollars. Property tax funds are calculated based on the Certificate of Valuation report that taxing authorities receive from the county assessor, therefore year-over-year changes are a direct result of increased or decreased property values.

The notable decline in budgeted Services Revenues is in response to Medicaid billing challenges in the Behavioral Health Program. Contributions were also projected to decline in response to the uncertainty of the impact that will be caused by new legislation. In contrast, the conservative approach to Lease Revenues and Investment Earnings was adjusted to actual expectations and market projections.

The District budgeted for a COLA increase to our Personnel Compensation, as well as increased employer contributions to health insurance benefits. The organization has also allocated funds to new Professional Development initiatives, increased Client and Community Assistance programs (found in Service Expenses), additional Partnership Funding, and scheduled capital improvements. Other expenditure categories were increased in response to inflation.

The Health District will monitor budget to actual performance closely throughout 2026, produce quarterly forecasts, and reallocate funds within the overall budget amount as necessary.

Request for Information

This financial report is designed to provide a general overview of the Health District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed in writing to: Brian Ferrans, Executive Director/CEO, Health District of Northern Larimer County 120 Bristlecone Drive, Fort Collins, CO 80524, bferrans@healthdistrict.org.

**HEALTH SERVICES DISTRICT OF NORTHERN LARIMER COUNTY
STATEMENT OF NET POSITION
DECEMBER 31, 2025**

ASSETS

Cash and Investments	\$ 14,401,522
Receivables:	
Patients, Net of Allowances of \$26,055	26,872
Grants Receivable and Other	54,722
Property Taxes	11,473,579
Specific Ownership Taxes	58,538
Prepaid Items	186,975
Lease Receivable - Current	342,248
Lease Receivable - Noncurrent	59,016,247
Capital Assets Not Being Depreciated:	
Land	4,592,595
Construction in Progress	147,595
Capital Assets, Net of Accumulated Depreciation and Amortization:	
Buildings and Building Improvements	4,778,537
Subscription Asset	137,482
Equipment	542,127
Total Assets	<u>95,759,039</u>

LIABILITIES

Accounts Payable	623,259
Accrued Payroll and Payroll Taxes	298,372
Deposits	19,157
Accrued Liabilities	77,515
Unearned Revenue:	
Grants and Partnerships	59,531
Long-Term Liabilities:	
Subscription Liability - Due Within One Year	72,450
Subscription Liability - Due in More than One Year	3,871
Compensated Absences - Due Within One Year	260,297
Total Liabilities	<u>1,414,452</u>
Deferred Inflows of Resources:	
Property Taxes	11,478,295
Leases	59,358,495
Total Deferred Inflows of Resources	<u>70,836,790</u>
Net Position:	
Net Investment in Capital Assets	10,122,015
Restricted for TABOR Reserve	467,019
Unrestricted	12,918,763
Total Net Position	<u><u>\$ 23,507,797</u></u>

See accompanying Notes to Financial Statements.

**HEALTH SERVICES DISTRICT OF NORTHERN LARIMER COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025**

		Program Revenue		
	Expenses	Net Charges for Services	Operating Grants and Contributions	Net Revenue (Expense) and Changes in Net Position
Functions/Programs				
Governmental Activities:				
Administrative and General	\$ 3,608,448	\$ -	\$ -	\$ (3,608,448)
Client Experience	6,696,918	1,116,452	360,444	(5,220,022)
Strategy and Impact	2,713,360	-	94,912	(2,618,448)
Total Governmental Activities	\$ 13,018,725	\$ 1,116,452	\$ 455,356	(11,446,917)
General Revenues:				
Property and Specific Ownership Taxes				11,438,271
Lease Revenue				1,576,183
Investment Earnings				622,688
Other Income				7,755
Total General Revenues				13,644,897
CHANGE IN NET POSITION				2,197,980
Net Position - Beginning of Year				21,309,817
NET POSITION - END OF YEAR				\$ 23,507,797

See accompanying Notes to Financial Statements.

**HEALTH SERVICES DISTRICT OF NORTHERN LARIMER COUNTY
BALANCE SHEET – GOVERNMENTAL FUND
DECEMBER 31, 2025**

ASSETS	<u>General Fund</u>
Cash and Investments	\$ 14,401,522
Receivables:	
Patients, Net of Allowances of \$26,055	26,872
Grants Receivable and Other	54,722
Property Taxes	11,473,579
Specific Ownership Taxes	58,538
Leases	59,358,495
Prepaid Items	<u>186,975</u>
Total Assets	<u><u>\$ 85,560,703</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
Liabilities:	
Accounts Payable	\$ 623,259
Accrued Payroll and Payroll Taxes	298,372
Accrued Liabilities	77,515
Deposits	19,157
Unearned Grants and Partnerships Revenue	<u>59,531</u>
Total Liabilities	1,077,834
Deferred Inflows of Resources:	
Property Taxes	11,478,295
Leases	59,358,495
Dental Services	<u>15,996</u>
Total Deferred Inflows of Resources	70,852,786
Fund Balance:	
Nonspendable - Prepaid Items	186,975
Restricted - TABOR Reserve	467,019
Assigned - Subsequent Year	7,285,917
Unassigned	<u>5,690,172</u>
Total Fund Balance	<u>13,630,083</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u><u>\$ 85,560,703</u></u>

See accompanying Notes to Financial Statements.

**HEALTH SERVICES DISTRICT OF NORTHERN LARIMER COUNTY
RECONCILIATION OF THE BALANCE SHEET –
GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2025**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balance - Governmental Fund	\$ 13,630,083
Amounts reported for governmental activities in the statement of net position are different because:	
Unavailable Revenues	15,996
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.	10,198,336
Long-term liabilities are not due and payable from current financial resources and, therefore, are not reported as liabilities on the fund financial statements. Long-term liabilities at year-end consist of subscription liabilities.	(76,321)
Compensated absences are not uses of financial resources in governmental activities and are therefore not reported in the fund. However, compensated absences are treated as a liability in the statement of net position. This is the total of the liability as of December 31, 2025.	<u>(260,297)</u>
Net Position of Governmental Activities as Reported on the Statement of Net Position	<u><u>\$ 23,507,797</u></u>

See accompanying Notes to Financial Statements.

**HEALTH SERVICES DISTRICT OF NORTHERN LARIMER COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2025**

	<u>General Fund</u>
REVENUE	
Property and Specific Ownership Taxes	\$ 11,438,271
Net Charges for Services	1,518,950
Lease Income	1,576,183
Grants and Partnerships	455,356
Investment Earnings	622,688
Miscellaneous Income	7,755
Total Revenue	15,619,203
EXPENDITURES	
Administrative and General Government	3,507,319
Program Operations:	
Client Experience	6,513,580
Strategy and Impact	2,650,645
Subtotal	12,671,544
Capital Outlay	660,277
Debt Service - Principal	63,930
Debt Service - Interest	6,150
Total Expenditures	13,401,901
OTHER FINANCING SOURCES	
Proceeds - SBITAs	22,717
Total Other Financing Sources (Uses)	22,717
NET CHANGE IN FUND BALANCE	2,240,019
Fund Balance - Beginning of Year	11,390,064
FUND BALANCE - END OF YEAR	\$ 13,630,083

See accompanying Notes to Financial Statements.

**HEALTH SERVICES DISTRICT OF NORTHERN LARIMER COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balance - Governmental Fund	\$ 2,240,019
Amounts reported for governmental activities in the statement of activities are different because:	
Unavailable Revenues - Dental Services	(402,498)
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense and the net book value of disposed assets exceeded capital outlay in the current period.	262,311
The issuance of long-term debt (leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the amount by which repayments exceeded proceeds:	
Principal Payments on Subscriptions	63,930
Proceeds on Subscriptions	(22,717)
	41,213
Compensated absences are not uses of financial resources in governmental activities and are therefore not reported in the fund. However, in the statement of activities, these costs are reported as expenses. This is the amount of these expenses in the current period.	56,935
Change in Net Position of Governmental Activities as Reported in the Statement of Activities	\$ 2,197,980

See accompanying Notes to Financial Statements.

HEALTH SERVICES DISTRICT OF NORTHERN LARIMER COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 REPORTING ENTITY

The Health Services District of Northern Larimer County (Health District) is a political subdivision of the state of Colorado and is governed by a five-member board elected by residents of the Health District. Until May 1, 1994, the Health District owned and operated Poudre Valley Hospital (the Hospital). On that date, the Health District transferred the operations and certain net assets of the Hospital to Poudre Valley Health Care, Inc. (PVHCI), a tax-exempt organization incorporated March 14, 1994, for the purpose of operating the Hospital. As part of this transaction, the Health District retained certain assets and entered into a lease arrangement where PVHCI, later referred to as Poudre Valley Health Systems (PVHS), leased certain assets for a period of 50 years. During 2012, PVHCI/PVHS and University of Colorado Hospital Authority entered into a joint operating agreement creating a combined health system called University of Colorado Health (UCHealth), at which time the terms of the lease agreement were amended (see Note 9).

As a political subdivision of the state of Colorado, the Health District is exempt from income taxes under section 115 of the Internal Revenue Code. In addition, the Health District has qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

In conformance with Governmental Accounting and Financial Reporting Standards, the Health District is the reporting entity for financial reporting purposes. The Health District is the level of government having financial accountability and control to provide community health services and to lease certain of its assets to PVHCI/PVHS and UCHealth. The Health District is not included in any other governmental reporting entity. The Health District officials are publicly elected and are empowered to adopt a budget to expend Health District revenues, select management, significantly influence operations, and are accountable for fiscal matters.

The financial statements of the Health District include all funds that are controlled by, or dependent upon, the elected officials. Control by, or dependence on, the elected officials is determined on the basis of budget adoption, taxing authority, outstanding debt which may be secured by general obligation of the Health District, and the responsibility of the Health District to finance debt.

NOTE 2 SUMMARY OF ACCOUNTING POLICIES

The accounting policies of the Health District conform to accounting principles generally accepted in the United States of America. The following is a summary of the Health District's significant accounting policies.

Basic Financial Statements, Measurement Focus, and Basis of Accounting

Basic financial statements consist of the government-wide financial statements and the fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. The fund financial statements provide a more detailed level of financial information for the governmental fund.

**HEALTH SERVICES DISTRICT OF NORTHERN LARIMER COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

**Basic Financial Statements, Measurement Focus, and Basis of Accounting
(Continued)**

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. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Program revenues include, 1) net charges to patients or applicants who receive services provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and 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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures are recorded only when payment is due.

The Health District reports only one fund – the general fund, a governmental fund. The general fund accounts for all financial resources of the Health District.

**HEALTH SERVICES DISTRICT OF NORTHERN LARIMER COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Cash and Investments

Cash includes highly liquid investments with a maturity of three months or less when purchased and are stated at cost, which approximates market. Investments include certificates of deposit, which are valued at amortized cost, and investments in investment pools set up under state statute (ColoTrust), which are valued at net asset value.

Patient Receivable and Credit Policy

Patient receivables are uncollateralized patient and third-party payor obligations. The Health District does not charge interest on delinquent accounts. Payments of patient receivables are allocated to the specific services identified in the remittance advice or, if unspecified, are applied to the earliest services provided.

The Health District records receivables at the amount invoiced to patients. The Health District does not obtain collateral for its accounts receivable. The Health District does not hold any accounts receivable for sale.

Patient accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Health District regularly analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts.

The Health District does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant write-offs from third-party payors.

For receivables associated with services provided to patients who have third-party coverage, the Health District analyzes contractually due amounts and provides an allowance for contractual adjustments, if necessary.

Contractual adjustments represent the difference between the Health District's established billing rate for covered services and amounts reimbursed by third-party payors, pursuant to reimbursement contracts. Contractual adjustments reduce the amount of revenue the Health District recognizes.

**HEALTH SERVICES DISTRICT OF NORTHERN LARIMER COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Property Tax Receivable

The Health District's property tax revenues, levied by January 1 on assessed valuation of the preceding year, are due and payable in the current calendar year. Assessed values are established by the county assessor. Property taxes attach as an enforceable lien on property as of January 1 of the year in which payable. The taxes are payable under two methods: 1) in full on or before April 30, or 2) one-half on or before February 28 and the remaining one-half on or before June 15. Taxes are collected by the Larimer County Treasurer and are remitted to the Health District on the 10th of the month following collection. All current taxes receivable are offset by the full amount of the deferred inflow of resources – property taxes. Management has determined there are no significant uncollectible amounts; therefore, property taxes receivable are reported without allowance for uncollectible accounts.

Budgeted property tax revenues reflected in the accompanying financial statements are based on the assessed valuation at the time of budget adoption. Actual property tax revenues are based on the final assessed valuation including changes recorded by the county assessor through December 14.

Other Receivables

Other receivables consist primarily of grant receivables from governmental entities and nonprofit organizations. Other receivables are reported at gross as management has determined no significant uncollectible amounts.

Prepaid Items

Certain payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements. The expenditure will be appropriately recognized using the consumption method in the benefitting period.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Health District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant, and equipment of the primary government is depreciated using the straight-line method over the estimated useful lives of the assets which range from 3 to 40 years.

**HEALTH SERVICES DISTRICT OF NORTHERN LARIMER COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Leases

Lessor

The Health District is a lessor for noncancellable leases of buildings. The Health District recognizes a lease receivable and a deferred inflow of resources in the applicable governmental activities in the government-wide and in the governmental fund financial statements.

At the commencement of a lease, the Health District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Health District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Health District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Health District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

SBITAs

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. The Health District recognizes SBITA assets with an initial value of \$5,000. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

**HEALTH SERVICES DISTRICT OF NORTHERN LARIMER COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The Health District's employees earn paid time off days at varying rates depending on years of service. Employees may accumulate paid time off up to a specific maximum. Employees begin accruing paid time off upon the first day of employment with the total number of days accrued being determined by eligible years of service. Paid time off may be used for vacation, sick leave, dependent sick leave, or other personal needs. The liability for compensated absences reported in the government-wide statements consists of leave that has not been used that is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and the governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Health District has two items that qualify for reporting in this category in both the statement of net position and balance sheet – governmental fund. The Health District reports property taxes as receivables and deferred inflows of resources when levied in the statement of net position and balance sheet – governmental fund. The statement of net position and the governmental funds balance sheet also report a deferred inflow of resources related to leases.

In addition, the governmental fund financial statements may report a deferred inflow of resources for unavailable revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**HEALTH SERVICES DISTRICT OF NORTHERN LARIMER COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position represents the difference between assets, liabilities, and deferred inflows of resources. The net position component "investment in capital assets" consists of capital assets, net of accumulated depreciation. Net position is restricted when constraints place on the net position are externally imposed. The remaining balance of net position is reported as unrestricted. It is the Health District's policy to use restricted net position first before using unrestricted net position.

Fund Balance

In the fund financial statements, fund balance of the Health District's governmental fund is classified as nonspendable, restricted, committed, assigned, or unassigned.

Nonspendable fund balance indicates amounts that cannot be spent either a) due to form; for example, inventories and prepaid amounts, or b) due to legal or contractual requirements to be maintained intact.

Restricted fund balance indicates amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation as described in Note 9.

Committed fund balance indicates amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require an ordinance by the Health District's board to remove or change the constraints placed on the resources. This action must occur prior to year-end; however, the amount can be determined in the subsequent period.

Assigned fund balance indicates amounts for the governmental fund, other than the general fund, any remaining positive amounts not classified in the above categories. For the general fund, amounts constrained for the intent to be used for a specific purpose has been delegated to the executive director.

Unassigned fund balance indicates amounts in the general fund that are not classified as nonspendable, restricted, committed, or assigned. The general fund is the only fund that would report a positive amount in unassigned fund balance. Board policy requires the Health District to maintain a minimum of \$1 million in liquid reserves.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Health District considered restricted funds to have been spent first. When both unassigned and committed, or assigned resources are available for use, it is the Health District's policy to use committed or assigned resources first, then unassigned as needed.

**HEALTH SERVICES DISTRICT OF NORTHERN LARIMER COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Net Medical/Dental Service Revenue

The Health District has agreements with third-party payors that provide for payments to the Health District at amounts different from its established rates. Payment arrangements include prospectively determined rates. Net medical/dental service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated contractual adjustments under reimbursement agreements with third-party payors. Contractual adjustments are accrued on an estimated basis in the period the related services are rendered.

For uninsured patients, the Health District recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy).

For the year ended December 31, 2025, approximately 72.2% and 8.4%, of net dental service revenue from third-party payors was received from Medicaid and other governments, respectively.

Grants

The Health District receives grants from governmental entities, corporations, and nonprofit organizations. Revenues from grants are recognized when all eligibility requirements, including time requirements are met. Grants are restricted for specific program purposes. Grants received prior to eligibility and time requirements being met are reflected as unearned revenue in the financial statements.

Insurance Pool

In 1996, the Health District transferred its property and liability insurance to Colorado Special Districts Insurance Pool. As a requirement of this Pool, the Health District placed into an Insurance Surplus Contribution Fund a specified amount (\$5,132) of cash. This surplus is subject to future insurance needs or a refund to the Health District if there are excess funds in the future. The Colorado Special District Property & Liability Pool (CSDPLP) was made up of 1,955 members who are local governments. It is an organization created by an inter-government agreement in 1988 solely to provide property and casualty coverage to its members. Coverage is provided through pooling of self-insured losses and the purchase of stop-loss insurance coverage. A seven-member board elected by and from its members governs CSDPLP. The governing board is autonomous as to budgeting and fiscal matters.

In 2008, the Health District joined the Colorado Employer Benefit Trust (the Trust), a multiemployer trust of approximately 300 public institutions providing employee benefits. The purpose of the Trust is to spread the risk of adverse claims over a larger base of members and to reduce administrative costs.

Coverage is provided through pooling of self-insured losses and the purchase of coverage from third-party providers. The Trust is governed by a board of trustees made up of representatives from participating groups.

**HEALTH SERVICES DISTRICT OF NORTHERN LARIMER COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions may affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3 CASH AND INVESTMENTS

Cash

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

At December 31, 2025, the Health District's carrying amount of deposits was \$874,218 and the bank balance was \$1,018,951. Cash balances may be transferred overnight in order to maximize interest income. The Health District also had petty cash and change fund balances amounting to \$1,391 at December 31, 2025.

Investments

The Health District is authorized by Colorado statutes to invest in the following:

- Obligations of the United States and certain U.S. government agency securities.
- Certain international agency securities.
- General obligation and revenue bonds of local government entities.
- Banker's acceptance of certain banks.
- Commercial paper.
- Local government investment pools.
- Obligations of the Health District.
- Written repurchase agreements collateralized by certain authorized securities.
- Certain money market funds.
- Guaranteed investment contracts.

**HEALTH SERVICES DISTRICT OF NORTHERN LARIMER COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

The Health District categorizes its investments fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure fair value of the asset. The Health District has the following investments, of which they have determined do not meet the requirements for classification within the fair value hierarchy:

- Nonnegotiable certificates of deposit investments valued at amortized cost with average maturities of approximately 5 months. These certificates of deposits had a value of \$1,099,703 at December 31, 2025.
- The Health District participates in a local government investment pool, ColoTrust, an SEC-registered investment pool. The investment pool operates similarly to a money market fund; each share is equal in value to \$1.00. The investment in ColoTrust is measured at Net Asset Value. ColoTrust has a daily redemption frequency period and a one-day redemption notice period. At December 31, 2025, the Health District had \$12,426,210 invested in ColoTrust.

Interest Rate Risk

As a means of limiting local government exposure to fair value losses arising from interest rates, state law limits maturities to five years or less. The Health District is in compliance with state law.

The Health District participates in a local government investment pool, ColoTrust, an SEC-registered investment pool. The investment pool operates similarly to a money market fund; each share is equal in value to \$1.00. The carrying amount and fair value of the investment are the same. ColoTrust invests solely in securities that are permitted pursuant to Colorado Revised Statutes. A designated custodial bank provides safekeeping and depository services in connection with direct investment and withdrawal functions of the investment pools. Substantially all securities owned by the investment pool are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by each investment pool.

Credit Risk

The government investment pool has received a rating of AAAM by Standard & Poor's.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Health District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. This type of risk is minimized by limiting investments to the types of securities allowed by state law.

**HEALTH SERVICES DISTRICT OF NORTHERN LARIMER COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

The Health District has no policy that would limit the amount that may be invested with any one issuer; however, the Health District's investment policy calls for investment diversification within the portfolio to avoid unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities.

NOTE 4 LEASE RECEIVABLES

In 1994, the Health District, acting as a lessor, entered into a lease arrangement whereby it leased certain assets to PVHCI.

In 2012, PVHCI/PVHS entered into a joint operating agreement with the University of Colorado Hospital Authority, creating a combined health system called University of Colorado Health, at which time the lease arrangement was amended. The lease includes a 3% annual increase, expires April 2062, and is cancelable only upon mutual agreement of both parties, default, or other terms of the revised lease. During the year ended December 31, 2025, the Health District recognized \$175,888 and \$1,166,944 in lease revenue and interest revenue, respectively, pursuant to this contract.

The Health District, acting as a lessor, also leases building office space under long-term, noncancelable lease agreements, which includes variable common area fees. The leases expire at various dates through 2028. During the year ended December 31, 2025, the Health District recognized \$114,240, 112,266, and \$6,845 in lease revenue, common area fees, and interest revenue, respectively, pursuant to these contracts.

Total future minimum lease payments to be received under lease agreements are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>
2026	\$ 342,248
2027	384,670
2028	372,587
2029	369,015
2030	422,422
2031-2035	2,996,810
2036-2040	4,740,989
2041-2045	6,894,448
2046-2050	9,535,260
2051-2055	12,756,571
2056-2060	16,670,260
2061-2062	3,873,215
Total Minimum Lease Payments	<u>\$ 59,358,495</u>

HEALTH SERVICES DISTRICT OF NORTHERN LARIMER COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025 was as follows:

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:					
Land	\$ 4,592,595	\$ -	\$ -	\$ -	\$ 4,592,595
Construction in Progress	18,721	280,625	(151,751)	-	147,595
Total Capital Assets, Not Being Depreciated	4,611,316	280,625	(151,751)	-	4,740,190
Capital Assets Being Depreciated:					
Building	7,600,247	104,944	-	-	7,705,191
Building Improvements	16,667	-	-	-	16,667
Subscription Asset	288,490	24,337	-	(107,746)	205,081
Equipment	1,249,415	250,371	151,751	-	1,651,537
Total Capital Assets Being Depreciated	9,154,819	379,652	151,751	(107,746)	9,578,476
Less Accumulated Depreciation/Amortization:					
Building	(2,691,343)	(235,311)	-	-	(2,926,654)
Building Improvements	(16,667)	-	-	-	(16,667)
Subscription Asset	(108,524)	(66,821)	-	107,746	(67,599)
Equipment	(1,013,576)	(95,834)	-	-	(1,109,410)
Total Accumulated Depreciation/Amortization	(3,830,110)	(397,966)	-	107,746	(4,120,330)
Total Capital Assets, Being Depreciated, Net	5,324,709	(18,314)	151,751	-	5,458,146
Governmental Activities Capital Assets, Net	<u>\$ 9,936,025</u>	<u>\$ 262,311</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,198,336</u>

**HEALTH SERVICES DISTRICT OF NORTHERN LARIMER COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 CAPITAL ASSETS (CONTINUED)

Depreciation/amortization expense for the year ended December 31, 2025, was charged to functional programs as follows:

Administrative and General Government	\$ 110,835
Client Experience	213,946
Strategy and Impact	73,185
Total	<u>\$ 397,966</u>

NOTE 6 LONG-TERM LIABILITIES

A summary of the changes in long-term liabilities for the year ended December 31, 2025 is as follows:

	<u>January 1, Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31, Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Subscription Liability	\$ 117,534	\$ 22,717	\$ 63,930	\$ 76,321	\$ 72,450
Compensated Absences	317,232	-	56,935	260,297	260,297
Total Long-Term Obligations	<u>\$ 434,766</u>	<u>\$ 22,717</u>	<u>\$ 120,865</u>	<u>\$ 336,618</u>	<u>\$ 332,747</u>

The change in compensated absence liability is presented as a net change.

NOTE 7 SUBSCRIPTION LIABILITY

The Health District subscribes to various software under a noncancelable agreements for which the right to use the software expires in November 2027. The total future minimum subscription payments for the subscriptions are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>
2026	\$ 72,450
2027	3,871
Total Minimum Subscription Payments	<u>\$ 76,321</u>

**HEALTH SERVICES DISTRICT OF NORTHERN LARIMER COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 8 EMPLOYEE RETIREMENT PLANS

Money Purchase Plan

The Health District offers its employees a defined contribution money purchase plan administered by Nationwide Financial Services. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. The plan requires both employer and employees to contribute amounts of 5% and 3%, respectively, of the base salary each pay period. Contributions made by the Health District are not taxable to the employee until they are withdrawn. Employee contributions are made with pre-tax dollars, and the earnings on the Health District and employee contributions are not taxed until withdrawn. Employees are fully vested in the plan upon completion of two years of service. The Health District contributions to the plan were \$306,277 for the year ended December 31, 2025. Covered payroll was \$6,318,689 for the year ended December 31, 2025.

Deferred Compensation Plan

The Health District established a deferred compensation plan in accordance with Internal Revenue Code Section 457 in 1994. All fees are paid by participants, and there is no employer contribution. The funds are invested and administered by an independent third party. The Health District had 33 employees participate during 2025.

NOTE 9 COMMITMENTS AND CONTINGENCIES

Hospital Lease Agreement

In 1994, the Health District entered into a lease agreement that leased certain assets owned by the Health District to PVHCI (see Note 4). In 2012, PVHCI/PVHS entered into a Joint Operating Agreement with the University of Colorado Hospital Authority, creating a combined health system UCHealth, at which time the lease agreement between the Health District and PVHCI/PVHS was amended. The amended lease agreement expires April 30, 2062.

There are certain circumstances in which PVHCI/PVHS assets would be transferred to the Health District, and in which the Health District might be required to assume the obligations of PVHCI/PVHS. These situations include: 1) termination (either early termination, or at the end of the lease period) of the Operating Lease Agreement between PVHCI/PVHS, the Health District, and UCHealth; and 2) early termination of the Joint Operating Agreement between PVHCI/PVHS, UCHA, and UCHealth. The exact terms of when these situations would apply, as well as what assets would be transferred, are governed by 1) the original Operating Lease Agreement, and all subsequent amendments, including the "Operating Lease Amendment and Consent Agreement" executed in February 2012, and 2) the Joint Operating Agreement between PVHCI/PVHS, UCHA, and UCHealth, executed in January 2012.

**HEALTH SERVICES DISTRICT OF NORTHERN LARIMER COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 9 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Revenue Limitations and Restrictions of Fund Balance

The state of Colorado enacted a constitutional amendment (the TABOR amendment) effective December 31, 1992, to limit increases in government revenues. The limitation generally restricts growth in revenue of a governmental entity to a base amount plus increases for growth and inflation. In addition, the amendment requires government entities to create an emergency “reserve” of 3% of annual spending excluding bonded debt service. In November 2000, voter approval was given to the Health District to remove the restriction on growth in revenue. At December 31, 2025, the Health District has complied with the requirements to include emergency reserves in its budgetary-basis fund balance.

NOTE 10 RISK MANAGEMENT

The Health District is exposed to various risks of loss related to torts, theft, damage and destruction of assets, errors and omissions, professional liability, cyber liability, injuries to employees, and natural disasters. The Health District utilizes the Colorado Special Districts Property and Liability Pool and COPIC Insurance Company to manage its risks. Insurance coverage provides protection for professional liability losses on an incidental basis subject to a limit of \$1 million per incident and an annual aggregate limit of \$3 million. The Health District has not had any settlements in excess of insurance coverage for any of the previous three years.

NOTE 11 RELATED PARTY TRANSACTIONS

The Health District is a member of the Colorado Employer Benefit Trust (CEBT), which provides the Health District with health, life, and vision insurance coverage. The Director of People and Business Operations of the Health District serves as a member on the board of trustees of CEBT. The Health District paid \$975,877 to CEBT during the year ended December 31, 2025.

NOTE 12 TAX ABATEMENTS

The Health District does not directly abate taxes. However, for the year ended December 31, 2025, the Health District’s property tax revenues were reduced by \$637,420 under various tax increment financing agreements entered into by the City of Fort Collins and Town of Timnath.

**HEALTH SERVICES DISTRICT OF NORTHERN LARIMER COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2025**

	Original and Final Budget	Actual Amounts	Variances Over (Under)
REVENUE			
Property and Specific Ownership Taxes	\$ 11,361,432	\$ 11,438,271	\$ 76,839
Lease Revenue	1,304,044	1,576,183	272,139
Investment Earnings	332,964	622,688	289,724
Net Charges for Services	1,507,250	1,518,950	11,700
Grants and Partnerships	349,548	455,356	105,808
Miscellaneous Income	20,000	7,755	(12,245)
Total Revenue	<u>14,875,238</u>	<u>15,619,203</u>	<u>743,965</u>
EXPENDITURES			
Current:			
Administrative and General	3,176,507	3,507,319	(330,812)
Program Operations:			
Client Experience	8,173,924	6,513,580	1,660,344
Strategy and Impact	3,594,784	2,650,645	944,139
Total Current Expenditures	<u>14,945,215</u>	<u>12,671,544</u>	<u>2,273,671</u>
Capital Outlay	-	660,277	(660,277)
Debt Service - Principal	-	63,930	(63,930)
Debt Service - Interest	-	6,150	(6,150)
Total Expenditures	<u>14,945,215</u>	<u>13,401,901</u>	<u>1,543,314</u>
OTHER FINANCING SOURCES (USES)			
Proceeds - SBITAs	-	22,717	22,717
Total Other Financing Sources (Uses)	<u>-</u>	<u>22,717</u>	<u>22,717</u>
NET CHANGE IN FUND BALANCE	(69,977)	2,240,019	2,309,996
Fund Balance - Beginning of Year	<u>9,240,047</u>	<u>11,390,064</u>	<u>2,150,017</u>
FUND BALANCE - END OF YEAR	<u>\$ 9,170,070</u>	<u>\$ 13,630,083</u>	<u>\$ 4,460,013</u>

**HEALTH SERVICES DISTRICT OF NORTHERN LARIMER COUNTY
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025**

NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING

The Health District conforms to the following procedures, in compliance with Colorado Revised Statutes, in establishing the budgetary guidelines reflected in the operations of the Health District.

Prior to or by October 15, the director submits a proposed operating budget for the fiscal year commencing the following January 1, to the Health District Board of Directors (elected officials). The operating budget includes proposed expenditures and the means of financing.

Public hearings are held at regular Health District meetings to obtain taxpayer input.

Prior to or by December 15, the budget is legally enacted through passage of a budget resolution.

The Health District is authorized to transfer budgeted amounts within the accounts of the Health District. The Health District Board of Directors must approve revisions that change total expenditures.

The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Appropriations are controlled and the budget is only amended in conformity with Colorado Revised Statutes. The Health District charter requires a balanced budget.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.



Board of Directors and Management
Health Services District of Northern Larimer County
Fort Collins, Colorado

We have audited the financial statements of the governmental activities and the major fund of Health Services District of Northern Larimer County (the District) as of and for the year ended December 31, 2025, and have issued our report thereon dated May 12, 2026. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit in our statement of work dated November 25, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Health Services District of Northern Larimer County are described in Note 2 to the financial statements.

The District adopted Statement of Governmental Accounting Standards Board (GASB Statement) No. 102, *Certain Risk Disclosures* in 2025. Management determined there was no required financial statement disclosures required, related to the adoption of this standard.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

The following immaterial misstatements detected as a result of audit procedures were corrected by management:

1. Adjustment to capital outlay and other financing source of \$22,717 related to new software subscriptions that commenced during 2025
2. Adjustment to principal payments of \$63,960, interest expense of \$6,150 and software expense of (\$70,080) to correct record subscription liability activity during 2025.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the attached management representation letter dated May 12, 2026.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other audit findings or issues

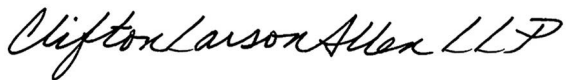
We have provided a separate communication to you dated May 12, 2026, communicating internal control related matters identified during the audit.

Required supplementary information

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

* * *

This communication is intended solely for the information and use of the board of directors and management of Health Services District of Northern Larimer County and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Denver, Colorado
May 12, 2026

Client: **A223293 - Health District of Northern Larimer County**
 Engagement: **AUD - Health Services District of Northern Larimer County**
 Period Ending: **12/31/2025**
 Trial Balance: **0900.00 - Trial Balance**
 Workpaper: **0920.00 - Combined Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Reclassifying Journal Entries				
Reclassifying Journal Entries JE # 1				
Record Other Financing Source and Capital Outlay for SBITA and true up for minor addition variances				
6730	Software		14,077.00	
CLA 9	Capital Outlay - SBITA/Leases		8,640.00	
CLA 10	Lease/SBITA - Other Financing Source			22,717.00
Total			22,717.00	22,717.00
Reclassifying Journal Entries JE # 2				
Record principal and interest payments related to GASB-96				
CLA 4	SBITA Principal Debt Service		63,930.00	
CLA 5	SBITA Interest Expense		6,150.00	
6730	Software			70,080.00
Total			70,080.00	70,080.00
	Total Reclassifying Journal Entries		92,797.00	92,797.00
	Total All Journal Entries		92,797.00	92,797.00

May 12, 2026

CliftonLarsonAllen LLP
2001 16th Street
Denver, CO 80202

This representation letter is provided in connection with your audit of the financial statements of Health Services District of Northern Larimer County, which comprise the respective financial position of the governmental activities and the major fund as of December 31, 2025, and the respective changes in financial position, and the related notes to the financial statements, for the purpose of expressing opinions on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to misstatements that are material. Misstatements, including omissions, 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.

We confirm, to the best of our knowledge and belief, as of May 12, 2026, the following representations made to you during your audit of the financial statements as of and for the year ended December 31, 2025.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement agreement dated November 25, 2025, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP. The financial statements include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
2. We acknowledge and have fulfilled our responsibility 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures, including those measured at fair value, are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
5. Significant estimates have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Significant estimates are estimates at the financial statement date that could change materially within the next year.

6. Related party relationships and transactions, including, but not limited to, revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. No events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.
8. We have not identified or been notified of any uncorrected financial statement misstatements.
9. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
10. Guarantees, whether written or oral, under which the entity is contingently liable, if any, have been properly recorded or disclosed in accordance with U.S. GAAP.
11. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the financial statement date, and the carrying amounts of those receivables and related allowances are determined in accordance with U.S. GAAP.
12. We have appropriately identified, recorded, and disclosed all leases, including any material embedded leases contained within other contracts, in accordance with GASB Statement No. 87.
13. We have appropriately identified, recorded, and disclosed all subscription-based information technology arrangements in accordance with GASB Statement No. 96.
14. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
15. We believe that all material expenditures that have been deferred to future periods will be recoverable.
16. Participation in a public entity risk pool has been properly reported and disclosed in the financial statements.
17. We are not aware of any concentrations or constraints that would require disclosure in accordance with GASB Statement No. 102, Certain Risk Disclosures.

Information Provided

1. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records (including information obtained from within and outside of the general and subsidiary ledgers), documentation, and other matters.

- b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Complete minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - e. All communications from regulatory agencies, grantors, lenders, and other funding sources concerning noncompliance with, or deficiencies in, financial reporting practices.
 - f. All communications from regulatory agencies, grantors, lenders, and other funding sources concerning noncompliance with the provisions of laws, regulations, contracts, and grant agreements.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others when the fraud could have a material effect on the financial statements.
5. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, grantors, regulators, or others.
6. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations and provisions of contracts and grant agreements, or waste or abuse whose effects should be considered when preparing financial statements.
7. We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments, that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
8. There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed in accordance with U.S. GAAP.
9. We have disclosed to you the identity of all the entity's related parties and all the related party relationships and transactions of which we are aware, including any side agreements.

10. The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral, except as made known to you and disclosed in the financial statements.
11. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to Health Services District of Northern Larimer County, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
12. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
13. The entity has complied with all aspects of contractual or grant agreements that would have a material effect on the financial statements in the event of noncompliance.
14. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.
15. We are responsible for determining whether we have received, expended, or otherwise been the beneficiary of any federal awards during the period of this audit. No federal award, received directly from federal agencies or indirectly as a subrecipient, was expended in an amount that cumulatively totals from all sources \$1,000,000 or more. For this representation, "award" means financial assistance and federal cost-reimbursement contracts that non-federal entities receive directly from federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, user grants, or contracts used to buy goods or services from vendors.
16. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
17. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures, jointly governed organizations, and other related organizations.
18. The financial statements properly classify all funds and activities.
19. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

20. Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.
21. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
22. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
23. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
24. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
25. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly valued and disclosed.
26. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
27. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
28. We have appropriately disclosed the entity's accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
29. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
30. As part of your audit, you prepared the draft financial statements, related notes, and supplementary information. We have designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee your services; have made all management judgments and decisions; and have assumed all management responsibilities. We have evaluated the adequacy and results of the service. We have reviewed, approved, and accepted responsibility for those financial statements, related notes, and supplementary information. We have also ensured that the entity's data and records are complete and received sufficient information to oversee the service.

May 12, 2026
CliftonLarsonAllen LLP
Page 6

- 31. We understand TABOR (Section 20 to Article X of the Colorado Constitution) is complex and subject to interpretation and that many of the provisions will require judicial interpretation. We have reviewed the various provisions and interpretations and believe to the best of our knowledge at this time that the District is in compliance with TABOR.

- 32. We have informed all banking and savings and loan institutions that our deposits are subject to the respective Public Deposit Protection Act and have provided banking institutions with our assigned number.

Signature: Signed by:
Brian Ferrans
C5A51AF3CDAB4D8... _____ Title: Executive Director

Signature: Signed by:
Courtney Green
911C071B3A384FC... _____ Title: Chief Administrative Officer

Signature: Signed by:
Jessica Holmes
A4A2A813DB5F4A1... _____ Title: Controller/Finance Officer



Board of Directors and Management
Health Services District of Northern Larimer County
Fort Collins, Colorado

In planning and performing our audit of the financial statements of the governmental activities and the major fund of Health Services District of Northern Larimer County as of and for the year ended December 31, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the entity's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to fraud or error may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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.

Material weaknesses

Given the limitations described in the second paragraph, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Significant deficiencies

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. We consider the following deficiencies in the entity's internal control to be significant deficiencies:

- During our review of the November 2025 bank reconciliations and statements, we noted there was not written documentation over who prepared the who reviewed and approved the bank reconciliations. It is our understanding that NetSuite does have the functionality to capture this information, however the system generated reports do not print or contain this information. We recommend a formal documentation, such as physical or digital signatures by the preparer and reviewer be performed outside of NetSuite or that the applicable NetSuite reports be configured to contain this information.

None of the identified significant deficiencies are considered to be material weaknesses.

Other deficiencies in internal control and other matters

During our audit, we became aware of other deficiencies in internal control and other matters that are opportunities to strengthen your internal control and improve the efficiency of your operations. While the nature and magnitude of the other deficiencies in internal control were not considered important enough to merit the attention of the board of directors, they are considered of sufficient importance to merit management's attention and are included herein to provide a single, comprehensive communication for both those charged with governance and management.

- For the new subscription agreements in 2025, we noted capital outlay and other financing sources of \$22,717 were not recorded to the general ledger. We also noted, the subscription principal and interest payments were not separately recorded to the general ledger of \$63,930 and \$6,150, as the payments were recorded to software expense. We proposed reclassifying journal entries to properly present these amounts.
- During our review of information technology controls, we noted the following matters:
 - a. We noted that the District's network password configurations do not align with best practices. We recommend that the organization change the following: - Change the minimum password length from 8 characters to at least 12 characters. - Implement a minimum password age of at least 1 day.
 - b. The District did not provide us with evidence of periodic formal user access reviews. We recommend implementing a formal process for the periodic review of user access which is documented and maintained
 - c. We did not receive specific password configurations for the District's financial application (Great Plains). Further, the password policy is not enforced for all accounts. We recommend that the District ensures that the password policy is enforced for all accounts and recommends ensuring the minimum password characters to 12 characters, implementing a maximum and minimum password age and implementing account lockouts after failed attempts.
 - d. We recommend formally documenting and publishing an IT security policy to ensure that the District is taking appropriate measures to protect against cyber threats and that all employees are aware of their responsibilities in maintaining the security of the District's systems and data.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various entity personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

* * *

This communication is intended solely for the information and use of management, the board of directors, and others within the entity, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Denver, Colorado
May 12, 2026