

Special District Association of Colorado

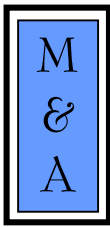
Financial Statements

December 31, 2022

**Special District Association of Colorado
(A Colorado Non-Profit Corporation)
December 31, 2022**

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Special District Association of Colorado
Denver, CO**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of Special District Association of Colorado (the "Association"), a Colorado non-profit corporation, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the Special District Association of Colorado as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 9 to the financial statements, the Association adopted Governmental Accounting Standards Board Statement 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for one year after the date that the financial statements are issued.

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INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Special District Association of Colorado
Denver, CO

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted the Management, Discussion, and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

U.S. GAAP require that the Schedule of the Association's Proportionate Share of the Net Pension Liability, Schedule of Association Pension Contributions, Schedule of Association's Proportionate Share of the Other Post-Employment Benefits Liabilities, Schedule of Association's Other Post-Employment Benefit Contributions, and the Notes to the Required Supplemental Information in Section D be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in section D in accordance with U.S. GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Special District Association of Colorado
Denver, CO

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Association's basic financial statements. The budgetary comparison in Section E is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by U.S. GAAP. The budgetary comparison information in section E 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
April 24, 2023

Special District Association of Colorado
(A Colorado Non-Profit Corporation)
Statement of Net Position
December 31, 2022
(With Comparative Totals for 2021)
(Restated)

	2022	2021
Assets:		
Current Assets:		
Cash and cash equivalents - undesignated	2,209,702	1,966,270
Cash designated for future pension contributions	750,000	750,000
Accounts receivable, net of allowance	16,424	20,327
Prepaid expenses	3,080	-
Total Current Assets	2,979,206	2,736,597
Other Assets:		
Deposits	12,617	12,617
Total Other Assets	12,617	12,617
Property and Equipment:		
Vehicles, furniture, and equipment	1,080,227	1,071,461
Accumulated depreciation	(341,887)	(215,723)
Total Property and Equipment	738,340	855,738
Deferred Outflows of Resources:		
Pension related deferred outflows	479,357	894,239
OPEB related deferred outflows	27,522	28,142
Total Deferred Outflows	506,879	922,381
Total Assets	4,237,042	4,527,333
Liabilities and Net Assets:		
Current Liabilities:		
Accrued compensated absences	83,494	70,777
Deferred income	207,199	220,232
Total Current Liabilities	290,693	291,009
Noncurrent Liabilities:		
Lease liability	632,857	715,241
Net pension liability	1,788,939	2,469,949
Net OPEB liability	80,891	87,723
Total Noncurrent Liabilities	2,502,687	3,272,913
Deferred Inflows of Resources:		
Pension related deferred inflows	735,302	518,558
OPEB related deferred inflows	30,890	31,321
Total Deferred Inflows	766,192	549,879
Net Position:		
Net investment in capital assets	105,483	140,497
Unrestricted	571,987	273,035
Total Net Position	677,470	413,532
Total Liabilities and Net Position	4,237,042	4,527,333

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

Special District Association of Colorado
(A Colorado Non-Profit Corporation)
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)
(Restated)

	<u>2022</u>	<u>2021</u>
Operating Revenues:		
Membership revenue		
Dues - voting members	1,425,122	1,250,619
Dues - associate members	56,650	59,500
Conferences and workshops revenue	535,475	395,878
Association program support revenue	982,167	894,084
Newsletter and directory advertisements	65,300	64,175
Other	836	5,880
Total Operating Revenues	<u>3,065,550</u>	<u>2,670,136</u>
Operating Expenses:		
Workshops and conferences	616,534	568,836
Legislative	49,120	85,631
Newsletter	69,247	64,807
CSD Property and Liability Pool	498	2,061
Special projects	107,428	21,796
Employee salaries and benefits	1,553,424	1,391,431
Audit	13,300	12,900
Automobile	4,043	5,857
Contract services	938	888
Depreciation	36,719	32,847
Directors	17,260	6,494
Dues, subscriptions, and library	5,631	4,923
Equipment maintenance	8,505	9,413
General Association business	45,818	28,920
Information technology	52,934	45,252
Insurance	6,729	7,528
Legal and related expenses	650	6,035
Marketing and communications	25,363	17,013
Office supplies	10,458	20,680
Postage	2,108	1,949
Printing	16,410	12,345
Rent and parking	229,976	172,407
Storage	2,640	1,430
Telephone	20,762	25,301
Pension liability adjustment expense	(49,384)	(476,276)
OPEB liability adjustment expense	(6,643)	(3,641)
Total Operating Expenses	<u>2,840,468</u>	<u>2,066,827</u>
Operating Income (Loss)	<u>225,082</u>	<u>603,309</u>
Non-operating Revenues (Expenses):		
Interest income	38,856	764
Gain (loss) on disposal of equipment	-	(10,387)
Total Non-operating Revenues (Expenses)	<u>38,856</u>	<u>(9,623)</u>
Change in Net Position	263,938	593,686
Net Position (Deficit) - Beginning of Year	<u>413,532</u>	<u>(180,154)</u>
Net Position (Deficit) - End of Year	<u>677,470</u>	<u>413,532</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, 2022
(With Comparative Totals for 2021)
(Restated)**

	2022	2021
Cash Flows From Operating Activities:		
Cash received from members	1,472,641	1,357,246
Cash received from conferences and workshops	535,475	395,878
Cash received from program activities	982,167	894,084
Cash received from newsletter and directory advertisements	65,300	64,175
Cash received from other sources	836	5,880
Cash paid to employees	(1,540,706)	(1,380,476)
Cash paid for goods and services	(1,302,372)	(1,089,633)
Net Cash Provided (Used) by Operating Activities	213,341	247,154
Cash Flows From Capital and Related Financing Activities:		
Acquisition of property and equipment	(8,765)	(10,942)
Net Cash Provided (Used) by Capital and Related Financing Activities	(8,765)	(10,942)
Cash Flows From Investing Activities:		
Cash received from interest	38,856	764
Net Cash Provided (Used) by Investing Activities	38,856	764
Net Increase (Decrease) in Cash and Cash Equivalents	243,432	236,976
Cash and Cash Equivalents - Beginning	2,716,270	2,479,294
Cash and Cash Equivalents - Ending	2,959,702	2,716,270
Financial Statement Captions:		
Cash and cash equivalents - undesignated	2,209,702	1,966,270
Cash designated for future pension contributions	750,000	750,000
Cash and Cash Equivalents - Ending	2,959,702	2,716,270
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	225,082	603,309
Adjustments to reconcile:		
Depreciation	36,719	32,847
Pension liability adjustment expense	(49,384)	(476,276)
OPEB liability adjustment expense	(6,643)	(3,641)
(Increase) decrease in accounts receivables	3,903	(9,954)
(Increase) decrease in prepaids and deposits	(3,080)	22,949
(Increase) decrease in lease asset	89,444	86,554
Increase (decrease) in compensated absences	12,718	10,955
Increase (decrease) in deferred revenue	(13,034)	57,081
Increase (decrease) in lease liability	(82,384)	(76,670)
Total Adjustments	(11,741)	(356,155)
Net Cash Provided (Used) by Operating Activities	213,341	247,154

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, 2022**

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.

Because the Board is elected by Member District, all of which are local governments, the Association is considered a governmental organization and its financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments.

2. Summary of Significant Accounting Policies

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the Association, and (b) organizations for which the Association is financially accountable. The Association is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Association. Consideration is also given to other organizations, which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the Association. Organizations for which the nature and significance of their relationship with the Association are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria above, the Association is not financially accountable for any other entity nor is the Association a component unit of any other government.

B. Fund Accounting

The Association uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions and activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The Association uses a proprietary fund-type, an enterprise fund, to account for its activities. Enterprise funds are used to account for operations (a) which are financed and/or operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for future costs.

Special District Association of Colorado
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2022
(continued)

2. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Proprietary funds use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Financial Statement Presentation

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Association's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. 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.

E. Investments

Investments are stated at fair value or net asset value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

F. 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.

G. Deferred Revenue

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

Special District Association of Colorado
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2022
(continued)

2. Summary of Significant Accounting Policies (continued)

H. Leases

The Association follows the provisions of GASB 87, *Leases* with regards to leased assets and leased liabilities. This standard requires recognition of certain leased assets and liabilities for leases previously classified as operating leases and deferred inflows or outflows of resources recognized based on the payment provision of the contract. It established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources.

I. Compensated Absences

The 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.

J. Pensions

The Association participates in the State Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position ("FNP") and additions to/deductions from the FNP 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.

K. 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 (FNP) and additions to/deductions from the FNP 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.

Special District Association of Colorado
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2022
(continued)

2. Summary of Significant Accounting Policies (continued)

L. 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 6.A and 6.B. 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 6.A and 6.B.

M. Revenue Recognition

Membership revenues are recognized as memberships become due. Membership fees received in advance are deferred until earned.

N. 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 2022.

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 2019.

O. Budgets

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

P. 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.

Q. 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.

**Special District Association of Colorado
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2022
(continued)**

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, 2022, the Association’s bank balances of \$360,651 were collateralized in accordance with PDPA.

B. Investments

As of December 31, 2022, the Association had the following recurring fair value measurements:

Investments Measured at Net Asset Value	Total
COLOTRUST PLUS+	1,093,009
COLOTRUST EDGE	1,520,118
Total	2,613,127

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 offers shares in three portfolios, COLOTRUST PRIME (“PRIME”), COLOTRUST PLUS+ (“PLUS+”) and COLOTRUST EDGE (“EDGE”) and operates similarly to a money market fund. PRIME and PLUS+ have a stable Net Asset Value (NAV) and each share is equal in value to \$1 whereas EDGE has a variable NAV and each share is equal in value to \$2 or \$10. COLOTRUST portfolios may invest in United States Treasury securities and repurchase agreements collateralized by United States Treasury Securities.

COLOTRUST portfolios 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, 2022, the Association was invested in PLUS+ and EDGE.

Special District Association of Colorado
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2022
(continued)

4. Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

	1/1/22 Beginning Balance (Restated)	Additions	Deletions	12/31/22 Ending Balance
Capital assets, being depreciated and amortized:				
Building improvements	137,849	-	-	137,849
Equipment and vehicles	81,893	-	-	81,893
Furniture	59,808	8,766	-	68,574
Lease assets	791,911	-	-	791,911
Total capital assets, being depreciated and amortized	<u>1,071,461</u>	<u>8,766</u>	<u>-</u>	<u>1,080,227</u>
Less accumulated depreciation for:				
Building improvements	80,517	15,740	-	96,257
Equipment and vehicles	20,148	13,527	-	33,675
Furniture	28,504	7,453	-	35,957
Less accumulated amortization on lease	<u>86,554</u>	<u>89,445</u>	<u>-</u>	<u>175,998</u>
Total accumulated depreciation and amortization	<u>215,723</u>	<u>126,165</u>	<u>-</u>	<u>341,887</u>
Total capital assets, net	<u><u>855,738</u></u>	<u><u>(117,399)</u></u>	<u><u>-</u></u>	<u><u>738,340</u></u>

5. Long-term Obligations

A. Lease Liability

The Association leases office space under an agreement that expired on November 30, 2020. A new 87-month term was agreed commencing on December 1, 2020 and terminating on February 29, 2028. 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 \$205,426 for 2022. The lease requires future cash payments as follows.

Year(s)	Principal	Interest	Total
2023	88,405	24,555	112,960
2024	94,659	21,125	115,784
2025	101,156	17,452	118,608
2026	107,905	13,527	121,432
2027	114,916	9,340	124,256
2028	125,816	1,264	127,080
	<u>632,857</u>	<u>87,263</u>	<u>720,120</u>

**Special District Association of Colorado
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2022
(continued)**

5. Long-term Obligations (continued)

B. Changes in Long-Term Obligations

The following is a summary of changes in long-term obligations for the year ended December 31, 2022.

	1/1/22 Beginning Balance (Restated)	Additions	Deletions	12/31/22 Ending Balance	Due within one year
Accrued compensated absences	70,777	12,717	-	83,494	83,494
Lease liability	715,241	-	82,384	632,857	88,405
Net pension liability	2,469,949	-	681,010	1,788,939	-
Net OPEB liability	87,723	-	6,832	80,891	-
	<u>3,343,690</u>	<u>12,717</u>	<u>770,226</u>	<u>2,586,181</u>	<u>171,899</u>

6. 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 annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided: 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% and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100% 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.

**Special District Association of Colorado
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Notes to the Financial Statements
December 31, 2022
(continued)**

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

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

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100% 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% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

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

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. For State Troopers whose disability is caused by an on-the-job injury are immediately eligible to apply for disability benefits. 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.

**Special District Association of Colorado
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2022
(continued)**

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

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

Contributions provisions: Eligible employees of, 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, 2021 through December 31, 2022 are summarized in the table below:

	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022
Employee contribution (all employees other than State Troopers)	10.00%	10.50%	10.50%	11.00%
State Troopers	12.00%	12.50%	12.50%	13.00%

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

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

	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022
Employer contribution rate	10.90%	10.90%	10.90%	11.40%
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%)	(1.02%)
Amount apportioned to the SDTF	9.88%	9.88%	9.88%	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	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%	5.00%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.05%	0.05%	0.10%	0.10%
Total employer contribution rate to the SDTF	19.93%	19.93%	19.98%	20.48%

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

**Special District Association of Colorado
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Notes to the Financial Statements
December 31, 2022
(continued)**

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

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

The employer contribution requirements for State Troopers are summarized in the table below:

	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022
Employer contribution rate	13.60%	13.60%	13.60%	14.10%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)	(1.02%)	(1.02%)	(1.02%)
Amount apportioned to the SDTF	12.58%	12.58%	12.58%	13.08%
Amortization Equalization Disbursement (AED) as specified	5.00%	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%	5.00%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.05%	0.05%	0.10%	0.10%
Total employer contribution rate to the SDTF	22.63%	22.63%	22.68%	23.18%

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

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 \$204,772 for the year ended December 31, 2022.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) direct distribution 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. In addition to the \$225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of \$380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

**Special District Association of Colorado
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Notes to the Financial Statements
December 31, 2022
(continued)**

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

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

Pension Liabilities. The net pension liability for the SDTF was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total pension liability ("TPL") to December 31, 2021. The Association's proportion of the net pension liability was based on the Association's contributions to the SDTF for the calendar year 2021 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.

At December 31, 2022, the Association reported a liability of \$1,788,939 for its proportionate share of the net pension liability that reflected an increase 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	1,788,939
The State's proportionate share of the pension liability as a nonemployer contributing entity associated with the Association	<u>8,322</u>
Total	<u><u>1,797,261</u></u>

At December 31, 2021, the Association proportion was 0.0243%, which was a decrease of 0.0017% from its proportion measured as of December 31, 2020.

Pension Expense. For the year ended December 31, 2022, the Association recognized pension expense/(credit) of (\$49,384) and revenue of \$0 for support from the State as a nonemployer contributing entity.

Deferred Outflows of Resources and Deferred Inflows of Resources. At December 31, 2022, the Association reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expenses and actual experience	12,173	2,489
Change of assumptions or other inputs	63,781	-
Net difference between projected and actual earnings on plan investments	-	615,626
Changes in proportionate share of contributions	198,652	117,187
Contributions subsequent to measurement date	204,751	-
	<u><u>479,357</u></u>	<u><u>735,302</u></u>

**Special District Association of Colorado
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2022
(continued)**

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

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

\$204,772 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Amortization</u>
2023	43,831
2024	(281,741)
2025	(148,293)
2026	(74,493)
	<u>(460,696)</u>

Actuarial assumptions. The TPL in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs.

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.30%–10.90%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

The TPL as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

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

Pre-retirement mortality assumptions for members other than State Troopers were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

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

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

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

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

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

- **Males:** 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

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

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	100.00%	

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

Discount rate. The discount rate used to measure the 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 3.00%.
- 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, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. 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, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

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

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

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

- As specified in law, the State, as a nonemployer contributing entity, 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 FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the SDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the 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:

	1% Decrease 6.25%	Current Discount 7.25%	1% Increase 8.25%
Proportionate Share Net Pension Liability	2,523,277	1,788,939	1,171,654

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 .

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

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

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, 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 the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) 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.

Enrollment in the PERACare health benefits program 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 maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

6. 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)

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

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Association is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Association were \$10,325 for the year ended December 31, 2022.

Liabilities. At December 31, 2022, the Association reported a liability of \$80,890 for its proportionate share of the net OPEB liability. The net OPEB liability for the Health Care Trust Fund ("HCTF") was measured as of December 31, 2021, and the total OPEB liability ("TOL") used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll forward the TOL to December 31, 2021. The Association's proportion of the net OPEB liability was based on the Association's contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

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

6. 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)

At December 31, 2021, the Association proportion was 0.00938%, which was an increase of 0.00015% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the Association recognized OPEB expense/(credit) of \$(6,644).

At December 31, 2022, 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	124	19,180
Change of assumptions or other inputs	1,674	-
Net difference between projected and actual earnings on plan investments	-	5,007
Changes in proportionate share of contributions	15,377	2,315
Change in actuarial assumptions or other inputs	-	4,388
Contributions subsequent to measurement date	10,347	-
	<u>27,522</u>	<u>30,890</u>

\$10,327 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB related expense as follows:

Year Ended December 31,	Amortization
2023	(3,385)
2024	(4,360)
2025	(5,096)
2026	(597)
2027	(228)
2028	(49)
	<u>(13,715)</u>

**Special District Association of Colorado
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2022
(continued)**

6. 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)

Actuarial assumptions. The TOL in the December 31, 2020, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.30%-10.90% in aggregate
Long-term investment Rate of Return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	4.50% in 2021, 6.00% in 2022, gradually decreasing to 4.50% in 2029
Medicare Part A Premiums	3.75% in 2021, gradually increasing to 4.50% in 2029
DPS benefit structure	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A Premiums	N/A

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.

**Special District Association of Colorado
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2022
(continued)**

6. 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)

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2021 for the PERA Benefit Structure:

Medicare Plan	Initial Costs for Members without Medicare Part A		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured Rx	633	230	591
Kaiser Permanente Medicare Advantage HMO	596	199	562

The 2021 Medicare Part A premium is \$471 (actual dollars) per month.

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

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

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

**Special District Association of Colorado
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2022
(continued)**

6. 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)

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

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

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

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019..

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

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

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

**Special District Association of Colorado
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2022
(continued)**

6. 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)

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

- **Males:** 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

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

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

**Special District Association of Colorado
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2022
(continued)**

6. 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)

The following health care costs assumptions were updated and used in the roll-forward calculation for the Trust Fund:

- 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 2021 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.

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

Pre-retirement mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

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

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

**Special District Association of Colorado
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2022
(continued)**

6. 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)

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

- **Males:** 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

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

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	100.00%	

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

**Special District Association of Colorado
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2022
(continued)**

6. 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)

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>
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Collective Net OPEB Liability	837,542,000	862,305,000	890,911,000
Proportionate Share OPEB Liability	78,567	80,891	83,573

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF's FNP was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

**Special District Association of Colorado
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2022
(continued)**

6. 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)

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

	1% Decrease 6.25%	Current Discount 7.25%	1% Increase 8.25%
Collective Net OPEB Liability	837,542,000	862,305,000	890,911,000
Proportionate Share OPEB Liability	78,567	80,891	83,573

OPEB plan fiduciary net position. Detailed information about the HCTF's FNP is available in PERA's ACFR 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 2022, program members contributed \$101,568 and the Association recognized pension expense and a liability of \$87,088 and \$0, respectively, for the Voluntary Investment Program.

Special District Association of Colorado
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2022
(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, 2022, four of the eight 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 2022, 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 \$560,744 for the year ended December 31, 2022.

There were no amounts due between the Association and the Pool at December 31, 2022. Summarized financial information for the Pool as of and for the year ended December 31, 2021 is as follows:

Total Assets	59,612,386
Total Liabilities	37,710,994
Total Net Assets	21,901,392
	59,612,386
Total Revenue	22,950,296
Total Expenses	23,825,575
Underwriting (Loss)	(875,279)
Other Income	903,033
Net Income (Loss)	27,754

8. 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.

9. Restatement for New Accounting Standard

The Association implemented the Governmental Accounting Standards Board Statement 87, *Leases*, during the year ended December 31, 2022. The statement requires recognition of certain leased assets and liabilities, and increased disclosures regarding leases. As a result of recording the Association’s office lease disclosed in Note 6, the statement of net position was restated by \$9,884, the net difference in the prior year lease asset of \$705,357 and lease liability of \$715,241.

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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Proportion of the net pension liability	0.0243%	0.0260%	0.0202%	0.0205%	0.0215%
Association's proportionate share of the net pension liability	\$ 1,788,939	\$ 2,469,949	\$ 1,956,353	\$ 2,328,512	\$ 4,294,786
State's proportionate share of the net pension liability as a non-employer contributing entity associated with the Association	8,322	-	9,920	12,747	-
Total proportionate share of the net pension liability associated with the Association	<u>\$ 1,797,261</u>	<u>\$ 2,469,949</u>	<u>\$ 1,966,273</u>	<u>\$ 2,341,259</u>	<u>\$ 4,294,786</u>
Covered payroll	\$ 897,900	\$ 853,700	\$ 718,560	\$ 704,822	\$ 629,501
Proportionate share of the net pension liability as a percentage of its covered payroll	200.16%	289.32%	273.64%	332.18%	682.25%
Plan fiduciary net position as a percentage of the total pension liability	73.05%	65.34%	62.24%	55.11%	43.20%
	<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%	
Association's proportionate share of the net pension liability	\$ 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	-	-	-	-	
Total proportionate share of the net pension liability associated with the Association	<u>\$ 3,866,778</u>	<u>\$ 2,190,891</u>	<u>\$ 1,875,843</u>	<u>\$ 1,998,985</u>	
Covered payroll	\$ 599,761	\$ 578,329	\$ 536,944	\$ 577,745	
Proportionate share of the net pension liability as a percentage of its covered 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 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 Association Pension Contributions
Colorado Public Employees' Retirement Association State Division Trust Fund
Last 10 Fiscal Years ***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 204,599	\$ 178,930	\$ 167,230	\$ 138,358	\$ 134,833
Contributions in relation to the contractually required contribution	<u>(204,599)</u>	<u>(178,930)</u>	<u>(167,230)</u>	<u>(138,358)</u>	<u>(134,833)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,029,169	\$ 900,051	\$ 851,911	\$ 718,558	\$ 704,822
Contributions as a percentage of covered payroll	19.88%	19.88%	19.63%	19.25%	19.13%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 120,424	\$ 109,336	100,224	88,220	89,724
Contributions in relation to the contractually required contribution	<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>
Covered payroll	\$ 629,501	599,761	578,329	536,944	577,745
Contributions as a percentage of covered payroll	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 Association's Proportionate Share of the Net Other Post-Employment Benefit Liability
Colorado Public Employees' Retirement Association Health Care Trust Fund
Last 10 Fiscal Years *

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Proportion of the net Other Post-Employment Benefit liability	0.00938%	0.00923%	0.00799%	0.00833%	0.00775%
Proportionate share of the net Other Post-Employment Benefit liability	80,891	87,723	89,825	113,382	100,771
Covered payroll	897,900	853,700	718,560	704,822	704,822
Proportionate share of the net Other Post-Employment Benefit liability as a percentage of its covered payroll	9%	10%	13%	16%	14%
Plan fiduciary net position as a percentage of the total Other Post-Employment Benefit liability	39.40%	32.78%	24.49%	17.03%	17.53%
	<u>2016</u>				
Proportion of the net Other Post-Employment Benefit liability	0.00760%				
Proportionate share of the net Other Post-Employment Benefit liability	98,482				
Covered payroll	599,761				
Proportionate share of the net Other Post-Employment Benefit liability as a percentage of its covered payroll	16%				
Plan fiduciary net position as a percentage of the total Other Post-Employment Benefit liability	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 Association Other Post-Employment Benefits Contributions
Colorado Public Employees' Retirement Association Health Care Trust Fund
Last 10 Fiscal Years ***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 10,498	\$ 9,181	\$ 8,690	\$ 7,329	\$ 7,189
Contributions in relation to the contractually required contribution	<u>\$ (10,498)</u>	<u>\$ (9,181)</u>	<u>\$ (8,690)</u>	<u>\$ (7,329)</u>	<u>\$ (7,189)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,029,169	\$ 900,051	\$ 851,911	\$ 718,558	\$ 704,822
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%
	<u>2017</u>	<u>2016</u>			
Contractually required contributions	\$ 6,421	\$ 6,118			
Contributions in relation to the contractually required contribution	<u>\$ (6,421)</u>	<u>\$ (6,118)</u>			
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>			
Covered payroll	\$ 704,822	\$ 599,761			
Contributions as a percentage of covered payroll	0.91%	1.02%			

* Information is only available beginning in fiscal year 2016.

**Special District Association of Colorado
Notes to the Required Supplementary Information
December 31, 2022**

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

A. Changes to Assumptions or Other Inputs

1. Changes since the December 31, 2020 actuarial valuation:

- The assumption used to value the AI cap benefit provision was changed from 1.25% to 1.00%.

2. Changes since the December 31, 2019 actuarial valuation:

- The price inflation assumption was lowered from 2.4% to 2.30%.
- The wage inflation assumption was lowered from 3.5% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the School and DPS Divisions was changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the School and DPS Divisions was changed to the PubT-2010 Healthy Retiree Table, adjusted as follow:
 - Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement non-disabled beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2019 Contingent Survivor Table, adjusted as follows:
 - Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
 - Females: 105% of the rates for all ages, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a head-count weighted basis.

3. Changes since the December 31, 2018 actuarial valuation:

- The assumption used to value the AI cap benefit provision was changed from 1.50% to 1.25%.

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

- The single equivalent interest rate ("SEIR") was increased from 4.78% to 7.25% 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.

Special District Association of Colorado
Notes to the Required Supplementary Information
December 31, 2022
(Continued)

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

A. Changes to Assumptions or Other Inputs (continued)

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

- The SEIR was lowered from 5.26% to 4.78% 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% on the prior measurement date to 3.43% on the measurement date.

6. Changes Since the December 31, 2015 Actuarial Valuation are as Follows:

- The investment return assumption was lowered from 7.5% to 7.25%
- The wage inflation assumption was lowered from 3.90% to 3.50%
- The post-retirement mortality assumption for healthy lives for the School and Denver Public School ("DPS") Divisions was changed to the RP-2014 White Collar Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 93% factor applied to ages below 80 and a 113% factor applied to age 80 and above, projected to 2018, or males, and a 68% factor applied to ages below 80 and a 106% factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90% 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% factor applied to male rates and a 55% 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% to 0.40%.
- The SEIR for the School Division Trust Fund was lowered from 7.50% to 5.26% 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.

7. Changes Since the December 31, 2014 Actuarial Valuation are as Follows:

- 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.

Special District Association of Colorado
Notes to the Required Supplementary Information
December 31, 2022
(Continued)

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

A. Changes to Assumptions or Other Inputs (continued)

7. Changes Since the December 31, 2014 Actuarial Valuation are as Follows (continued):

- 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. Schedule of Association Pension 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.

III. Schedule of the Association's Proportionate Share of the Other Post-Employment Benefits 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.

**Special District Association of Colorado
Notes to the Required Supplementary Information
December 31, 2022
(Continued)**

IV. Schedule of Association Other Post-Employment Benefits Contributions

A. Changes to assumptions or other inputs

1. Changes since the December 31, 2019 actuarial valuation:

- Changes since the December 31, 2019 to the Health Care Trust Fund actuarial valuation are the same as the changes to the School Division Trust Fund noted in Note I.A.1 above.

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)
Schedule of Revenues, Expenditures, and Funds Available
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
For the Year Ended December 31, 2022
(With Comparative Actual Amounts for 2021)
(Restated)

	2022		Variance Favorable (Unfavorable)	2021
	Original and Final Budget	Actual		Actual
Revenues:				
Membership revenue				
Dues - voting members	1,220,000	1,425,122	205,122	1,250,619
Dues - associate members	54,000	56,650	2,650	59,500
Conferences and workshops revenue	466,000	535,475	69,475	395,878
Association program support revenue	900,000	982,167	82,167	894,084
Newsletter and directory advertisements	67,100	65,300	(1,800)	64,175
Interest income	2,500	38,856	36,356	764
Other	1,200	-	(1,200)	5,880
Total Revenues	2,710,800	3,103,570	392,770	2,670,900
Expenditures:				
Workshops and conferences	590,000	616,534	(26,534)	568,836
Legislative	95,000	49,120	45,880	85,631
Newsletter	80,000	69,247	10,753	64,807
CSD Property and Liability Pool	5,000	498	4,502	2,061
Special projects	187,500	107,428	80,072	21,796
Employee salaries and benefits	1,455,885	1,552,588	(96,703)	1,391,431
Audit	13,000	13,300	(300)	12,900
Automobile	5,000	4,043	957	5,857
Contract services	1,000	938	62	888
Capital outlay	29,000	64,441	(35,441)	10,942
Directors	24,000	17,260	6,740	6,494
Dues, subscriptions, and library	5,000	5,631	(631)	4,923
Equipment maintenance	11,000	8,505	2,495	9,413
General Association business	42,000	45,818	(3,818)	28,920
Information technology	49,000	52,934	(3,934)	45,252
Insurance	7,000	6,729	271	7,528
Legal and related	5,000	650	4,350	6,035
Marketing and communications	30,000	25,363	4,637	17,013
Office supplies	16,000	10,458	5,542	20,680
Postage	3,000	2,108	892	1,949
Printing	15,000	16,410	(1,410)	12,345
Rent and parking	206,503	222,916	(16,413)	150,045
Storage	-	2,640	(2,640)	1,430
Telephone	24,000	20,762	3,238	25,301
Total Expenditures	2,898,888	2,916,321	(17,433)	2,502,477
Excess of Revenue Over Expenditures (Budgetary Basis)	(188,088)	187,249	375,337	168,423
Reconciliation to GAAP Basis:				
Gain (loss) on disposal of assets		-		(10,387)
Change in deposits		-		(12,478)
Capital outlay		64,441		10,942
Depreciation		(36,719)		(32,847)
Net change in lease liability and lease asset		(7,060)		(9,884)
Pension revenue - Special Funding		836		-
Pension expense - Special Funding		(836)		-
Pension liability adjustment expense		49,384		476,276
OPEB liability adjustment expense		6,643		3,641
Net GAAP Basis Adjustments		76,689		425,263
Change in Net Position		263,938		593,686