

**Special District Association of Colorado**

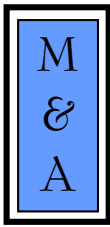
**Financial Statements**

**December 31, 2017**

**Special District Association of Colorado  
(A Colorado Non-Profit Corporation)  
December 31, 2017**

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# MCMAHAN AND ASSOCIATES, L.L.C.

*Certified Public Accountants and Consultants*

CHAPEL SQUARE, BLDG C  
245 CHAPEL PLACE, SUITE 300  
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM  
MAIN OFFICE: (970) 845-8800  
FACSIMILE: (970) 845-8108  
E-MAIL: MCMAHAN@MCMAHANCPA.COM

## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors  
Special District Association of Colorado**

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Special District Association of Colorado (the "Association"), a Colorado non-profit corporation, which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

*Member: American Institute of Certified Public Accountants*

PAUL J. BACKES, CPA, CGMA  
MICHAEL N. JENKINS, CA, CPA, CGMA  
DANIEL R. CUDAHY, CPA, CGMA

AVON: (970) 845-8800  
ASPEN: (970) 544-3996  
FRISCO: (970) 668-3481

**INDEPENDENT AUDITOR'S REPORT**  
**To the Board of Directors**  
**Special District Association of Colorado**

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Special District Association of Colorado as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

Accounting principles generally accepted in the United States of America require that the Schedule of Employer's Proportionate Share of the Net Pension Liability on page 21 and the Schedule of Contributions on page 22, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The budgetary schedule and reconciliation on pages 23 and 24, respectively, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with accounting principles generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

***Report on Summarized Comparative Information***

We have previously audited the Association's December 31, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 27, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*McMahan and Associates, L.L.C.*

**McMahan and Associates, L.L.C.**  
**February 26, 2018**

**Special District Association of Colorado**  
**(A Colorado Non-Profit Corporation)**  
**Statement of Financial Position**  
**December 31, 2017**  
**(With Comparative Totals for 2016)**

	<u>2017</u>	<u>2016</u>
<b>Assets:</b>		
<b>Current Assets:</b>		
Cash and cash equivalents - undesignated	1,174,971	1,754,598
Cash designated for future pension contributions	750,000	-
Accounts receivable, net of allowance	14,196	8,408
Prepaid expenses	-	20,000
<b>Total Current Assets</b>	<u>1,939,167</u>	<u>1,783,006</u>
<b>Other Assets:</b>		
Deposits	6,359	3,359
<b>Deferred Outflows of Resources:</b>		
Pension related deferred outflow	1,309,033	357,691
<b>Property and Equipment:</b>		
Vehicles, furniture, and equipment	247,831	234,482
Accumulated depreciation	(144,272)	(140,025)
<b>Total Property and Equipment</b>	<u>103,559</u>	<u>94,457</u>
<b>Total Assets</b>	<u><u>3,358,118</u></u>	<u><u>2,238,513</u></u>
<b>Liabilities and Net Assets:</b>		
<b>Current Liabilities:</b>		
Accrued compensated absences	34,602	35,046
Deferred income	175,060	145,753
<b>Total Current Liabilities</b>	<u>209,662</u>	<u>180,799</u>
<b>Noncurrent Liabilities:</b>		
Net pension liability	3,866,778	2,190,891
<b>Deferred Inflows of Resources:</b>		
Pension related deferred inflow	12,229	93,588
<b>Net Assets:</b>		
Unrestricted (deficit)	(730,551)	(226,765)
<b>Total Net Assets</b>	<u>(730,551)</u>	<u>(226,765)</u>
<b>Total Liabilities and Net Assets</b>	<u><u>3,358,118</u></u>	<u><u>2,238,513</u></u>

The accompanying notes are an integral part of these financial statements.

**Special District Association of Colorado**  
**(A Colorado Non-Profit Corporation)**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ended December 31, 2017**  
**(With Comparative Totals for 2016)**

	<u>2017</u>	<u>2016</u>
<b>Revenues:</b>		
Membership revenue		
Dues - voting members	956,223	921,044
Dues - associate members	59,500	55,500
Conferences and workshops revenue	448,447	436,629
Association program support revenue	617,559	559,851
Newsletter and directory advertisements	71,955	71,843
Interest income	12,573	7,265
Gain (loss) on disposal of equipment	6,527	(3,592)
Other	1,200	1,200
<b>Total Revenues</b>	<u>2,173,984</u>	<u>2,049,740</u>
<b>Expenses:</b>		
Program expenses:		
Workshops and conferences	475,898	460,641
Legislative	88,384	93,801
Newsletter	94,082	94,500
CSD Property and Liability Pool	3,089	2,661
Special projects	36,763	48,206
	<u>698,216</u>	<u>699,809</u>
Administrative expenses:		
Employee salaries and benefits	979,878	930,903
Audit	10,150	9,350
Automobile	3,045	4,829
Contract services	668	629
Depreciation	29,174	27,469
Directors	17,210	16,248
Dues, subscriptions, and library	3,082	6,009
Equipment maintenance	10,776	10,002
General Association business	40,891	42,635
Information technology	29,904	29,598
Legal and related expenses	1,919	40
Marketing and communications	23,526	19,736
Office supplies	12,780	11,026
Postage	2,381	2,703
Printing	11,912	10,865
Rent and parking	132,414	127,645
Storage	1,680	1,680
Telephone	24,979	20,107
Pension liability adjustment expense	643,185	41,415
	<u>1,979,554</u>	<u>1,312,889</u>
<b>Total Expenses</b>	<u>2,677,770</u>	<u>2,012,698</u>
<b>Change in Net Assets</b>	(503,786)	37,042
<b>Net Assets (Deficit) - Beginning of Year</b>	<u>(226,765)</u>	<u>(263,807)</u>
<b>Net Assets (Deficit) - End of Year</b>	<u><u>(730,551)</u></u>	<u><u>(226,765)</u></u>

The accompanying notes are an integral part of these financial statements.

**Special District Association of Colorado  
(A Colorado Non-Profit Corporation)  
Statement of Cash Flows  
For the Year Ended December 31, 2017  
(With Comparative Totals for 2016)**

	<u>2017</u>	<u>2016</u>
<b>Cash Flows From Operating Activities:</b>		
Cash received from members	1,039,244	1,000,839
Cash received from conferences and workshops	448,447	436,629
Cash received from program activities	617,559	559,851
Cash received from newsletter and directory advertisements	71,955	71,843
Cash received from interest	12,573	7,265
Cash received from other sources	1,200	1,200
Cash paid to employees	(980,322)	(929,808)
Cash paid for goods and services	(1,008,533)	(1,031,911)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>202,123</u>	<u>115,908</u>
<b>Cash Flows From Investing Activities:</b>		
Acquisition of property and equipment	(31,750)	(26,506)
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>(31,750)</u>	<u>(26,506)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	170,373	89,402
<b>Cash and Cash Equivalents - Beginning</b>	<u>1,754,598</u>	<u>1,665,196</u>
<b>Cash and Cash Equivalents - Ending</b>	<u><u>1,924,971</u></u>	<u><u>1,754,598</u></u>
<b>Financial Statement Captions:</b>		
Cash and cash equivalents - undesignated	1,174,971	1,754,598
Cash designated for future pension contributions	750,000	-
<b>Cash and Cash Equivalents - Ending</b>	<u><u>1,924,971</u></u>	<u><u>1,754,598</u></u>
<b>Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities:</b>		
Change in net assets	<u>(503,786)</u>	<u>37,042</u>
<b>Adjustments to reconcile:</b>		
Depreciation	29,174	27,469
Pension liability adjustment expense	643,185	41,415
(Gain) loss on disposal of equipment	(6,527)	3,592
(Increase) decrease in accounts receivables	(5,788)	(5,662)
(Increase) decrease in prepaids and deposits	17,000	(19,000)
Increase (decrease) in compensated absences	(444)	1,095
Increase (decrease) in deferred revenue	29,309	29,957
<b>Total Adjustments</b>	<u>705,909</u>	<u>78,866</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><u>202,123</u></u>	<u><u>115,908</u></u>

The accompanying notes are an integral part of these financial statements.

**Special District Association of Colorado  
(A Colorado Non-Profit Corporation)  
Notes to the Financial Statements  
December 31, 2017**

**1. Organization**

The Special District Association of Colorado (the "Association") was incorporated September 4, 1975 pursuant to the provisions of the Colorado Non-profit Corporation Act. The Association's mission is to preserve and enhance the legal and political environment for the existence and successful operation of the special district form of government, and to assist special districts to operate efficiently and appropriately.

The Association programs include education, conferences and workshops, legislative input, and administrative support to Member Districts. The Association exists to help districts serve the public in the most efficient and economical manner possible. Member Districts are united to coordinate their interests and welfare through a cooperative effort, and to help special district officials fulfill their duties and responsibilities.

**2. Summary of Significant Accounting Policies**

**A. Basis of Accounting**

The Association utilizes the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for vehicles, furniture and equipment are shown as increases in assets.

**B. Basis of Presentation**

Financial statement presentation follows the recommendations of the FASB Accounting standards Codification Topic ASC 958-205 (previously Statement of Financial Accounting Standards Board No. 117, *Financial Statements of Non-for-Profit Organizations*). Under FASB ASC 958-205, the Association is required to report information regarding its financial position and activities according to three classes of net assets. unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Association has no temporarily restricted or permanently restricted net assets.

The Association's financial statements also include certain disclosures required by the state of Colorado to be consistent with governmental disclosures required by the various special districts that comprise the Association's membership.

**C. Expense Allocation**

Directly identifiable expenses are charged to specific Association programs. Administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Association.

**D. Investments**

Investments are carried at fair value based on current market quotations. Due to the nature of the Association's membership, it is allowed to participate in local government investment pools as more fully discussed in Note 3.

**Special District Association of Colorado  
(A Colorado Non-Profit Corporation)  
Notes to the Financial Statements  
December 31, 2017  
(Continued)**

**2. Summary of Significant Accounting Policies (continued)**

**E. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

**F. Property and Equipment**

Property and equipment is stated at cost. Depreciation expense has been computed using the straight-line method over the estimated economic useful of the assets which range from 3 to 7 years.

**G. Deferred Revenue**

Revenue received for future dues, subscriptions, and conferences is deferred until the applicable year.

**H. Pensions**

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

**I. Deferred outflows/inflows of resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of financial position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Association has pension related deferred outflows, which are described in Note 5a.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of financial position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Association has pension related deferred inflows, which are described in Note 5a.

**J. Compensated Absences**

Association employees earn a general leave benefit at the rate of 10 to 18 days per year based on length of service which is to be used for vacations, and 12 to 18 days per year based on length of service for sick leave. Employees are allowed to accrue up to 15 to 30 days of unused vacation leave and up to 150 days of unused sick leave. Compensated absences are recognized as current salary cost when earned. Unused leave will be paid out at termination at present salary levels and sick leave will not be paid out at termination.

**Special District Association of Colorado  
(A Colorado Non-Profit Corporation)  
Notes to the Financial Statements  
December 31, 2017  
(Continued)**

**2. Summary of Significant Accounting Policies (continued)**

**K. Income Taxes**

The Association has been granted tax exempt status under Section 501(c)(6) of the Internal Revenue Code. Income tax may be payable on unrelated business income, if any, earned during the year. No income tax expense was incurred or paid in 2017.

The Association will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

The Federal information returns of the Association are subject to examination by the Internal Revenue Service. The Association is no longer subject to examination for tax years prior to 2014.

**L. Financial Instruments and Fair Value Measurements**

The fair value of financial instruments is estimated using market trading information. Where published market values are not available, management estimates fair values based upon quotations received from broker/dealers or interest rate information for similar instruments.

The fair values of current assets and current liabilities are assumed equal to their reported carrying amounts. The carrying amounts reported in the balance sheets approximate fair value.

The Association has adopted the provisions of FASB Accounting Standards Codification Topic ASC 820-10 (previously Financial Accounting Standards Board No. 157, *Fair Value Measurements*) that establishes a single definition of fair value and a framework for measuring fair value to result in increased consistency and comparability in fair value measurements and expands disclosures about fair value measurements. ASC 820-10 applies whenever other authoritative literature requires (or permits) certain assets or liabilities to be measured at fair value, but does not expand the use of fair value.

The Association does not currently have items which are carried at fair value on a non-recurring basis.

**M. Budgets**

In accordance with the Association's bylaws, the Board of Directors adopts an annual operating budget.

**N. Cash Equivalents**

For purposes of the statement of cash flows, the Association considers cash deposits and highly liquid investments with a maturity of three months or less when purchased, to be cash equivalents.

**O. Comparative Information**

Certain balances in the Association's comparative expenses for fiscal year 2016 have been reclassified to conform to the basis of presentation used in fiscal year 2017. Total expenses for fiscal year 2016 remain unchanged as a result of this reclassification.

**Special District Association of Colorado  
(A Colorado Non-Profit Corporation)  
Notes to the Financial Statements  
December 31, 2017  
(Continued)**

**2. Summary of Significant Accounting Policies (continued)**

**P. Subsequent Events**

The Association has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued.

**3. Cash Deposits and Investments**

**A. Cash Deposits**

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of 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. The PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

As of December 31, 2017, the Association's bank balances of \$1,906,050 were collateralized in accordance with PDPA.

**B. Investments**

As of December 31, 2017, the Association had invested \$1,120,912 in the Colorado Local Government Liquid Asset Trust ("Colotrust"), an investment pool established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing Colotrust. Colotrust operates similarly to a money market fund and each share is equal in value to \$1. Colotrust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in United States Treasury securities and repurchase agreements collateralized by United States Treasury Securities.

COLOTRUST PLUS+ may also invest in certain obligations of United States government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of United States government agencies. Designated custodial back serves as custodian for Colotrust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for Colotrust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by Colotrust. As of December 31, 2017, the Association was only invested in COLOTRUST PLUS+.

**Special District Association of Colorado  
(A Colorado Non-Profit Corporation)  
Notes to the Financial Statements  
December 31, 2017  
(Continued)**

**4. Long-term Obligations**

The following is a summary of changes in long-term obligations for the year ended December 31, 2017.

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>	<b>Due in One Year</b>
Accrued compensated absences	\$ 35,046	41,076	(41,520)	34,602	34,602
Net pension liability	2,190,891	1,675,887	-	3,866,778	-
	<u>\$ 2,225,937</u>	<u>1,716,963</u>	<u>(41,520)</u>	<u>3,901,380</u>	<u>34,602</u>

**5. Public Employees' Retirement Association of Colorado**

Employees of the Association are eligible for benefits under PERA consistent with the benefits provided to member special districts.

**A. Defined Benefit Pension Plan**

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

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

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the.

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

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

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

**Special District Association of Colorado  
(A Colorado Non-Profit Corporation)  
Notes to the Financial Statements  
December 31, 2017  
(Continued)**

**5. Public Employees' Retirement Association of Colorado (continued)**

**A. Defined Benefit Pension Plan (continued)**

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive postretirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SDTF.

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

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

**Contributions.** Eligible employees and the Association are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements for all employees are summarized in the table below.

<b>January 1 through December 31</b>	<b>For the the Year End December 31, 2016</b>	<b>After December 31, 2016</b>
Employer contribution rate	10.15%	10.15%
Less: Amount apportioned to the Health Care Trust Fund	-1.02%	-1.02%
Amount apportioned to the Trust	9.13%	9.13%
Amortization Equalization Disbursement ("AED")	4.60%	5.00%
Supplemental Amortization Equalization Disbursement ("SAED")	4.50%	5.00%
Total employer contribution rate to the Trust	<u>18.23%</u>	<u>19.13%</u>

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the Association is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from the Association were \$120,424 for the year ended December 31, 2017.

**Special District Association of Colorado  
(A Colorado Non-Profit Corporation)  
Notes to the Financial Statements  
December 31, 2017  
(Continued)**

**5. Public Employees' Retirement Association of Colorado (continued)**

**A. Defined Benefit Pension Plan (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At December 31, 2017, the Association reported a liability of \$3,866,778 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll-forward the total pension liability to December 31, 2016. The Association proportion of the net pension liability was based on Association contributions to the SDTF for the calendar year 2016 relative to the total contributions of participating employers to the SDTF.

At December 31, 2016, the Association proportion was 0.0211%, which was an decrease of 0.0010% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the Association recognized pension expense (revenue) of \$643,185. At December 31, 2017, the Association reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

**Deferred Outflows of Resources**

Difference between actual and expected experience	\$	38,436
Changes of assumptions or other inputs		983,733
Net difference between projected and actual earnings on pension plan investments		128,186
Changes in proportion and differences between contributions recognized and proportionate share of contributions		38,254
Contributions subsequent to the measurement date		120,424
Total		1,309,033

**Deferred Inflows of Resources**

Change in actuarial assumptions	\$	11,902
Difference between actual and reported contributions		327
Total		12,229

\$120,424 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows.

**Special District Association of Colorado  
(A Colorado Non-Profit Corporation)  
Notes to the Financial Statements  
December 31, 2017  
(Continued)**

**5. Public Employees' Retirement Association of Colorado (continued)**

**A. Defined Benefit Pension Plan (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued).**

<b>For the Plan Year Ending December 31,</b>	<b>Amounts</b>
2018	\$ 649,169
2019	490,308
2020	35,547
2021	1,357
2022	-
Thereafter	-

**Actuarial assumptions.** The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs.

Actuarial cost method	Entry age
Price inflation	2.80%
Real wage growth	1.10%
Wage inflation	3.90%
Salary increases, including wage inflation	3.90% to 9.57%
Long-term investment rate of return, net of investment expenses, including price inflation	7.50%
Discount rate	7.50%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	2.00%
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

**Special District Association of Colorado  
(A Colorado Non-Profit Corporation)  
Notes to the Financial Statements  
December 31, 2017  
(Continued)**

**5. Public Employees' Retirement Association of Colorado (continued)**

**A. Defined Benefit Pension Plan (continued)**

**Actuarial assumptions (continued).** Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA's Board on November 18, 2016 and effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016.

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% to 9.17%
Long-term investment rate of return, net of investment expenses, including price inflation	7.25%
Discount rate	5.26%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	2.00%
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates used in the December 31, 2015 valuation were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

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

**Special District Association of Colorado  
(A Colorado Non-Profit Corporation)  
Notes to the Financial Statements  
December 31, 2017  
(Continued)**

**5. Public Employees' Retirement Association of Colorado (continued)**

**A. Defined Benefit Pension Plan (continued)**

**Actuarial assumptions (continued).** Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows.

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows.

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.
- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

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

As of the November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table.

**Special District Association of Colorado  
(A Colorado Non-Profit Corporation)  
Notes to the Financial Statements  
December 31, 2017  
(Continued)**

**5. Public Employees' Retirement Association of Colorado (continued)**

**A. Defined Benefit Pension Plan (continued)**

**Actuarial assumptions (continued).**

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

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

**Discount rate.** The discount rate used to measure the total pension liability was 5.26 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows.

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

**Special District Association of Colorado  
(A Colorado Non-Profit Corporation)  
Notes to the Financial Statements  
December 31, 2017  
(Continued)**

**5. Public Employees' Retirement Association of Colorado (continued)**

**A. Defined Benefit Pension Plan (continued)**

**Discount rate (continued).**

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the projection test indicates the SDTF's fiduciary net position was projected to be depleted in 2039 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2039 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System, was applied to periods on and after 2039 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.86 percent, resulting in a discount rate of 5.26 percent.

As of the prior measurement date, the projection test indicated the SDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments of 7.50 percent was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use a municipal bond index rate and the discount rate was 7.50 percent, 2.24 percent higher compared to the current measurement date.

**Special District Association of Colorado  
(A Colorado Non-Profit Corporation)  
Notes to the Financial Statements  
December 31, 2017  
(Continued)**

**5. Public Employees' Retirement Association of Colorado (continued)**

**A. Defined Benefit Pension Plan (continued)**

**Sensitivity of the Association's proportionate share of the net pension liability to changes in the discount rate.** The following presents the proportionate share of the net pension liability calculated using the discount rate of 5.26 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.26 percent) or 1-percentage-point higher (6.26 percent) than the current rate.

	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Collective net pension liability	\$ 22,750,067,000	18,368,131,000	14,768,033,000
Proportionate share of net pension liability	\$ 4,789,244	3,866,778	3,108,902

**Pension plan fiduciary net position.** Detailed information about the SDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at [www.copera.org/investments/perafinancial-reports](http://www.copera.org/investments/perafinancial-reports).

**B. Post-employment Healthcare Benefits**

**Plan Description.** The Association contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies.

PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Funding Policy.** The Association is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Association are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending December 31, 2017, 2016 and 2015, the Association contributions to the HCTF were \$6,421, \$6,118, and \$5,899, equal to the required contributions for each year.

**Special District Association of Colorado  
(A Colorado Non-Profit Corporation)  
Notes to the Financial Statements  
December 31, 2017  
(Continued)**

**5. Public Employees' Retirement Association of Colorado (continued)**

**C. Defined Contribution Pension Plan**

**Plan Description.** Employees of the Association that are also members of the SDTF (see Note 5a) may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Program. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Funding Policy.** The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. In addition, the Association has agreed to match employee contributions up to 4 percent of covered salary as determined by the Internal Revenue Service. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended 2017, program members contributed \$60,760 and the Association recognized pension expense and a liability of \$26,879 and \$0, respectively, for the Voluntary Investment Program.

**6. Commitments**

**Office Lease**

The Association leases office space under an agreement that expires November 30, 2020. During 2015, this agreement was amended to include improvements made by the Association expanding the premises which were completed August 2015. In addition to base rent, the Association is responsible to pay for its proportionate share of certain operating costs. Total office rent expense under the lease was \$108,589 for 2017. The lease requires future cash payments for base rent as follows.

<u>Term</u>	<u>Annual Base Rent</u>
December 1, 2017 to November 30, 2018	104,704
December 1, 2018 to November 30, 2019	107,112
December 1, 2019 to November 30, 2020	109,518

**Special District Association of Colorado  
(A Colorado Non-Profit Corporation)  
Notes to the Financial Statements  
December 31, 2017  
(Continued)**

**7. Related Entity**

The Association has entered into an agreement with the Colorado Special Districts Property and Liability Pool (“the Pool”). The Pool provides insurance coverage to participating Special Districts throughout the State of Colorado. The Agreement allows the Association to appoint all of the nine board members of the Pool from among the participating districts, each from a different district, and also requires at least one appointment to the Pool’s board to be a member of the Association. As of December 31, 2017, three of the nine Pool board members were also Association board members. The Association provides certain administrative services to the Pool. The fee for these services is computed at 1.5% for 2017, of the gross annual premiums billed by the Pool. The agreements may be terminated at any time by mutual agreement of both parties. Fees earned by the Association for administrative services to the Pool were \$368,282 for the year ended December 31, 2017.

There were no amounts due between the Association and the Pool at December 31, 2017.

Summarized financial information for the Pool as of and for the year ended December 31, 2016 is as follows.

Total Assets	\$ 52,645,796
Total Liabilities	28,757,242
Total Net Assets	23,888,554
	\$ 52,645,796
Total Revenue	\$ 18,932,979
Total Expenses	14,100,230
Underwriting (Loss)	4,832,749
Other Income	405,790
Net Income (Loss)	\$ 5,238,539

**8. Risk Management**

The Association is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or natural events. The Association maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**Special District Association of Colorado  
Schedule of Employer's Proportionate Share of the Net Pension Liability  
Colorado Public Employees' Retirement Association State Division Trust Fund  
Last 10 Fiscal Years \***

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Proportion of the net pension liability	0.0211%	0.0221%	0.0199%	0.0224%
Proportionate share of the net pension liability	\$ 3,866,778	2,190,891	1,875,843	1,998,985
Covered-employee payroll	\$ 599,761	578,329	536,944	577,745
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	644.72%	378.83%	349.36%	346.00%
Plan fiduciary net position as a percentage of the total pension liability	42.59%	56.11%	59.84%	61.08%

\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred one year prior. Information is only available beginning in fiscal year 2014.

**Notes to the Schedule of Employers Proportionate Share of the Net Pension Liability  
For the Year Ended December 31, 2017:**

**Note 1. Changes of assumptions.**

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation are as follows:

The following programming changes were made:

- o Valuation of the full survivor benefit without any reduction for possible remarriage.
- o Reflection of the employer match on separation benefits for all eligible years.
- o Reflection of one year of service eligibility for survivor annuity benefit.
- o Refinement of the 18 month annual increase timing.
- o Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.

The following methodology changes were made:

- o Recognition of merit salary increases in the first projection year.
- o Elimination of the assumption that 35% of future disabled members elect to receive a refund.
- o Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
- o Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

**Note 2. Changes of benefit terms.**

No changes during the years presented above.

**Note 3. Changes of size or composition of population covered by benefit terms.**

No changes during the years presented above.

**Special District Association of Colorado  
Schedule of Contributions  
Colorado Public Employees' Retirement Association State Division Trust Fund  
Last 10 Fiscal Years \***

	<u>2015</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 109,336	100,224	88,220	89,724
Contributions in relation to the contractually required contribution	<u>(109,336)</u>	<u>(100,224)</u>	<u>(88,220)</u>	<u>(89,724)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered-employee payroll	\$ 599,761	578,329	536,944	577,745
Contributions as a percentage of covered-employee payroll	18.23%	17.33%	16.43%	15.53%

\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred one year prior. Information is only available beginning in fiscal year 2014.

**Notes to the Schedule of Contributions For the Year Ended December 31, 2017:**

**Note 1. Changes of assumptions.**

No changes during the years presented above.

**Note 2. Changes of benefit terms.**

No changes during the years presented above.

**Note 3. Changes of size or composition of population covered by benefit terms.**

No changes during the years presented above.

**Special District Association of Colorado  
(A Colorado Non-Profit Corporation)  
Budgetary Schedule  
For the Year Ended December 31, 2017**

	<u>Budget</u>	<u>Actual</u>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Membership revenue			
Dues - voting members	882,000	956,223	74,223
Dues - associate members	46,750	59,500	12,750
Conferences and workshops revenue	398,500	448,447	49,947
Association program support revenue	557,000	617,559	60,559
Newsletter and directory advertisements	72,950	71,955	(995)
Interest income	6,500	12,573	6,073
Other	1,200	1,200	-
<b>Total Revenues</b>	<u>1,964,900</u>	<u>2,167,457</u>	<u>202,557</u>
<b>Expenditures:</b>			
Program expenses:			
Workshops and conferences	480,000	475,898	4,102
Legislative	110,000	88,384	21,616
Newsletter	100,000	94,082	5,918
CSD Property and Liability Pool	5,000	3,089	1,911
Special projects	45,000	36,763	8,237
	<u>740,000</u>	<u>698,216</u>	<u>41,784</u>
Administrative expenses:			
Employee salaries and benefits	913,772	979,878	(66,106)
Audit	9,500	10,150	(650)
Automobile	5,000	3,045	1,955
Contract services	6,000	668	5,332
Capital outlay	-	31,748	(31,748)
Directors	20,000	17,210	2,790
Dues, subscriptions, and library	6,000	3,082	2,918
Equipment maintenance	10,000	10,776	(776)
General Association business	39,500	40,891	(1,391)
Information technology	36,000	29,904	6,096
Insurance	-	-	-
Legal and related expenses	5,000	1,919	3,081
Marketing and communications	20,000	23,526	(3,526)
Office supplies	10,000	12,780	(2,780)
Postage	2,500	2,381	119
Printing	16,000	11,912	4,088
Rent and parking	135,000	135,414	(414)
Storage	-	1,680	(1,680)
Telephone	24,000	24,979	(979)
	<u>1,258,272</u>	<u>1,341,943</u>	<u>(83,671)</u>
<b>Total Expenditures</b>	<u>1,998,272</u>	<u>2,040,159</u>	<u>(41,887)</u>
<b>Excess of Revenue Over Expenditure (Budgetary Basis)</b>	<u>(33,372)</u>	127,298	<u>160,670</u>
<b>Funds Available - Beginning of Year</b>		<u>1,602,207</u>	
<b>Funds Available - End of Year</b>		<u>1,729,505</u>	
Funds available is computed as follows:			
Current assets		1,939,167	
Current liabilities		<u>(209,662)</u>	
		<u>1,729,505</u>	

**Special District Association of Colorado  
(A Colorado Non-Profit Corporation)  
Reconciliation of Budgetary Schedule to  
the Statement of Activities  
For the Year Ended December 31, 2017**

Revenue - budgetary basis	2,167,457
Gain (loss) on disposal of equipment	<u>6,527</u>
Total revenue per statement of activities	<u>2,173,984</u>
Expenditures - budgetary basis	2,040,159
Change in deposits	(3,000)
Capital outlay	(31,748)
Depreciation	29,174
Pension liability adjustment expense	<u>643,185</u>
Total expenses per statement of activities	<u>2,677,770</u>
Change in net assets per statement of activities	<u>(503,786)</u>