

Special District Association of Colorado

Financial Statements

December 31, 2019

**Special District Association of Colorado
(A Colorado Non-Profit Corporation)
December 31, 2019**

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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, 2019, 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, 2019, 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 the Association's Proportionate Share of the Net Pension Liability on page 31, the Schedule of Contributions on page 32, the Schedule of Association's Proportionate Share of the Net Other Post-Employment Benefit Liability on page 33 and the Schedule of Other Post-Employment Benefits Contributions on page 34, 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 Statement of Functional Expenses on page 6 and the budgetary schedule and reconciliation on pages 38 and 39, 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, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 30, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 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.
June 3, 2020

Special District Association of Colorado
(A Colorado Non-Profit Corporation)
Statement of Financial Position
December 31, 2019
(With Comparative Totals for 2018)

	2019	2018
Assets:		
Current Assets:		
Cash and cash equivalents - undesignated	1,427,899	1,215,320
Cash designated for future pension contributions	750,000	750,000
Accounts receivable, net of allowance	4,178	3,629
Total Current Assets	2,182,077	1,968,949
Other Assets:		
Deposits	4,359	5,359
Deferred Outflows of Resources:		
Pension related deferred outflow	458,739	986,720
OPEB related deferred outflow	16,715	9,380
Total Deferred Outflows	475,454	996,100
Property and Equipment:		
Vehicles, furniture, and equipment	227,417	242,135
Accumulated depreciation	(132,694)	(159,666)
Total Property and Equipment	94,723	82,469
Total Assets	2,756,613	3,052,877
Liabilities and Net Assets:		
Current Liabilities:		
Accrued compensated absences	26,687	31,559
Deferred income	145,929	143,357
Total Current Liabilities	172,616	174,916
Noncurrent Liabilities:		
Net pension liability	2,328,512	4,294,786
Net OPEB liability	113,382	100,771
Total Noncurrent Liabilities	2,441,894	4,395,557
Deferred Inflows of Resources:		
Pension related deferred inflow	1,312,811	162,262
OPEB related deferred inflow	173	1,686
Total Deferred Inflows	1,312,984	163,948
Net Assets:		
Without donor restrictions (deficit)	(1,170,881)	(1,681,544)
Total Net Assets	(1,170,881)	(1,681,544)
Total Liabilities and Net Assets	2,756,613	3,052,877

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, 2019
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
Revenues:		
Membership revenue		
Dues - voting members	1,135,725	1,024,979
Dues - associate members	70,688	64,563
Conferences and workshops revenue	467,935	463,101
Association program support revenue	757,681	671,199
Newsletter and directory advertisements	70,300	71,520
Interest income	36,039	30,167
Gain (loss) on disposal of equipment	(782)	(5,437)
Other	6,324	1,200
Total Revenues	<u>2,543,910</u>	<u>2,321,292</u>
Expenses:		
Workshops and conferences	546,966	520,631
Legislative	91,680	92,689
Newsletter	77,784	96,590
CSD Property and Liability Pool	7,292	2,175
Special projects	32,785	65,507
Employee salaries and benefits	1,128,591	1,090,460
Audit	11,950	10,950
Automobile	3,178	3,586
Contract services	781	1,235
Depreciation	26,459	27,692
Directors	23,712	17,994
Dues, subscriptions, and library	5,050	4,029
Equipment maintenance	9,664	9,542
General Association business	35,073	49,746
Information technology	68,866	39,375
Insurance	5,687	4,622
Legal and related expenses	3,325	8,955
Marketing and communications	28,108	34,372
Office supplies	18,865	19,195
Postage	2,696	2,829
Printing	9,786	10,190
Rent and parking	156,579	145,163
Telephone	22,352	21,326
Pension liability adjustment expense	(287,745)	900,355
OPEB liability adjustment expense	3,763	1,016
Total Expenses	<u>2,033,247</u>	<u>3,180,224</u>
Change in Net Assets	510,663	(858,932)
Net Assets (Deficit) - Beginning of Year	<u>(1,681,544)</u>	<u>(822,612)</u>
Net Assets (Deficit) - End of Year	<u><u>(1,170,881)</u></u>	<u><u>(1,681,544)</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, 2019
(With Comparative Totals for 2018)

	2019	2018
Cash Flows From Operating Activities:		
Cash received from members	1,208,436	1,068,406
Cash received from conferences and workshops	467,935	463,101
Cash received from program activities	757,681	671,199
Cash received from newsletter and directory advertisements	70,300	71,520
Cash received from interest	36,039	30,167
Cash received from other sources	6,324	1,200
Cash paid to employees	(1,133,462)	(1,093,503)
Cash paid for goods and services	(1,161,179)	(1,159,701)
Net Cash Provided (Used) by Operating Activities	252,074	52,389
Cash Flows From Investing Activities:		
Acquisition of property and equipment	(39,495)	(12,040)
Net Cash Provided (Used) by Investing Activities	(39,495)	(12,040)
Net Increase (Decrease) in Cash and Cash Equivalents	212,579	40,349
Cash and Cash Equivalents - Beginning	1,965,320	1,924,971
Cash and Cash Equivalents - Ending	2,177,899	1,965,320
Financial Statement Captions:		
Cash and cash equivalents - undesignated	1,427,899	1,215,320
Cash designated for future pension contributions	750,000	750,000
Cash and Cash Equivalents - Ending	2,177,899	1,965,320
Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Change in net assets	510,663	(858,932)
Adjustments to reconcile:		
Depreciation	26,459	27,692
Pension liability adjustment expense	(287,745)	900,355
OPEB liability adjustment expense	3,763	1,016
(Gain) loss on disposal of equipment	782	5,437
(Increase) decrease in accounts receivables	(549)	10,567
(Increase) decrease in prepaids and deposits	1,000	1,000
Increase (decrease) in compensated absences	(4,871)	(3,043)
Increase (decrease) in deferred revenue	2,572	(31,703)
Total Adjustments	(258,589)	911,321
Net Cash Provided (Used) by Operating Activities	252,074	52,389

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

**Special District Association of Colorado
(A Colorado Non-Profit Corporation)
Statement of Functional Expenses
For the Year Ended December 31, 2019
(With Comparative Totals for 2018)**

	2019			2018
	Program Services	Management and General	Total	Total
Workshops and conferences	437,573	109,393	546,966	520,631
Legislative	73,344	18,336	91,680	92,689
Newsletter	62,227	15,557	77,784	96,590
CSD Property and Liability Pool	5,834	1,458	7,292	2,175
Special projects	26,228	6,557	32,785	65,507
Employee salaries and benefits	902,873	225,718	1,128,591	1,090,460
Audit	9,560	2,390	11,950	10,950
Automobile	2,542	636	3,178	3,586
Contract services	625	156	781	1,235
Depreciation	21,167	5,292	26,459	27,692
Directors	18,970	4,742	23,712	17,994
Dues, subscriptions, and library	4,040	1,010	5,050	4,029
Equipment maintenance	7,731	1,933	9,664	9,542
General Association business	28,058	7,015	35,073	49,746
Information technology	55,093	13,773	68,866	39,375
Insurance	4,550	1,137	5,687	4,622
Legal and related expenses	2,660	665	3,325	8,955
Marketing and communications	22,486	5,622	28,108	34,372
Office supplies	15,092	3,773	18,865	19,195
Postage	2,157	539	2,696	2,829
Printing	7,829	1,957	9,786	10,190
Rent and parking	125,263	31,316	156,579	145,163
Telephone	17,882	4,470	22,352	21,326
Pension liability adjustment expense	(230,196)	(57,549)	(287,745)	900,355
OPEB liability adjustment expense	3,010	753	3,763	1,016
Total Expenses	1,626,598	406,649	2,033,247	3,180,224
Percentages	<u>80%</u>	<u>20%</u>	<u>100%</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, 2019**

1. Organization

The Special District Association of Colorado (the "Association") was incorporated on 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 two classifications:

Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

With Donor Restrictions – Net assets subject to restrictions imposed by donors or grantors. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has lapsed, when the stipulated purpose for which the resources was restricted has been fulfilled, or both.

The Association has no net assets with donor restriction.

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. 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, 2019
(Continued)**

2. Summary of Significant Accounting Policies (continued)

D. 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.

E. Property and Equipment

Property and equipment are 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.

F. Deferred Revenue

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

G. 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.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. A brief description of some of the major changes to plan provisions required by SB 18-200 for the SDTF are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. A brief description of some of the major changes to plan provisions required by SB 18-200 for the SDTF are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.
- Increases employer contribution rates for the SDTF by 0.25 percent on July 1, 2019.
- Increases employee contribution rates for the SDTF by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).

**Special District Association of Colorado
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2019
(Continued)**

2. Summary of Significant Accounting Policies (continued)

G. Pensions (continued)

- As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF, School Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SDTF is considered a nonemployer contribution for financial reporting purposes.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the State, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.
- Expands eligibility to participate in the PERA DC Plan to certain new members of the State Division hired on or after January 1, 2019, who are classified State College and University employees. Beginning January 1, 2021, and every year thereafter, employer contribution rates for the SDTF will be adjusted to include a defined contribution supplement based on the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon.

H. Other Post Employment Benefit (OPEB)

The Association participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

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 and OPEB related deferred outflows, which are described in Note 5.A and 5.B.

**Special District Association of Colorado
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2019
(Continued)**

2. Summary of Significant Accounting Policies (continued)

I. Deferred outflows/inflows of resources (continued)

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 and OPEB related deferred inflows, which are described in Note 5.A and 5.B.

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 37.5 days of unused vacation leave and up to 70 days of unused sick leave. Compensated absences are recognized as current salary cost when earned. Unused vacation leave up to 30 days will be paid out at termination at present salary levels and sick leave will not be paid out at termination.

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 2019.

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 2016.

L. Statement of Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the Statement of Functional Expenses. Management estimates that approximately 80% of expenses are directly related to programs and 20% of expenses are of a management and general nature.

M. 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.

**Special District Association of Colorado
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2019
(Continued)**

2. Summary of Significant Accounting Policies (continued)

M. Financial Instruments and Fair Value Measurements (continued)

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.

N. Budgets

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

O. 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.

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, 2019, the Association's bank balances of \$615,610 were collateralized in accordance with PDPA.

**Special District Association of Colorado
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2019
(Continued)**

3. Cash Deposits and Investments (continued)

B. Investments

As of December 31, 2019, the Association had the following recurring fair value measurements:

Investments Measured at Net Asset Value	Total
Colotrust	\$ 1,562,101

The Association had invested 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 bank 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, 2019, the Association was only invested in COLOTRUST PLUS+.

4. Long-term Obligations

The following is a summary of changes in long-term obligations for the year ended December 31, 2019.

	Beginning Balance	Additions	Deletions	Ending Balance	Due in One Year
Accrued compensated absences	\$ 31,559	49,966	(54,838)	26,687	26,687
Net pension liability	4,294,786	(1,966,274)	-	2,328,512	-
Net OPEB liability	100,771	12,611	-	113,382	-
	\$ 4,427,116	\$ (1,903,697)	\$ (54,838)	\$ 2,468,581	\$ 26,687

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, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

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 (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

**Special District Association of Colorado
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2019
(Continued)**

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

A. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Benefits provided as of December 31, 2018: PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019 for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 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 will receive the lesser of an annual increase of 1.5 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. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified C.R.S. § 24-51-413. Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability.

**Special District Association of Colorado
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December 31, 2019
(Continued)**

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

C. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

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

Contributions provisions as of December 31, 2019: Eligible employees, the Association, and the State are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements for the SDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Employee contribution rates for the period of January 1, 2019 through December 31, 2019 are summarized in the table below:

	January 1, 2018 Through December 31, 2018	January 1, 2019 Through June 30, 2019	July 1, 2019 Through June 30, 2020
Employer contribution rate	10.15%	10.15%	10.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%	(1.02)%
Amount apportioned to the SDTF	9.13%	9.13%	9.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%
Total employer contribution rate to the SDTF	19.13%	19.13%	19.38%

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

As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF, School Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SDTF is considered a nonemployer contribution for financial reporting purposes.

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 \$138,358 for the year ended December 31, 2019.

Pension Liabilities. The net pension liability for the SDTF was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total pension liability to December 31, 2018. The Association proportion of the net pension liability was based on the Association contributions to the SDTF for the calendar year 2018 relative to the total contributions of participating employers and the State as a nonemployer contributing entity for participating employers of the SDTF that are outside of the State's financial reporting entity.

**Special District Association of Colorado
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Notes to the Financial Statements
December 31, 2019
(Continued)**

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

C. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

At December 31, 2019, the Association reported a liability of \$2,328,512 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the Association as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the Association were as follows:

The Association's proportionate share of the net pension liability	\$	2,328,512
The State's proportionate share of the pension liability as a nonemployer contributing entity associated with the Association		12,747
Total	\$	<u>2,341,259</u>

At December 31, 2018, the Association proportion was 0.0205%, which was a decrease of 0.0010% from its proportion measured as of December 31, 2017.

Pension Expense. For the year ended December 31, 2019, the Association recognized pension expense of (\$287,745) as a result of support from the State as a nonemployer contributing entity.

Deferred Outflows of Resources and Deferred Inflows of Resources. At December 31, 2019, 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	\$	66,588
Changes of assumptions or other inputs		122,608
Net difference between projected and actual earnings on pension plan investments		117,616
Changes in proportion and differences between contributions recognized and proportionate share of contributions		13,568
Contributions subsequent to the measurement date		<u>138,359</u>
Total		<u>458,739</u>

Deferred Inflows of Resources

Change in actuarial assumptions	\$	1,202,408
Change in proportionate share		110,252
Difference between actual and reported contributions		<u>151</u>
Total		<u>1,312,811</u>

**Special District Association of Colorado
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Notes to the Financial Statements
December 31, 2019
(Continued)**

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

A. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

\$138,359 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the Plan Year Ending December 31,	Amounts
2020	\$ (468,888)
2021	(593,731)
2022	5,778
2023	64,410
2024	-
Total	<u>\$ (992,431)</u>

Actuarial assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs.

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	4.72%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07	2.00%
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

The revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2017 to December 31, 2018:

Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	0% through 2019 and 1.5% compounded annually, thereafter
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

**Special District Association of Colorado
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Notes to the Financial Statements
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(Continued)**

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

A. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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

Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

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

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the 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 most recent adoption of the 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.

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(Continued)**

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

A. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non-U.S. Equity – Developed	18.55%	5.20%
Non-U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non-U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
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 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows.

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include the 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.

Special District Association of Colorado
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Notes to the Financial Statements
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(Continued)

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

A. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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.

- As specified in law, the State will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.43 percent were used in the discount rate determination resulting in a discount rate of 4.72 percent, 2.53 percent lower compared to the current measurement date.

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 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

**Special District Association of Colorado
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(Continued)**

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

A. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

	1% Decrease 6.25%	Current Discount 7.25%	1% Increase 8.25%
Collective net pension liability	\$ 14,145,649,000	\$ 11,378,673,000	\$ 9,037,559,000
Proportionate share of net pension liability	\$ 2,894,742	\$ 2,328,512	\$ 1,849,431

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.

B. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

Plan description. Eligible employees of the Association are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

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

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

B. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure. The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Association is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Association were \$7,329 for the year ended December 31, 2019.

**Special District Association of Colorado
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Notes to the Financial Statements
December 31, 2019
(Continued)**

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

B. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Liabilities. At December 31, 2019, the Association reported a liability for Other Post-Employment Benefits ("OPEB") of \$113,382 for its proportionate share of net OPEB. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2018. The Association's proportion of the net OPEB liability was based on contributions to the Health Care Trust Fund ("HCTF") for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2018, the Association proportion was 0.00833%, which was an increase of 0.00058% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Association recognized OPEB expense of \$3,763.

At December 31, 2019, the Association reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expenses and actual experience	412	173
Change of assumptions or other inputs	795	
Net difference between projected and actual earnings on plan investments	652	-
Changes in proportionate share of contributions	7,527	-
Contributions subsequent to measurement date	7,329	-
	\$ 16,715	\$ 173

\$7,329 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net other post-employment benefits liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB related expense as follows:

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(Continued)**

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

B. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

<u>Year Ended December 30,</u>	<u>Amortization</u>
2020	\$ 1,831
2021	1,831
2022	1,831
2023	2,284
2024	1,383
2025	53
	<u>\$ 9,213</u>

Actuarial assumptions. The total OPEB liability in the December 31, 2017, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in in aggregate
Long-term investment Rate of Return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A Premiums	3.25 percent for 2018 gradually rising to 5.00 percent in 2025
DPS benefit structure	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A Premiums	N/A

**Special District Association of Colorado
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Notes to the Financial Statements
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(Continued)**

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

B. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

The actuarial assumptions used in the December 31, 2017, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2018 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	\$736	\$367
Kaiser Permanente Medicare Advantage HMO	602	236
Rocky Mountain Health Plans Medicare HMO	611	251
UnitedHealthcare Medicare HMO	686	213

The 2018 Medicare Part A premium is \$422 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

Medicare Plan	Cost for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	\$289
Kaiser Permanente Medicare Advantage HMO	300
Rocky Mountain Health Plans Medicare HMO	270
UnitedHealthcare Medicare HMO	400

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

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

**Special District Association of Colorado
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Notes to the Financial Statements
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(Continued)**

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

B. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2017, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.25%
2023	5.00%	4.50%
2024	5.00%	4.75%
2025+	5.00%	5.00%

Mortality assumptions for the determination of the total OPEB liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

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

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(Continued)

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

B. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

- **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.

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2018 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

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

**Special District Association of Colorado
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2019
(Continued)**

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

B. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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

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

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

Sensitivity of the Association's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
PERA Care Medicare Trend Rate	4.00%	5.00%	6.00%
Initial Medicare Part A Trend Rate	2.25%	3.25%	4.25%
Ultimate Medicare Part A Trend	4.00%	5.00%	6.00%
Collective Net OPEB Liability	\$ 1,322,972,000	\$ 1,360,542,000	\$ 1,403,754,000
Proportionate Share OPEB Liability	110,250	113,382	116,982

**Special District Association of Colorado
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2019
(Continued)**

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

B. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2018, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

Sensitivity of the Association's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease 6.25%	Current Discount 7.25%	1% Increase 8.25%
Collective Net OPEB Liability	\$1,522,328,000	\$1,360,542,000	\$1,222,230,000
Proportionate Share OPEB Liability	\$126,864	\$113,382	\$101,855

**Special District Association of Colorado
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2019
(Continued)**

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

B. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained www.copera.org/investments/pera-financial-reports.

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.

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 2019, program members contributed \$70,053 and the Association recognized pension expense and a liability of \$31,706 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 \$131,679 for 2019. The lease requires future cash payments for base rent as follows.

Term	Annual Base Rent
December 1, 2019 to November 30, 2020	109,518

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.

**Special District Association of Colorado
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2019
(Continued)**

7. Related Entity (continued)

As of December 31, 2019, three of the nine Pool board members were also the Association board members. The Association provides certain administrative services to the Pool. The fee for these services is computed at 1.5% for 2019, 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 \$432,434 for the year ended December 31, 2019.

There were no amounts due between the Association and the Pool at December 31, 2019.

Summarized financial information for the Pool as of and for the year ended December 31, 2018 is as follows.

Total Assets	\$ 63,918,422
Total Liabilities	39,345,647
Total Net Assets	24,572,775
	\$ 63,918,422
Total Revenue	\$ 20,983,559
Total Expenses	22,973,705
Underwriting (Loss)	(1,990,146)
Other Income	898,330
Net Income (Loss)	\$ (1,091,816)

8. Liquidity and Availability of Resources

The Association's net assets consist of amounts without donor restrictions. The Association's financial assets available within one year from December 31, 2019 for general expenditure are as follows:

Cash and cash equivalents	\$ 2,177,899
Account receivable	4,178
Total	\$ 2,182,077

9. Other Information

A. 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 Association's Proportionate Share of the Net Pension Liability
Colorado Public Employees' Retirement Association State Division Trust Fund
Last 10 Fiscal Years *

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Proportion of the net pension liability	0.0205%	0.0215%	0.0211%	0.0221%	0.0199%	0.0224%
Association's proportionate share of the net pension liability	\$ 2,328,512	\$ 4,294,786	\$ 3,866,778	\$ 2,190,891	\$ 1,875,843	\$ 1,998,985
State's proportionate share of the net pension liability as a non-employer contributing entity associated with the Association	12,747	-	-	-	-	-
Total proportionate share of the net pension liability associated with the Association	<u>\$ 2,341,259</u>	<u>\$ 4,294,786</u>	<u>\$ 3,866,778</u>	<u>\$ 2,190,891</u>	<u>\$ 1,875,843</u>	<u>\$ 1,998,985</u>
Covered payroll	\$ 704,822	\$ 629,501	\$ 599,761	\$ 578,329	\$ 536,944	\$ 577,745
Proportionate share of the net pension liability as a percentage of its covered payroll	332.18%	682.25%	644.72%	378.83%	349.36%	346.00%
Plan fiduciary net position as a percentage of the total pension liability	55.11%	43.20%	42.59%	56.11%	59.84%	61.08%

* The amounts presented are for the fiscal year end of the plan measurement date. Information is only available beginning in measurement year 2013.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 138,358	\$ 134,833	\$ 120,424	\$ 109,336	100,224	88,220	89,724
Contributions in relation to the contractually required contribution	<u>(138,358)</u>	<u>(134,833)</u>	<u>(120,424)</u>	<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>	<u>-</u>	<u>-</u>	<u>-</u>
Covered Payroll	\$ 718,558	\$ 704,822	\$ 629,501	\$ 599,761	578,329	536,944	577,745
Contributions as a percentage of covered payroll	19.25%	19.13%	19.13%	18.23%	17.33%	16.43%	15.53%

* Information is only available beginning in fiscal year 2013.

Special District Association of Colorado
Schedule of Employer's Proportionate Share of the Net Other Post-Employment Benefit Liability
Colorado Public Employees' Retirement Association State Division Trust Fund
Last 10 Fiscal Years *

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net Other Post-Employment Benefit liability	0.00833%	0.00775%	0.00760%
Proportionate share of the net Other Post-Employment Benefit liability	113,382	100,771	98,482
Covered payroll	704,822	629,501	599,761
Proportionate share of the net Other Post-Employment Benefit liability as a percentage of its covered payroll	16%	16%	16%
Plan fiduciary net position as a percentage of the total Other Post-Employment Benefit liability	17.03%	17.53%	16.72%

* The amounts presented are for the fiscal year end of the plan measurement date. Information is only available beginning in measurement year 2016.

Special District Association of Colorado
Schedule of Employer Other Post-Employment Benefits Contributions
Colorado Public Employees' Retirement Association Health Care Trust Fund
Last 10 Fiscal Years *

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 7,329	\$ 7,189	\$ 6,421	\$ 6,118
Contributions in relation to the contractually required contribution	<u>\$ (7,329)</u>	<u>\$ (7,189)</u>	<u>\$ (6,421)</u>	<u>\$ (6,118)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 718,558	\$ 704,822	\$ 629,501	\$ 599,761
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

* Information is only available beginning in fiscal year 2016.

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

Special District Association of Colorado
Notes to Required Supplementary Information
December 31, 2019

I. Schedule of the Association's Proportionate Share of the Net Pension Liability

A. Changes to assumptions or other inputs

1. Changes since the December 31, 2017 actuarial valuation:

- The single equivalent interest rate ("SEIR") was increased from 4.72 percent to 7.25 percent to reflect the changes to the projection's valuation basis, which no longer resulted in a projected year of depletion of the FNP, thereby eliminating the need to apply the municipal bond index rate.

2. Changes since the December 31, 2016 actuarial valuation:

- The single equivalent interest rate ("SEIR") was lowered from 5.26 percent to 4.72 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate.
- The municipal bond index rate used in the determination of the SEIR changed from 3.86 percent on the prior measurement date to 3.43 percent on the measurement date.

3. Changes since the December 31, 2015 actuarial valuation:

- The investment return assumption was lowered from 7.50 percent to 7.25 percent
- The wage inflation assumption was lowered from 3.90 percent to 3.50 percent
- The post-retirement mortality assumption for healthy lives was changed to the RP-2014 White Collar Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 93 percent factor applied to ages below 80 and a 113 percent factor applied to age 80 and above, projected to 2018, or males, and a 68 percent factor applied to ages below 80 and a 106 percent factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90 percent of RP-2014 Disabled Retiree Mortality Table.
- The mortality assumption for active members was changed to 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.
- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.35 percent to 0.40 percent.
- The single equivalent interest rate (the "SEIR") for the SDTF was lowered from 7.50 percent to 5.26 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the fiduciary net position (the "FNP"), and the resulting application of the municipal bond index rate
- The SEIR was lowered from 7.50 percent to 7.25 percent, reflecting the change in the long-term expected rate of return.

Special District Association of Colorado
Notes to Required Supplementary Information
December 31, 2019
(continued)

I. Schedule of the Association's Proportionate Share of the Net Pension Liability (continued)

A. Changes to assumptions or other inputs (continued)

4. Changes since the December 31, 2014 actuarial valuation

- Valuation of the full survivor benefit without any reduction for possible remarriage.
- Reflection of the employer match on separation benefits for all eligible years.
- Reflection of one year of service eligibility for survivor annuity benefit.
- Refinement of the 18-month annual increase timing.
- Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- Recognition of merit salary increases in the first projection year.
- Elimination of the assumption that 35% of future disabled members elect to receive a refund.
- Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
- Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

B. Changes of benefit terms.

No changes during the years presented.

C. Changes of size or composition of population covered by benefit terms.

No changes during the years presented.

II. Notes to the Schedule of Contributions

A. Changes to assumptions or other inputs

No changes during the years presented.

B. Changes of benefit terms.

No changes during the years presented.

C. Changes of size or composition of population covered by benefit terms.

No changes during the years presented.

Special District Association of Colorado
Notes to Required Supplementary Information
December 31, 2019
(continued)

III. Schedule of the Association's Proportionate Share of the OPEB Liability

A. Changes to assumptions or other inputs

No changes during the years presented.

B. Changes of benefit term

No changes during the years presented.

C. Changes of size or composition of population covered by terms

No changes during the years presented.

IV. Notes to the Schedule of OPEB Contributions

A. Changes to assumptions or other inputs

No changes during the years presented.

B. Changes of benefit terms.

No changes during the years presented.

C. Changes of size or composition of population covered by benefit terms.

No changes during the years presented.

**Special District Association of Colorado
(A Colorado Non-Profit Corporation)
Budgetary Schedule
For the Year Ended December 31, 2019**

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Membership revenue			
Dues - voting members	1,001,000	1,135,725	134,725
Dues - associate members	56,000	70,688	14,688
Conferences and workshops revenue	443,500	467,935	24,435
Association program support revenue	685,000	757,681	72,681
Newsletter and directory advertisements	72,200	70,300	(1,900)
Interest income	29,000	36,039	7,039
Other	1,200	5,582	4,382
Total Revenues	2,287,900	2,543,950	256,050
Expenditures:			
Workshops and conferences	530,000	546,966	(16,966)
Legislative	110,000	91,680	18,320
Newsletter	100,000	77,784	22,216
CSD Property and Liability Pool	5,000	7,292	(2,292)
Special projects	60,000	32,785	27,215
Employee salaries and benefits	1,056,547	1,127,849	(71,302)
Audit	11,000	11,950	(950)
Automobile	5,000	3,178	1,822
Contract services	1,000	781	219
Capital outlay	10,000	39,495	(29,495)
Directors	19,000	23,712	(4,712)
Dues, subscriptions, and library	5,000	5,050	(50)
Equipment maintenance	11,000	9,664	1,336
General Association business	55,000	35,073	19,927
Information technology	37,500	68,866	(31,366)
Legal and related	15,000	3,325	11,675
Marketing and communications	22,000	28,108	(6,108)
Office supplies	19,000	18,865	135
Postage	2,800	2,696	104
Printing	12,000	9,786	2,214
Rent and parking	145,000	155,579	(10,579)
Telephone	25,000	22,352	2,648
Total Expenditures	2,261,847	2,328,523	(66,676)
Excess of Revenue Over Expenditures (Budgetary Basis)	26,053	215,428	189,375
Funds Available - Beginning of Year		1,794,033	
Funds Available - End of Year		2,009,461	
Funds available is computed as follows:			
Current assets		2,182,077	
Current liabilities		(172,616)	
		2,009,461	

**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, 2019**

Revenue - budgetary basis	2,543,950
Pension direct distribution - Special Funding	742
Gain (loss) on disposal of equipment	<u>(782)</u>
Total revenue per statement of activities	<u>2,543,910</u>
Expenditures - budgetary basis	2,328,523
Change in deposits	1,000
Capital outlay	(39,495)
Depreciation	26,459
Pension expense - Special Funding	742
Pension liability adjustment expense	(287,745)
OPEB liability adjustment expense	<u>3,763</u>
Total expenses per statement of activities	<u>2,033,247</u>
Change in net assets per statement of activities	<u><u>510,663</u></u>