Forest Lakes Metropolitan District
Bayfield, Colorado

Financial Statements
December 31, 2025

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McMahan and Associates, L.L.C.
Certified Public Accountants and Consultants

Web Site: www.McMahanCPA.com Main Office: (970) 845-8800

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Forest Lakes Metropolitan District
Bayfield, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of Forest Lakes Metropolitan District (the "District"), as of and for the year ended December 31, 2025, which collectively comprise the District's basic financial statements as listed in the Table of Contents, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of Forest Lakes Metropolitan District, as of December 31, 2025 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.

Basis for Opinions

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.

Responsibilities of Management for the Financial Statements

The District's 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 District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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 District'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 District'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

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

Required Supplementary Information (continued)

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 has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Forest Lakes Metropolitan District's basic financial statements. The individual fund budgetary comparison information listed in the accompanying table of contents in Section F are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information in Section F is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic 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 auditing standards generally accepted in the United States of America. In our opinion, the information in Section F 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
July 22, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Forest Lakes Metropolitan District

Management's Discussion and Analysis
December 31, 2025

As management of the Forest Lakes Metropolitan District ("District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2025.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the differences reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include primarily administration and public works. The business-type activities of the District are for water and wastewater services. The government-wide financial statements can be found on pages C1-C2 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The governmental funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Overview of the Financial Statements (continued)

Governmental funds (continued): The District adopts an annual appropriated budget for each of its funds. Budgetary comparison schedules have been provided for the General Fund on page E1 and Capital Projects Fund on page F1 of this report to demonstrate compliance with these budgets.

Proprietary fund: The District maintains proprietary funds commonly known as enterprise funds. Enterprise funds are used to report on the same functions presented as business-type activities in the government-wide financial statements. The District uses enterprise funds to account for the water and wastewater services provided by the District.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the business-type services provided by the District.

The basic proprietary fund financial statements can be found on pages C6-C8 of this report. The District adopts an annual appropriated budget for its Proprietary Funds and budgetary comparison schedules have been provided on pages F2-F3 of this report to demonstrate compliance with these budgets.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found starting on page D1 of this report.

Government-wide Financial Analysis

Forest Lakes Metropolitan District's
Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current assets	$ 1,935,925	1,788,631	$ 1,442,370	1,111,950	3,378,295	2,900,581
Capital assets	1,240,741	1,198,368	5,106,656	5,332,691	6,347,397	6,531,059
Total Assets	3,176,666	2,986,999	6,549,026	6,444,641	9,725,692	9,431,640
Deferred Outflows of Resources	97,639	180,630	118,253	219,912	215,892	400,542
Liabilities:						
Current liabilities	33,222	193,914	24,978	60,575	58,200	254,489
Long-term liabilities	488,476	634,626	527,987	503,416	1,016,463	1,138,042
Total Liabilities	521,698	828,540	552,965	563,991	1,074,663	1,392,531
Deferred Inflows of Resources	988,078	941,124	8,594	5,788	996,672	946,912
Net Position:						
Net investment in capital assets	1,019,049	715,454	4,897,852	5,117,442	5,916,901	5,832,896
Restricted	101,182	92,578	-	-	101,182	92,578
Unrestricted	644,298	589,933	1,207,868	763,208	1,852,166	1,353,141
Total Net Position	$ 1,764,529	$ 1,397,965	$ 6,105,720	5,880,650	7,870,250	7,278,615

The largest portion of the District's net position is reflected in the net investment in capital assets (i.e., land, buildings, infrastructure, machinery, and equipment). At the end of 2025 this accounted for 75% of the total net position. Accordingly, this portion of the net position is not an available source for payment of future spending. Of the remaining net position, 3% of the governmental activities annual budget is restricted for use in the event of an emergency, and conservation trust lottery funds are restricted.

Forest Lakes Metropolitan District's
Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
Revenues:						
Program revenues:						
Charges for services	581,678	548,327	1,222,150	911,171	1,803,828	1,459,498
Operating grants & contributions	144,454	72,592	14,701	62,430	159,155	135,022
Capital grants & contributions	-	10,296	92,662	18,144	92,662	28,440
General revenues:						
Property taxes	934,560	984,370	-	-	934,560	984,370
Other taxes	84,257	-	-	-	84,257	-
Interest and other revenue	42,688	35,619	41,620	176,051	84,308	211,670
Total Revenues	1,787,637	1,651,204	1,371,133	1,167,796	3,158,770	2,819,000
Expenses:						
Public works	776,831	527,391	-	-	776,831	527,391
General government	375,504	604,964	-	-	375,504	604,964
Culture and recreation	261,136	182,505	-	-	261,136	182,505
Interest on long-term debt	12,871	15,559	-	-	12,871	15,559
Water	-	-	738,123	699,954	738,123	699,954
Wastewater	-	-	567,492	493,892	567,492	493,892
Total Expenses	1,426,342	1,330,419	1,305,615	1,193,846	2,731,957	2,524,265
Change in Net Position before transfers	361,295	320,785	65,518	(26,050)	426,813	294,735
Transfers	(121,385)	(102,120)	121,385	102,120	-	-
Change in Net Position	239,910	218,665	186,903	76,070	426,813	294,735
Net Position - Beginning (restated)	1,524,619	1,179,300	5,918,817	5,767,847	7,443,436	6,947,147
Net Position - Ending	1,764,529	1,397,965	6,105,720	5,843,917	7,870,249	7,241,882

Governmental activities: Net position of the governmental activities increased by $239,910 in 2025 as the District continues to accumulate funds for future capital projects.

Business-type activities: Net position of the business-type activities increased $186,903 in 2025. The increase is largely due to funds being set aside for capital projects in future years in the Water Fund.

Financial Analysis of the District's Funds

As mentioned previously, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, assigned, and unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Financial Analysis of the District's Funds (Continued)

Budget Variances

Significant variances in the General Fund were as follows:

	Final Budget	Actual	Final Budget Variance Positive (Negative)	Reason
Revenues:				
Intergovernmental:				
State and federal grants	-	57,935	57,935	Grant unexpected by budget
Charges for services:				
Trash	165,000	210,646	45,646	Conservative budgeting
Expenditures:				
Administration:				
Public works	568,696	666,757	(98,061)	Dust mitigation higher than expected
Capital outlay	422,665	163,475	259,190	Delays in expected capital projects

Proprietary funds: The District's Proprietary Funds provide the same type of information found in the government-wide financial statements, but in more detail.

As shown on page C7, the Proprietary Funds operating revenues of $1,222,150 were less than operational expenses of $1,298,001, resulting in operating loss of $75,851. Overall change in net position was a positive $186,903 due to capital contributions, interest income, and contributions from the General Fund.

Capital assets: The District's total capital assets decreased by $183,662 as a result of capital additions being less than depreciation expense and net value of disposed assets restated. Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements on page D11 of this report.

Long-term debts: During 2025 the District continued to make scheduled payments on all of its long-term debts. Details of the District's long-term obligations are contained on page D13 of this report.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Forest Lakes Metropolitan District, 82 Alpine Forest Drive, Bayfield, CO, phone 970-884-2925.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Forest Lakes Metropolitan District
Statement of Net Position
December 31, 2025

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and investments	816,425	1,074,255	1,890,680
Cash with county treasurer	6,478	-	6,478
Receivables, net:			
Property tax	980,982	-	980,982
Accounts	60,726	120,465	181,191
Other governments	-	10,944	10,944
Prepaid items	43,838	69,374	113,212
Inventory	27,476	167,332	194,808
Capital assets, not being depreciated	564,184	923,393	1,487,577
Capital assets, net of accumulated depreciation	676,557	4,183,263	4,859,820
Total Assets	3,176,666	6,549,026	9,725,692
Deferred Outflows of Resources:			
Related to pensions	93,592	113,352	206,944
Related to OPEB	4,047	4,901	8,948
Total Deferred Outflows of Resources	97,639	118,253	215,892
Liabilities:			
Accounts payable	19,774	12,232	32,006
Payroll liabilities	13,398	12,646	26,044
Accrued interest payable	50	100	150
Net pension liability	211,998	256,759	468,757
Net OPEB liability	13,135	15,909	29,044
Accrued compensated absences:			
Due within one year	16,660	18,606	35,266
Due in more than one year	24,991	27,909	52,900
Notes payable:			
Due within one year	48,011	6,678	54,689
Due in more than one year	173,681	202,126	375,807
Total Liabilities	521,698	552,965	1,074,663
Deferred Inflows of Resources:			
Related to OPEB	7,096	8,594	15,690
Unavailable property tax revenue	980,982	-	980,982
Total Deferred Inflows of Resources	988,078	8,594	996,672
Net Position:			
Net investment in capital assets	1,019,049	4,897,852	5,916,901
Restricted for emergencies	45,979	-	45,979
Restricted for conservation trust	55,203	-	55,203
Unrestricted	644,298	1,207,868	1,852,166
Total Net Position	1,764,529	6,105,720	7,870,249

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

Forest Lakes Metropolitan District
Statement of Activities
For the Year Ended December 31, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Governmental Activities:							
Public works	776,831	295,088	86,519	-	(395,224)		(395,224)
General government	375,504	286,590	57,935	-	(30,979)		(30,979)
Culture and recreation	261,136	-	-	-	(261,136)		(261,136)
Interest on debt	12,871	-	-	-	(12,871)		(12,871)
Total Governmental Activities	1,426,342	581,678	144,454	-	(700,210)		(700,210)
Business-type Activities:							
Water	738,123	696,485	14,701	69,760		42,823	42,823
Wastewater	567,492	525,665	-	22,902		(18,925)	(18,925)
Total Business-type Activities	1,305,615	1,222,150	14,701	92,662		23,898	23,898
Total							
General Revenues and Transfers:							
Taxes:							
Property tax					934,560	-	934,560
Specific ownership tax					84,257	-	84,257
Investment earnings					37,111	41,620	78,731
Transfers in (out)					(121,385)	121,385	-
Miscellaneous					5,577	-	5,577
Total General Revenues and Transfers					940,120	163,005	1,103,125
Change in Net Position					239,910	186,903	426,813
Net Position - January 1, as previously presented					1,397,965	6,007,207	7,405,172
Restatements					126,654	(88,390)	38,264
Net Position - January 1, as restated					1,524,619	5,918,817	7,443,436
Net Position - December 31					1,764,529	6,105,720	7,870,249

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

FUND FINANCIAL STATEMENTS

Forest Lakes Metropolitan District
Balance Sheet
Governmental Funds
December 31, 2025

	General	Conservation Trust	Capital Projects	Total
Assets:				
Cash and investments	469,365	55,203	291,857	816,425
Due from County Treasurer	6,478	-	-	6,478
Accounts receivable:				
Taxes	980,982	-	-	980,982
Other, net of allowance	60,726	-	-	60,726
Prepaid items	43,838	-	-	43,838
Inventory	27,476	-	-	27,476
Total Assets	1,588,865	55,203	291,857	1,935,925
Liabilities:				
Accounts payable	19,774	-	-	19,774
Payroll liabilities	13,398	-	-	13,398
Total Liabilities	33,172	-	-	33,172
Deferred Inflows of Resources:				
Unavailable property tax revenue	980,982	-	-	980,982
Total Deferred Inflows of Resources	980,982	-	-	980,982
Fund Balances:				
Nonspendable	71,314	-	-	71,314
Restricted for TABOR reserve	45,979	-	-	45,979
Restricted	-	55,203	-	55,203
Committed for capital projects	-	-	291,857	291,857
Unassigned	457,418	-	-	457,418
Total Fund Balances	574,711	55,203	291,857	921,771
Total Liabilities, Deferred Inflows of Resources and Fund Balances	1,588,865	55,203	291,857	1,935,925

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,240,741
Long-term liabilities and deferred inflows are not due and payable in the current period and therefore, are not reported in the funds.	
Deferred outflows of resources - Pension and OPEB	97,639
Deferred inflows of resources - Pension and OPEB	(7,096)
Net Pension and OPEB liability	(225,133)
Loan payable	(221,692)
Accrued interest payable	(50)
Accrued compensated absences	(41,651)
	(397,983)
Net Position of Governmental Activities	1,764,529

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

Forest Lakes Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2025

	General	Conservation Trust	Capital Projects	Total
Revenues:				
Taxes	1,018,817	-	-	1,018,817
Charges for services	562,859	-	-	562,859
Fees	18,820	-	-	18,820
Intergovernmental	134,525	9,929	-	144,454
Investment income	2,538	1,906	32,667	37,111
Miscellaneous	5,577	-	-	5,577
Total Revenues	1,743,136	11,835	32,667	1,787,638
Expenditures:				
Public works	666,757	-	-	666,757
General government	383,095	-	-	383,095
Culture and recreation	261,136	-	-	261,136
Debt service				
Principal	45,345	-	-	45,345
Interest	12,821	-	-	12,821
Capital outlay	163,475	-	-	163,475
Total Expenditures	1,532,629	-	-	1,532,629
Excess (Deficiency) of Revenues Over Expenditures	210,507	11,835	32,667	255,009
Other Financing Sources (Uses):				
Transfers in	-	-	259,190	259,190
Transfers (out)	(380,575)	-	-	(380,575)
Total Other Financing Sources	(380,575)	-	259,190	(121,385)
Change in Fund Balances	(170,068)	11,835	291,857	133,624
Fund Balances - Beginning (restated)	744,779	43,368	-	788,147
Fund Balances - Ending	574,711	55,203	291,857	921,771

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

Forest Lakes Metropolitan District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2025

Net Change in Fund Balances of Governmental Funds		133,624
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay during the year.		
Capitalized assets	128,868	
Depreciation	(76,096)	
		52,772
A loss on the disposal of assets decreases net assets, but has no effect on current financial resources. This is the amount of loss on disposal of assets.		(10,400)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, changes in accrued interest have no impact on current available resources but do change government-wide net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		45,295
Change in pension liability and related deferred items decreases net position of governmental activities, but has no effect on current financial resources.		32,809
Compensated absence expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not recorded as expenditures in governmental funds.		(14,190)
Change in Net Position of Governmental Activities		239,910

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

Forest Lakes Metropolitan District
Statement of Net Position
Proprietary Funds
December 31, 2025

	Water Fund	Wastewater Fund	Total
Assets:			
Current Assets:			
Cash and investments	810,697	263,558	1,074,255
Accounts receivable, net of allowance for uncollectible accounts	67,561	52,904	120,465
Due from other governments	10,944	-	10,944
Prepaid items	38,582	30,792	69,374
Inventory	159,436	7,896	167,332
Total Current Assets	1,087,220	355,150	1,442,370
Non-current Assets:			
Capital assets, not being depreciated	742,319	181,074	923,393
Capital assets, net of accumulated depreciation	2,557,309	1,625,954	4,183,263
Total Non-current Assets	3,299,628	1,807,028	5,106,656
Total Assets	4,386,848	2,162,178	6,549,026
Deferred Outflows of Resources:			
Related to pensions	71,116	42,236	113,352
Related to OPEB	3,075	1,826	4,901
Total Deferred Outflows of Resources	74,191	44,062	118,253
Liabilities:			
Current Liabilities:			
Accounts payable	6,398	5,834	12,232
Payroll liabilities	7,858	4,788	12,646
Accrued interest payable	50	50	100
Compensated absences - Current	12,105	6,501	18,606
Loan payable - Current	3,339	3,339	6,678
Total Current Liabilities	29,750	20,512	50,262
Non-current Liabilities:			
Compensated absences	18,157	9,752	27,909
Loan payable	101,063	101,063	202,126
Net pension liability	161,088	95,671	256,759
Net OPEB liability	9,981	5,928	15,909
Total Non-current Liabilities	290,289	212,414	502,703
Total Liabilities	320,039	232,926	552,965
Deferred Inflows of Resources:			
Related to OPEB	5,392	3,202	8,594
Total Deferred Inflows of Resources	5,392	3,202	8,594
Net Position:			
Net investment in capital assets	3,195,226	1,702,626	4,897,852
Unrestricted	940,382	267,486	1,207,868
Total Net Position	4,135,608	1,970,112	6,105,720

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

Forest Lakes Metropolitan District
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2025

	Water Fund	Wastewater Fund	Total
Operating Revenues:			
Charges for services	695,453	499,818	1,195,271
Fees and other	1,032	25,847	26,879
Total Operating Revenues	696,485	525,665	1,222,150
Operating Expenses:			
Water operations	396,949	-	396,949
Wastewater operations	-	252,432	252,432
Administration	213,615	219,228	432,843
Depreciation	123,752	92,025	215,777
Total Operating Expenses	734,316	563,685	1,298,001
Operating Income (Loss)	(37,831)	(38,020)	(75,851)
Non-operating Revenues (Expenses):			
Investment income	31,868	9,752	41,620
Intergovernmental	14,701	-	14,701
Interest expense	(3,807)	(3,807)	(7,614)
Total Non-operating Revenues (Expenses)	42,762	5,945	48,707
Income (Loss) Before Contributions and Transfers	4,931	(32,075)	(27,144)
Capital Contributions and Transfers:			
Tap fees	57,950	17,600	75,550
Impact fees	11,810	5,302	17,112
Transfers in	70,055	51,330	121,385
Total Capital Contributions and Transfers	139,815	74,232	214,047
Change in Net Position	144,746	42,157	186,903
Net Position - Beginning	3,990,862	1,927,955	5,918,817
Net Position - Ending	4,135,608	1,970,112	6,105,720

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

Forest Lakes Metropolitan District
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2025

	Water Fund	Wastewater Fund	Totals
Cash Flows from Operating Activities:			
Cash received from customers	695,519	503,814	1,199,333
Cash paid for goods and services	(356,991)	(370,109)	(727,100)
Cash paid to employees	(249,894)	(93,266)	(343,160)
Net Cash Provided by Operating Activities	88,634	40,439	129,073
Cash Flows from Non-capital Financing Activities:			
Operating grants	34,075	-	34,075
Transfers (to) from other funds	70,055	51,330	121,385
Net Cash (Used) by Non-capital Financing Activities	104,130	51,330	155,460
Cash Flows from Capital and Related Financing Activities:			
Tap fees	69,760	22,902	92,662
Payments for capital assets	(185,294)	(27,425)	(212,719)
Principal paid	(3,223)	(3,223)	(6,446)
Interest paid	(3,756)	(3,756)	(7,512)
Net Cash (Used) by Capital and Related Financing Activities	(122,513)	(11,502)	(134,015)
Cash Flows from Investing Activities			
Investment income	31,868	9,752	41,620
Net Cash Provided by Investing Activities	31,868	9,752	41,620
Net Change in Cash	102,119	90,019	192,138
Cash and Cash Equivalents - Beginning	708,578	173,539	882,117
Cash and Cash Equivalents - Ending	810,697	263,558	1,074,255
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	(37,831)	(38,020)	(75,851)
Adjustments:			
(Increase) decrease in accounts receivable	(966)	(21,851)	(22,817)
(Increase) decrease in prepaid expense and inventory	10,184	(10,439)	(255)
Increase (decrease) in accounts payable and accrued liabilities	(32,875)	(2,822)	(35,697)
Increase (decrease) in pension liabilities	22,058	18,763	40,821
Increase (decrease) in compensated absences	4,312	2,783	7,095
Depreciation	123,752	92,025	215,777
Total Adjustments	126,465	78,459	204,924
Net Cash Provided by Operating Activities	88,634	40,439	129,073

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

NOTES TO THE FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

Forest Lakes Metropolitan District (the District) is a political subdivision located in La Plata County, Colorado. The District was established pursuant to a court order dated July 18,1973. The District provides maintenance operations for its roads, vehicles and buildings along with water and wastewater facilities to residences within and outside of the District. The District encompasses approximately 1,865 acres consisting of 1,600 parcels with 826 structures and approximately 2,000 residences.

A. Reporting Entity

The reporting entity consists of (a) the primary government, i.e., the District, and (b) organizations for which the District is financially accountable. The District 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 District. 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 District. Organizations for which the nature and significance of their relationship with the District 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 District is not financially accountable for any other entity nor is the District a component unit of any other government.

B. Government-wide and Fund Financial Statements

The District’s basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District’s public works and administration are classified as governmental activities. The District’s water and sewer utilities are classified as business-type activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District’s functions and business-type activities (utilities, etc.). The functions are also supported by general government revenues (property and specific ownership taxes, investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating and capital grants. Program revenues must be directly associated with the function (fire operations, streets and roads, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The government-wide focus is on the sustainability of the District as an entity and the change in the District’s net position resulting from the current year’s activities.

C. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

I. Summary of Significant Accounting Policies (continued)

C. Fund Financial Statements (continued)

The fund focus is on current available resources and budget compliance.

The District reports the following governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *Conservation Trust Fund* accounts for state lottery funds from the State of Colorado.

The *Capital Projects Fund* accounts for funds accumulated for future capital project expenditures.

The District reports the following proprietary or business-type funds:

The *Water Fund* accounts for the operations of the District's water wells, treatment facilities and distribution operations.

The *Wastewater Fund* accounts for the operations of the District's wastewater collection and treatment operations.

D. 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

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements 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. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

I. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

3. Financial Statement Presentation

Amounts reported as program revenues include 1) charges to customers and applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 District's enterprise funds 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.

E. Financial Statement Accounts

1. Cash and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the date acquired by the District.

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

Colorado state statutes permit investments in the following type of obligations:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 60 months)
- Corporate Bonds (maximum maturity of 36 months)
- Prime Commercial Paper (maximum maturity of 9 months)
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Funds

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

2. Accounts Receivable

Receivables are reported net of an allowance for uncollectible accounts.

3. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental unit until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable and as unavailable revenue.

4. Prepaid Items

Prepaid expenses are amounts paid in the current year for expenses related to the next year.

5. Interfund Receivables and Payables

Balances at year-end between funds are reported as “due to / from other funds” in the fund financial statements. Any residual balances not eliminated between the governmental and business-type activities are reported as “internal balances” in the government-wide financial statements.

6. Capital Assets

Capital assets, which include water rights, land, buildings, improvements, equipment, vehicles, and infrastructure assets, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is expensed as incurred. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	10 - 40
Utility plant	20 - 50
Machinery, equipment and vehicles	5 - 10
Infrastructure	15 - 50

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

7. Compensated Absences

The District allows its employees to accumulate vacation based on the employee's length of service, ranging from 120 hours to 280 hours. Paid time off is paid out upon termination. Employees also accumulate sick leave up to 480 hours but are not paid out for unused but accrued sick leave.

The District estimates how much of the leave is more likely than not to be used as paid leave and recognizes that portion as a liability for compensated absences. At December 31, 2025, the estimated value of accumulated compensated absences was $88,166.

8. Long-term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of the governmental fund. The remaining portion of such obligations is reported in the governmental activities column of the government-wide financial statements. Long-term obligations for proprietary funds are recognized when the related liability is incurred, regardless of the timing of the related cash flows.

9. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

10. Deferred Outflows and 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 net assets that applies to a future period(s) and so will not be recognized as an outflow of resource (expense/expenditure) until then. The District reports deferred outflows related to pension and OPEB.

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 net assets that applied to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable property tax revenue is deferred and recognized as an inflow of resources in the period that the amount becomes available and earned. The District also reports deferred inflows related to pension and OPEB.

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

11. Categories and Classification of Fund Balance

The District classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Board of Directors.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board of Directors or its management designee.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy. However, the District's budget includes a calculation of a targeted reserve positions and management calculates targets and reports them annually to Board of Directors.

II. Reconciliation of Government-wide and Fund Financial Statements

These financial statements include a reconciliation between the total fund balances of all governmental funds as presented on the Governmental Funds Balance Sheet and the net position of governmental activities as reported in the government-wide Statement of Net Position. Additionally, these financial statements include a reconciliation between the total net change in fund balances of all governmental funds as presented on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the change in net position of governmental activities as reported in the government-wide Statement of Activities.

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles, except for the proprietary funds. Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at year-end.

As required by Colorado Statutes, the District followed the required timetable noted below in preparing, approving, and enacting its budget for 2025.

1. For the 2025 budget year, prior to August 25, 2024, the County Assessor sent to the District the certified assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10, 2024, only once by a single notification to the District.

2. On or before October 15, 2024, the District's Manager would have submitted to the District's governing Board a recommended budget, which detailed the property taxes needed, along with other available revenues to meet the District's operating requirements.

3. Prior to December 15, 2024, the District computed and certified to the County Commissioners a rate of levy that will derive the necessary property taxes as computed in the proposed budget.

4. After a required public hearing, the District adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.

5. After adoption of the budget resolution, the District may make the following changes: a) transfer appropriated money between funds; b) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; c) approve emergency appropriations; and d) reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2024 were collected in 2025 and taxes certified in 2025 will be collected in 2026. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The District has reserved $45,979 which is the approximate required reserve at December 31, 2025.

On May 3, 1994, a majority of the District's electors authorized the District to retain all revenues from any source without limitation including those of TABOR.

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

IV. Detailed Notes on all Funds

A. Cash and Investments

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first $250,000 of the District's deposits at each financial institution. Deposit balances over $250,000 are collateralized as required by PDPA. The carrying amount of the District's demand deposits was $100,075 at year end.

Fair Value of Investments

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

IV. Detailed Notes on all Funds (continued)

A. Cash and Investments (continued)

At December 31, 2025, the District had the following recurring fair value measurements:

Investments Measured at Net Asset Value	
Colotrust	1,790,605

The Investment Pool represents investments in ColoTrust. The fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool.

The District had invested $1,790,605 in the Colorado Local Government Liquid Asset Trust ("ColoTrust"). ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing ColoTrust. ColoTrust operates similarly to a money market fund, measured at net asset value, and each share is equal in value to $1.00. Investments consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank.

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer and type of issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years (less in some cases) from the purchase date. As a result of the limited length of maturities the District has limited its interest rate risk.

Credit Risk. The District's investment policy limits investments to those authorized by State statutes as listed in Note I.E.1. The District's general investment policy is to apply the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk. The District diversifies its investments by security type and institution. Financial institutions holding District funds must provide the District a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository. At December 31, 2025, the District's investments in Colotrust represented 95% of the District's investment portfolio.

IV. Detailed Notes on all Funds (continued)

A. Cash and Investments (continued)

The District had the following cash and investments with the following maturities:

Type	S&P Rating	Carrying Amount	Maturities Less Than One Year	Maturities More Than One Year
Deposits:				
Checking	Not Rated	100,075	100,075	-
Investments:				
Investment pools	AAAm	1,790,605	1,790,605	-
		1,890,680		

Financial Statement Captions:	
Governmental activities	816,425
Business-type activities	1,074,255
	1,890,680

B. Receivables

Receivables as of year-end for the District's funds, including applicable allowances for uncollectible accounts, are as follows:

	General	Water	Wastewater	Total
Receivables:				
Property tax	980,982	-	-	980,982
Accounts	77,575	68,857	53,840	200,272
Other governments	-	10,944	-	10,944
Gross receivables	1,058,557	79,801	53,840	1,192,198
Less: allowance for uncollectibles	(16,849)	(1,296)	(936)	(19,081)
Net receivables	1,041,708	78,505	52,904	1,173,117

IV. Detailed Notes on all Funds (continued)

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	564,184	-	-	564,184
Total capital assets, not being depreciated	564,184	-	-	564,184
Capital assets, being depreciated:				
Buildings	281,471	8,396	-	289,867
Recreational facilities	149,717	-	(104,000)	45,717
Machinery and equipment	782,708	69,773	(5,480)	847,001
Infrastructure	276,403	50,699	-	327,102
Total Capital Assets Being Depreciated	1,490,299	128,868	(109,480)	1,509,687
Less accumulated depreciation for:				
Buildings	(99,759)	(9,672)	-	(109,431)
Recreational facilities	(114,707)	(3,908)	93,600	(25,015)
Machinery and equipment	(434,699)	(56,254)	5,480	(485,473)
Infrastructure	(206,949)	(6,262)	-	(213,211)
Total Accumulated Depreciation	(856,114)	(76,096)	99,080	(833,130)
Governmental Activities Capital Assets, Net	1,198,369	52,772	(10,400)	1,240,741

	(Restated) Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	555,479	-	-	555,479
Water rights	90,007	-	-	90,007
Reservoir	247,100	-	-	247,100
Construction in progress	222,084	-	(191,277)	30,807
Total capital assets, not being depreciated	1,114,670	-	(191,277)	923,393
Capital assets, being depreciated:				
Buildings	344,997	-	-	344,997
Plant and transmission lines	7,292,362	-	-	7,292,362
Machinery and equipment	548,982	403,996	(19,194)	933,784
Total capital assets being depreciated	8,186,341	403,996	(19,194)	8,571,143
Less: accumulated depreciation for:				
Buildings	(90,660)	(12,407)	-	(103,067)
Plant and transmission lines	(3,724,556)	(159,102)	3,771	(3,879,887)
Machinery and equipment	(379,852)	(44,268)	19,194	(404,926)
Total accumulated depreciation	(4,195,068)	(215,777)	22,965	(4,387,880)
Total capital assets, being depreciated, net	3,991,273	188,219	3,771	4,183,263
Business-type Activities Capital Assets, Net	5,105,943	188,219	(187,506)	5,106,656

IV. Detailed Notes on all Funds (continued)

C. Capital Assets (continued)

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General government	76,096
Total Depreciation Expense - Governmental Activities	76,096
Business-type Activities:	
Water	123,752
Wastewater	92,025
Total Depreciation - Business-type Activities	215,777

D. Interfund Transactions

The following is detail of interfund transactions throughout the year:

Transfer In	Transfer Out	Amount
Capital Projects	General Fund	259,190
Water Fund	General Fund	70,055
Wastewater Fund	General Fund	51,330

E. Long-term Liabilities

1. Note Payable

In April, 2023, the District entered into permanent financing for its administration building. Monthly payments of $1,745 include principal and interest at an annual rate of 3.49% continuing until April 28, 2047. Loan payments are made equally by the General, Water and Wastewater funds. If the District defaults on the loan, the lender may require that all indebtedness is immediately due and payable. Payments due on the Note are as follows:

	Notes Payable				
	Governmental-type Activities		Business-type Activities		Total Debt
	Principal	Interest	Principal	Interest	Service
2026	3,339	3,640	6,678	7,281	20,938
2027	3,459	3,520	6,918	7,040	20,937
2028	3,574	3,405	7,148	6,811	20,938
2029	3,712	3,267	7,424	6,535	20,938
2030	3,846	3,134	7,691	6,267	20,938
2031-2035	21,396	13,501	42,792	27,002	104,691
2036-2040	25,528	9,369	51,056	18,739	104,692
2041-2045	30,470	4,427	60,941	8,854	104,692
2046-2050	9,078	228	18,156	457	27,919
	104,402	44,491	208,804	88,986	446,683

IV. Detailed Notes on all Funds (continued)

E. Long-term Liabilities (continued)

2. Equipment Financed Purchase

In August, 2023, the District entered into a lease purchase for a motor grader. Under the lease quarterly payments of $12,797, which includes an annual interest rate of 6.49%, are due through May 29, 2028, at which time ownership will transfer to the District. Payments for this lease are made by the General Fund.

The debt service requirements to maturity on the District's equipment note are as follows:

	Equipment Note	
	Principal	Interest
2026	44,672	6,274
2027	47,632	3,300
2028	24,986	473
	117,290	10,047

3. Long-term Liabilities Activity

Long-term liability activity for the year ended December 31, 2025 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Notes payable	107,625	-	(3,223)	104,402	3,339
Equipment notes	160,040		(42,750)	117,290	44,672
Compensated absences*	27,461	14,190	-	41,651	16,660
Total Governmental Activities Long-term Liabilities	295,126	14,190	(45,973)	263,343	64,671
Business-type Activities:					
Notes payable	215,251	-	(6,447)	208,804	6,678
Compensated absences*	39,419	7,096	-	46,515	18,606
Total Business-type Activities Long-term Liabilities	254,670	7,096	(6,447)	255,319	25,284

*The change in the compensated absence liability is presented as a net change

IV. Detailed Notes on All Funds (continued)

F. Defined Benefit Pension – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

Plan description. Eligible employees of the District are provided with pensions through the LGDTF—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/forms-resources/financial-reports-and-studies.

Benefits provided as of December 31, 2024: 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.

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 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

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

IV. Detailed Notes on All Funds (continued)

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

Benefits provided as of December 31, 2024 (continued)

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

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

Contributions provisions as of December 31, 2025. Eligible employees of the District and the State are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements for the LGDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Employee contribution rates for the period of January 01, 2025, through December 31, 2025 are summarized in the table below :

	Jan. 1. 2024 through Dec. 31, 2024	Jan. 1, 2025 through Dec. 31, 2025
Employee contribution (all employes other than Safety Officers)	9.00%	9.00%
Safety Officers	13.00%	13.00%

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

IV. Detailed Notes on All Funds (continued)

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

Contribution provisions as of December 31, 2024 (continued)

The employer contribution requirements for all employees other than Safety Officers are summarized in the table below:

	Jan. 1. 2024 through Dec. 31, 2024	Jan. 1, 2025 through Dec. 31, 2025
Employer contribution rate	11.00%	11.00%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)	(1.02%)
Amount apportioned to the Division Trust Fund	9.98%	9.98%
Amortization equalization disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	2.20%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	1.50%
Defined contribution supplement as specified in C.R.S § 24-51-415	0.08%	0.11%
Total employer contribution rate to the LGDTF	**13.76%**	**13.79%**

The employer contribution requirements for Safety Officers are summarized in the following table:

	Jan. 1. 2024 through Dec. 31, 2024	Jan. 1, 2025 through Dec. 31, 2025
Employer contribution rate	14.10%	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%)
Amount apportioned to the Division Trust Fund	13.08%	13.08%
Amortization equalization disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	2.20%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	1.50%
Defined contribution supplement as specified in C.R.S § 24-51-415	0.08%	0.11%
Total employer contribution rate to the LGDTF	**16.86%**	**16.89%**

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

IV. Detailed Notes on All Funds (continued)

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

Contribution provisions as of December 31, 2024 (continued)

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the District were $108,640 for the year ended December 31, 2025.

The net pension liability for the LGDTF was measured as of December 31, 2024, and the total pension liability (“TPL”) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TPL to December 31, 2024. The District’s proportion of the net pension liability was based on District contributions to the LGDTF for the calendar year 2024 relative to the total contributions of participating employers.

At December 31, 2025, the District reported a liability of 468,757 for its proportionate share of the net pension liability.

At the December 31, 2024 measurement date, the District proportion was 0.0764%. which was an increase of 0.0020% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the District recognized pension expense of 18,842 . At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	35,372	-
Changes of assumptions or other inputs	13,834	-
Net difference between projected and actual earnings on pension plan investments	44,112	-
Changes in proportionate share of contributions	4,986	-
Contributions subsequent to the measurement date	108,640	-
Total	206,944	-

$108,640 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, 2026 measurement date.

IV. Detailed Notes on All Funds (continued)

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

Contribution provisions as of December 31, 2024 (continued)

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

Year ended December 31:	
2026	90,437
2027	112,091
2028	(74,664)
2029	(29,560)
Total	98,304

Actuarial assumptions. The December 31, 2023, 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:	3.40% - 11.00%
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.

As of the December 31, 2024, measurement date, the FNP and related disclosure components for the Local Government Division reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the Local Government Division Trust Fund and HCTF were $0.486 million and $0.020 million, respectively. All mortality assumptions are developed on a benefit-weighted basis and apply generational mortality. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019.

IV. Detailed Notes on All Funds (continued)

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

Actuarial assumptions (continued)

Pre-Retirement	**Mortality Table**	**Adjustments, as Applicable**
Members other than Safety Officers	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
Members other than Safety Officers	PubG-2010 Healthy Retiree	**Males**: 94% of the rates prior to age 80/ 90% of the rates age 80 and older **Females**: 87% of the rates prior to age 80/ 107% of the rates age 80 and older
Safety Officers	PubS-2010 Healthy Retiree	N/A
Post-Retirement (Beneficiary), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
All Beneficiaries	Pub-2010 Contingent Survivor	**Males**: 97% of the rates for all ages **Females**: 105% of the rates for all ages

Disabled	**Mortality Table**	**Adjustments, as Applicable**
Members other than Safety Officers	PubNS-2010 Disabled Retiree	99% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

The actuarial assumptions used in the December 31, 2023, valuations were based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board on November 20, 2020.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total pension liability from December 31, 2023, to December 31, 2024.

IV. Detailed Notes on All Funds (continued)

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

Actuarial assumptions (continued)

Salary increases, including wage inflation:	
Members other than Safety Officers	3.40%-13.00%
Safety Officers	3.20%-16.30%

Salary scale assumptions were altered to better reflect actual experience.

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

The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. All mortality assumptions are developed on a benefit-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using the 2024 adjusted MP-2021 projection scale.

Pre-Retirement	**Mortality Table**	**Adjustments, as Applicable**
Members other than Safety Officers	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
Members other than Safety Officers	PubG-2010 Healthy Retiree	**Males**: 90% of the rates for all ages **Females**: 85% of the rates prior to age 85/ 105% of the rates age 85 and older
Safety Officers	PubS-2010 Healthy Retiree	N/A

IV. Detailed Notes on All Funds (continued)

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

Actuarial assumptions (continued)

Post-Retirement (Beneficiary), Non-Disabled	Mortality Table	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Contingent Survivor	**Males**: 92% of the rates for all ages **Females**: 100% of the rates for all ages

Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubNS-2010 Disabled Retiree	95% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. 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	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
Total	**100.00%**	

IV. Detailed Notes on All Funds (continued)

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

Actuarial assumptions (continued)

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%. 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 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- 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 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP position and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the middle of the year.

IV. Detailed Notes on All Funds (continued)

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

Actuarial assumptions (continued)

- As of the December 31, 2024, measurement date, the FNP and related disclosure components for the Local Government Division reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional disaffiliation payment allocations to the Local Government Division Trust Fund and HCTF were $0.486 million and $0.020 million, respectively.

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

Sensitivity of the District'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%, 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%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	1,026,013	468,757	597

Pension plan fiduciary net position. Detailed information about the LGDTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

G. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources

Plan description. Eligible employees of the District 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/forms-resources/financial-reports-and-studies.

IV. Detailed Notes on All Funds (continued)

G. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

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.

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.

IV. Detailed Notes on All Funds (continued)

G. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

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 District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were $ 7,767 for the year ended December 31, 2025.

Liabilities. At December 31, 2025, the District reported a liability of 29,044 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2024, and the total OPEB liability (“TOL”) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll forward the TOL to December 31, 2024. The District proportion of the net OPEB liability was based on District contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF.

At the December 31, 2024 measurement date, the District proportion was 0.0061%, which was an increase of 0.0059% from its proportion measured as of December 31, 2023.

IV. Detailed Notes on All Funds (continued)

G. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

Liabilities (continued):

For the year ended December 31, 2025, the District recognized OPEB expense of $10,203 . At December 31, 2025, the District 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 expected and actual experience	-	-
Change of assumptions or other inputs	333	9,284
Net difference between projected and actual earnings on plan investments	98	6,406
Changes in proportionate share of contributions	750	-
Contributions subsequent to measurement date	7,767	-
	8,948	15,690

$7,767 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31,	Amortization
2026	(3,761)
2027	(2,580)
2028	(3,592)
2029	(2,218)
2030	(1,530)
Thereafter	(828)
Total	(14,509)

IV. Detailed Notes on All Funds (continued)

G. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

Actuarial assumptions: The December 31, 2023, actuarial valuation used the following actuarial cost method and key 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	3.40% - 11.00%
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	16.00% in 2024, then 6.75% in 2025, gradually decreasing to 4.5% in 2034
MAPD PPO #2	105.00% in 2024, then 8.55% in 2025, gradually decreasing to 4.5% in 2034
Medicare Part A premiums	3.50% in 2024, gradually increasing to 4.50% in 2033
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were $0.020 million and $0.486 million, respectively.

Each year the per capita health care costs are developed by plan option. As of the December 31, 2023, actuarial valuation, costs are based on 2024 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors were then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

IV. Detailed Notes on All Funds (continued)

G. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued)

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-68	2.2%	2.3%
69	2.8%	2.2%
70	2.7%	1.6%
71	3.1%	0.5%
72	2.3%	0.7%
73	1.2%	0.8%
74	0.9%	1.5%
75-85	0.9%	1.3%
86 and older	0.0%	0.0%

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	$1,710	$1,420	$585	$486	$1,897	$1,575
70	$1,921	$1,589	$657	$544	$2,130	$1,763
75	$2,122	$1,670	$726	$571	$2,353	$1,853

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	$6,536	$5,429	$4,241	$3,523	$7,063	$5,866
70	$7,341	$6,073	$4,764	$3,941	$7,933	$6,563
75	$8,110	$6,385	$5,262	$4,143	$8,763	$6,900

The 2024 Medicare Part A premium is $505 per month.

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

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.

IV. Detailed Notes on All Funds (continued)

G. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued)

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

Year	PERACare Medicare Plans[1]	MAPD PPO #21	Medicare Part A Premiums
2024	16.00%	105.00%	3.50%
2025	6.75%	8.55%	3.75%
2026	6.50%	8.10%	3.75%
2027	6.25%	7.65%	4.00%
2028	6.00%	7.20%	4.00%
2029	5.75%	6.75%	4.25%
2030	5.50%	6.30%	4.25%
2031	5.25%	5.85%	4.25%
2032	5.00%	5.40%	4.25%
2033	4.75%	4.95%	4.50%
2034+	4.50%	4.50%	4.50%

[1]Increase in 2024 trend rates due to the effect of the Inflation Reduction Act.

Mortality assumptions used in the December 31, 2023, valuation for the Division Trust Funds as shown in the following table, reflect generational mortality and were applied, as applicable, in the December 31, 2023, valuation for the HCTF, but developed using a headcount-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Pre-Retirement	Mortality Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
School Division	PubT-2010 Employee	N/A
Judicial Division	PubG-2010(A) Above-Median Employee	N/A

IV. Detailed Notes on All Funds (continued)

G. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued)

Post-Retirement (Retiree), Non-Disabled	Mortality Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Healthy Retiree	**Males**: 94% of the rates prior to age 80/ 90% of the rates age 80 and older **Females**: 87% of the rates prior to age 80/ 107% of the rates age 80 and older
Safety Officers	PubS-2010 Healthy Retiree	N/A
School Division	PubT-2010 Healthy Retiree	**Males**: 112% of the rates prior to age 80/ 94% of the rates age 80 and older **Females**: 83% of the rates prior to age 80/ 106% of the rates age 80 and older
Judicial Division	PubG-2010(A) Above-Median Healthy Retiree	N/A

Post-Retirement (Beneficiary), Non-Disabled	Mortality Table	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Contingent Survivor	**Males**: 97% of the rates for all ages **Females**: 105% of the rates for all ages

Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubNS-2010 Disabled Retiree	99% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

IV. Detailed Notes on All Funds (continued)

G. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued)

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

- Per capita health care costs in effect as of the December 31, 2023, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits were updated to reflect costs for the 2024 plan year.

- The health care cost trend rates applicable to health care premiums were revised to reflect the current expectation of future increases in those premiums. A separate trend rate assumption set was added for MAPD PPO #2 as the first-year rate is still below the maximum subsidy and also the assumption set reflects the estimated impact of the Inflation Reduction Act for that plan option.

- The Medicare health care plan election rate assumptions were updated effective as of the December 31, 2023, valuation date based on an experience analysis of recent data.

The actuarial assumptions used in the December 31, 2023, valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total OPEB liability from December 31, 2023, to December 31, 2024.

	State Division	School Division	Local Government Division	Judicial Division
Salary increases, including wage inflation:				
Members other than Safety Officers	2.70%-13.30%	4.00%-13.40%	3.40%-13.00%	2.30%-4.70%
Safety Officers	3.20%-16.30%	N/A	3.20%-16.30%	N/A

IV. Detailed Notes on All Funds (continued)

G. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued)

The following health care costs assumptions were used in the roll forward calculation for the HCTF:

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded.

Plan	With Medicare Part A	Without Medicare Part A
MAPD PPO #1	1,824	6,972
MAPD PPO #2	624	4,524
MAPD HMO (Kaiser)	2,040	7,596

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. Note that in all categories, the mortality tables are generationally projected using the 2024 adjusted MP-2021 project scale. These assumptions updated for the Division Trust Funds, were also applied in the roll forward calculations for the HCTF using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Pre-Retirement	Mortality Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
School Division	PubT-2010 Employee	N/A
Judicial Division	PubG-2010(A) Above-Median Employee	N/A

IV. Detailed Notes on All Funds (continued)

G. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued)

Post-Retirement (Retiree), Non-Disabled	Mortality Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Healthy Retiree	**Males**: 90% of the rates for all ages **Females**: 85% of the rates prior to age 85/ 105% of the rates age 85 and older
Safety Officers	PubS-2010 Healthy Retiree	N/A
School Division	PubT-2010 Healthy Retiree	**Males**: 106% of the rates for all ages **Females**: 86% of the rates prior to age 85/ 115% of the rates age 85 and older
Judicial Division	PubG-2010(A) Above-Median Healthy Retiree	N/A

Post-Retirement (Beneficiary), Non-Disabled	Mortality Table	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Contingent Survivor	**Males**: 92% of the rates for all ages **Females**: 100% of the rates for all ages

Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubNS-2010 Disabled Retiree	95% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

The actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed annually and updated, as appropriate, by the PERA Board's actuary.

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

IV. Detailed Notes on All Funds (continued)

G. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued)

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. 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	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
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%.

IV. Detailed Notes on All Funds (continued)

G. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

Sensitivity of the District'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:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERA Care Medicare trend rate[1]	5.75%	6.75%	7.75%
Ultimate PERA Care Medicare trend rat	3.50%	4.50%	5.50%
Initial MAPD PPO#2 trend rate[1]	7.55%	8.55%	9.55%
Ultimate MAPD PPO#2 trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate[1]	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	28,261	29,044	29,930

[1]For the January 1, 2025, plan year.

Discount rate. The discount rate used to measure the TOL was 7.25%. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2023, and the financial status of the HCTF as of the current measurement date (December 31, 2024). 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, 2024, 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.

IV. Detailed Notes on All Funds (continued)

G. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

Discount rate (continued)

As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were $0.020 million and $0.486 million, respectively.

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

Sensitivity of the District'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 one-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	35,594	29,044	23,397

OPEB plan fiduciary net position. Detailed information about the HCTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

V. Other Information

A. Pension Plans

1. Voluntary Investment Program (PERAPlus 401(k) Plan)

Plan Description. Employees of the District that are also members of the LGDTF may voluntarily contribute to the Voluntary Investment Program (PERAPlus 401(k) Plan), 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 ACFR which includes additional information on the PERAPlus 401(k) Plan. That report can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

V. Other Information (continued)

A. Pension Plans (continued)

1. Voluntary Investment Program (PERAPlus 401(k) Plan) (continued)

Funding Policy. The PERAPlus 401(k) Plan 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. The District does perform any matches of employee contributions to the PERAPlus 401(k) plan. Employees are immediately vested in their own contributions, employer contributions and investment earnings.

B. Cafeteria Plan

The District offers a cafeteria compensation plan organized under IRC Section 125 that includes the following benefits: medical disability, accident and/or term life insurance, health expense reimbursement and child care benefits. No cost to the District is recognized because the plan is a salary reduction plan.

C. Risk Management

Except as provided within the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; or injuries to employees. The District is insured for such risks as a member of the Colorado Special Districts Property and Liability Pool ("Pool"). The Pool is an organization created by intergovernmental agreement to provide property and general liability, automobile physical damage and liability, public officials liability and boiler and machinery coverage to its members. The Pool provides base coverage for property claims up to the values declared and liability coverage for claims up to $2,000,000. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public official's coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. A summary of audited statutory basis financial information for the Pool can be found here: https://www.csdpool.org/financials

D. Contingencies - Claims

During the normal course of business, the District may incur claims and other assertions against it from various agencies and individuals. Management of the District is unaware of any such claims at December 31, 2025.

V. Other Information (continued)

E. Restatement

The District made the following adjustments to beginning fund balance and net position as a result of an error correction:

	General Fund	Water Fund	Wastewater Fund
12/31/2024, as previously reported	618,125	4,073,455	1,933,752
Reversal of bond escrow fund	126,654	-	-
Disposal of underdepreciated obsolete assets	-	(217,177)	(5,797)
Inventory adjustment	-	134,584	-
12/31/2024, as restated	744,779	3,990,862	1,927,955

	Government-Wide	
	Governmental Activities	Business-Type Activities
12/31/2024, as previously reported	1,397,965	6,007,207
Reversal of bond escrow fund	126,654	-
Disposal of underdepreciated obsolete assets	-	(222,974)
Inventory adjustment	-	134,584
12/31/2024, as restated	1,524,619	5,918,817

REQUIRED SUPPLEMENTARY INFORMATION

Forest Lakes Metropolitan District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2025

	2025			
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Taxes:				
Property taxes	933,224	933,224	932,074	(1,150)
Specific ownership taxes	72,000	72,000	84,257	12,257
Delinquent taxes and interest	500	500	2,486	1,986
Total Taxes	1,005,724	1,005,724	1,018,817	13,093
Intergovernmental:				
Highway users tax	72,592	72,592	76,590	3,998
State and federal grants	-	-	57,935	57,935
Total Intergovernmental	72,592	72,592	134,525	61,933
Charges for services:				
Roads	283,000	283,000	282,564	(436)
Trash	165,000	165,000	210,646	45,646
Mail box	48,500	48,500	49,472	972
Late fees	11,202	11,202	20,177	8,975
Total Charges for Services	507,702	507,702	562,859	55,157
Fees:				
Land transfer	4,000	4,000	5,335	1,335
Impact fees	4,102	4,102	11,810	7,708
Permits	1,100	1,100	715	(385)
Other	500	500	960	460
Total Fees	9,702	9,702	18,820	9,118
Investment income	20,300	20,300	2,538	(17,762)
Miscellaneous	5,000	5,000	5,577	577
Total Revenues	1,621,020	1,621,020	1,743,136	122,116
Expenditures:				
Administration:				
Public works	568,696	568,696	666,757	(98,061)
General government	415,114	415,114	383,095	32,019
Culture and recreation	289,916	289,916	261,136	28,780
Debt service				
Principal	55,200	55,200	45,345	9,855
Interest	3,200	3,200	12,821	(9,621)
Capital outlay	422,665	422,665	163,475	259,190
Total Expenditures	1,754,791	1,754,791	1,532,629	222,162
Excess (Deficiency) of Revenues Over Expenditures	(133,771)	(133,771)	210,507	344,278
Other Financing Sources (Uses):				
Transfers (out)	(121,385)	(121,385)	(380,575)	(259,190)
Total Other Financing Sources (Uses)	(121,385)	(121,385)	(380,575)	(259,190)
Change in Fund Balance	(255,156)	(255,156)	(170,068)	85,088
Beginning Fund Balance (restated)	604,015	604,015	744,779	140,764
Ending Fund Balance	348,859	348,859	574,711	225,852

Forest Lakes Metropolitan District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Conservation Trust Fund
For the Year Ended December 31, 2025

	2025			
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Intergovernmental:				
State lottery proceeds	10,000	10,000	9,929	(71)
Investment income	-	-	1,906	1,906
Total Revenues	10,000	10,000	11,835	1,835
Expenditures:				
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	10,000	10,000	11,835	1,835
Other Financing Sources (Uses):				
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Change in Fund Balance	10,000	10,000	11,835	1,835
Beginning Fund Balance (restated)	43,334	43,334	43,368	34
Ending Fund Balance	53,334	53,334	55,203	1,869

Forest Lakes Metropolitan District
Schedule of the District's Proportionate Share of the Net Pension Liability
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years

For the measurement date of December 31,	**2024**	**2023**	**2022**	**2021**	**2020**
District's proportion of the net pension liability	0.076395%	0.074388%	0.070524%	0.080080%	0.078448%
District's proportionate share of the net pension liability (asset)	468,757	546,038	707,053	(68,857)	408,814
District's covered payroll	733,088	653,511	588,803	598,371	551,199
District's proportionate share of the net pension liability as a percentage of its covered payroll	63.94%	83.55%	120.08%	-11.51%	74.17%
Plan fiduciary net position as a percentage of the total pension liability	90.45%	82.99%	101.50%	90.88%	86.26%

For the measurement date of December 31,	**2019**	**2018**	**2017**	**2016**	**2015**
District's proportion of the net pension liability	0.077782%	0.070885%	0.070885%	0.083632%	0.082377%
District's proportionate share of the net pension liability (asset)	568,887	891,179	803,397	1,130,754	907,444
District's covered payroll	535,641	464,932	453,241	484,738	467,834
District's proportionate share of the net pension liability as a percentage of its covered payroll	106.21%	191.68%	177.26%	233.27%	193.97%
Plan fiduciary net position as a percentage of the total pension liability	86.26%	75.96%	79.37%	73.60%	76.90%

Refer to the accompanying notes to the Required Supplementary Information.

Forest Lakes Metropolitan District
Schedule of District Pension Contributions
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years

Fiscal year-ended December 31,	**2025**	**2024**	**2023**	**2022**	**2021**
Contractually required contribution	108,640	108,351	89,793	77,722	78,865
Contributions in relation to the contractually required contribution	(108,640)	(108,351)	(89,793)	(77,722)	(78,865)
Contribution deficiency (excess)	-	-	-	-	-
District's covered payroll	787,817	733,088	653,511	588,803	598,371
Contributions as a percentage of covered payroll	13.79%	14.78%	13.74%	13.20%	13.18%

Fiscal year-ended December 31,	**2020**	**2019**	**2018**	**2017**	**2016**
Contractually required contribution	71,609	67,919	58,953	57,471	61,465
Contributions in relation to the contractually required contribution	(71,609)	(67,919)	(58,953)	(57,471)	(61,465)
Contribution deficiency (excess)	-	-	-	-	-
District's covered payroll	552,199	535,641	464,932	453,241	484,738
Contributions as a percentage of covered payroll	12.97%	12.68%	12.68%	12.68%	12.68%

Refer to the accompanying notes to the Required Supplementary Information.

Forest Lakes Metropolitan District
Schedule of the District's Proportionate Share of the Net Other Post-Employment Benefits Liability
Colorado Public Employees' Retirement Association Health Care Trust Fund
Last 10 Fiscal Years*

For the measurement date of December 31,	2024	2023	2022	2021	2020
District's proportion of the net OPEB liability	0.00607%	0.00591%	0.00570%	0.00622%	0.00598%
District's proportionate share of the net OPEB liability	616,255	42,209	46,510	53,672	56,859
District's covered payroll	733,088	653,511	588,803	598,371	551,199
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	84.06%	6.46%	7.90%	8.97%	10.32%
Plan fiduciary net position as a percentage of the total OPEB liability	59.83%	46.16%	38.57%	39.40%	32.78%

For the measurement date of December 31,	2019	2018	2017	2016
District's proportion of the net OPEB liability	0.00596%	0.00550%	0.00558%	0.00642%
District's proportionate share of the net OPEB liability	66,958	74,791	72,555	83,236
District's covered payroll	535,641	464,932	453,241	484,738
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	12.50%	16.09%	16.01%	17.17%
Plan fiduciary net position as a percentage of the total OPEB liability	24.49%	17.03%	17.53%	16.72%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. Information is only available beginning in fiscal year 2017.

Forest Lakes Metropolitan District
Schedule of District Other Post-Employment Benefits Contributions
Colorado Public Employees' Retirement Association Health Care Trust Fund
Last 10 Fiscal Years

Fiscal year-ended June 30,	**2025**	**2024**	**2023**	**2022**	**2021**
Contractually required contribution	8,036	7,477	6,666	5,896	6,103
Contributions in relation to the contractually required contribution	(8,036)	(7,477)	(6,666)	(5,896)	(6,103)
Contribution deficiency (excess)	-	-	-	-	-
District's covered payroll	787,817	733,088	653,511	588,803	598,371
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.00%	1.02%

Fiscal year-ended June 30,	**2020**	**2019**	**2018**	**2017**	**2016**
Contractually required contribution	5,644	5,464	4,742	4,623	4,944
Contributions in relation to the contractually required contribution	(5,644)	(5,464)	(4,742)	(4,623)	(4,944)
Contribution deficiency (excess)	-	-	-	-	-
District's covered payroll	552,199	535,641	464,932	453,241	484,738
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%

Note I. Significant Changes in Plan Provisions Affecting Trends in Actuarial Information – Defined Benefit Pension Plan

1. Changes since the December 31, 2023 actuarial valuation:

- As of the December 31, 2024, measurement date, the FNP and related disclosure components for the Local Government Division reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the Local Government Division Trust Fund and HCTF were $0.486 million and $0.020 million, respectively.

2. Changes since the December 31, 2022 actuarial valuation:

- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the Local Government Division reflect payments related to the disaffiliation of Tri-County Health as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a $24,000,000 payment received on December 4, 2023 and a $2,000,000 receivable. The employer disaffiliation payment and receivable allocations to the Local Government Division Trust Fund and HCTF were $24,967,000 and $1,033,000, respectively.
- Senate Bill (SB) 23-056, enacted and effective June 2, 2023, intended to recompense PERA for the remaining portion of the $225,000,000 direct distribution originally scheduled for receipt July 1, 2020, suspended due to the enactment of House Bill (HB) 20-1379, but not fully repaid through the provisions within HB 22-1029. Pursuant to SB 23-056, the State Treasurer issued a warrant consisting of the balance of the PERA Payment Cash Fund, created in C.R.S. § 24-51-416, plus $10,000,000 from the General Fund, totaling $14,561,000.
- SB 23-163, enacted and effective June 6, 2023, states beginning July 1, 2023, a wildlife officer and a parks and recreation officer employed by the Division of Parks and Wildlife in the Department of Natural Resources, is classified as a “State Trooper” for the purpose of determining their service retirement eligibility.
- As of the December 31, 2023, measurement date, the total pension liability (TPL) recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months (including, but not limited to positions in the School and DPS Divisions) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

Note I. Significant Changes in Plan Provisions Affecting Trends in Actuarial Information – Defined Benefit Pension Plan (continued)

3. Changes since the December 31, 2021 actuarial valuation:

- HB 22-1029, effective upon enactment in 2022, required the State Treasurer to issue, in addition to the regularly scheduled $225,000,000 direct distribution, a warrant to PERA in the amount of $380,000,000 with reductions to future direct distributions. The July 1, 2023, direct distribution will be reduced by $190,000,000 to $35,000,000. The July 1, 2024, direct distribution will not be reduced from $225,000,000 due to a negative investment return in 2022.
- The TPL for the Local Government Division, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, as allowable under C.R.S. § 24-51-313, of Tri-County Health, effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

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

- The following changes reflect the anticipated adjustments resulting from the 2020 automatic adjustment provision (AAP) assessment, statutorily recognized July 1, 2021, and effective July 1, 2022:
  - Member contribution rates increase by 0.50%.
  - Employer contribution rates increase by 0.50%.
  - Annual increase (AI) cap is lowered from 1.25% per year to 1.00% per year.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

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

- HB 20-1379, enacted on June 29, 2020, suspended the $225,000,000 direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.
- HB 20-1394, enacted on June 29, 2020, requires 5.0% of the Judicial Division base employer contributions rate to be paid by the members of the Judicial Division for the State's 2020-21 and 2021-22 fiscal years. This does not apply to the employer or member contribution rates for judges employed by the Denver County Court.
- SB 18-200 and SB 20-057, enacted in 2018 and 2020, respectively expanded the definition of "State Trooper" under Colorado law as follows: ▪ Beginning July 1, 2020, new or existing employees of the Division of Fire Prevention and Control in the Department of Public Safety classified as firefighter I through firefighter VII;
- New members hired on or after January 1, 2020, as a county sheriff, undersheriff, deputy sheriff, noncertified deputy sheriff, or detention officer by a Local Government Division employer; and

Note I. Significant Changes in Plan Provisions Affecting Trends in Actuarial Information – Defined Benefit Pension Plan (continued)

5. Changes since the December 31, 2019 actuarial valuation (continued)

- New members hired on or after January 1, 2020, as a corrections officer classified as I through IV by a State Division employer
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

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

- SB 18-200 was enacted on June 4, 2018, which included the adoption of the AAP. The following changes reflect the anticipated adjustments resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020:
  - Member contribution rates increase by 0.50%.
  - Employer contribution rates increase by 0.50%.
  - AI cap is lowered from 1.50% per year to 1.25% per year.
- HB 19-1217, enacted May 20, 2019, repealed the member contribution increases scheduled for the Local Government Division pursuant to SB 18–200.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

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

- The following changes were made to the plan provisions as part of SB 18-200:
  - Member contribution rates increase by 0.75% effective July 1, 2019, an additional 0.75% effective July 1, 2020, and an additional 0.50% effective July 1, 2021.
  - Employer contribution rates increase by 0.25% effective July 1, 2019 for State, School, Judicial, and DPS Divisions.
  - An annual direct distribution of $225,000,000 from the State of Colorado, recognized as a nonemployer contributing entity, is distributed between the State, School, Judicial, and DPS Divisions proportionally based on payroll.
  - AI cap is lowered from 2.00% per year to 1.50% per year. ▪ Initial AI waiting period is extended from one year after retirement to three years after retirement.
  - AI payments are suspended for 2018 and 2019.
  - The number of years used in the highest average salary calculation for non-vested members as of January 1, 2020, increases from three to five years for the State, School, Local Government, and DPS Divisions and increases from one to three years for the Judicial Division.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

Note I. Significant Changes in Plan Provisions Affecting Trends in Actuarial Information – Defined Benefit Pension Plan (continued)

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

- The Cunningham Fire Protection District (CFPD) disaffiliated from the Local Government Division on December 2, 2017. For the purpose of the December 31, 2017, measurement date, liabilities were determined assuming no additional benefit accruals for the disaffiliated membership of the CFPD that had not refunded their PERA member contribution accounts. The total disaffiliation payment of $1,159,000 was allocated to the Local Government Division Trust Fund and the HCTF in the amount of $1,063,000 and $96,000, respectively.
- Pursuant to HB 17-1265, the amortization equalization disbursement (AED) and supplemental amortization equalization disbursement (SAED) contribution rates are adjusted for employers in the Judicial Division as follows:
  - For the calendar year beginning in 2019, C.R.S. § 24-51-411(4.5) increased the AED payment to 3.40% of PERA-includable salary and requires the AED payment to increase by 0.40% at the start of each of the following four calendar years through 2023 at which time the AED payment will be 5.00% of PERA-includable salary.
  - For the calendar year beginning in 2019, C.R.S. § 24-51-411(7.5) increased the SAED payment to 3.40% of PERA-includable salary and requires the SAED payment to increase by 0.40% at the start of each of the following four calendar years through 2023 at which time the SAED payment will be 5.00% of PERA-includable salary.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

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

- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

10. Changes since the December 31, 2014 actuarial valuation:

- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.
- As required under C.R.S. § 24-51-401(1.7)(e), PERA calculated and provided to the Colorado General Assembly an adjustment to the DPS Division's employer contribution rate to assure the equalization of the School Division's and the DPS Division's ratios of unfunded actuarial accrued liability to payroll as of December 31, 2039. Subsequently, the Colorado General Assembly passed HB 15-1391, reducing the employer contribution rate of the DPS Division from 13.75% to 10.15%, effective January 1, 2015.

Note II. Changes to Assumptions or Other Inputs – Defined Benefit Pension Plan

1. Changes since the December 31, 2023 actuarial valuation:

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The Pub-2010 Public Retirement Plans Mortality base tables were retained for purposes of active, retired, disabled, and beneficiary lives, with revised adjustments for credibility and gender, where applicable. In addition, the applied generational projection scale was updated to the 2024 adjusted scale MP-2021.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

2. Changes since the December 31, 2022 actuarial valuation:

- There were no changes made to the actuarial methods or assumptions.

3. Changes since the December 31, 2021 actuarial valuation:

- There were no changes made to the actuarial methods or assumptions.

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

- There were no changes made to the actuarial methods or assumptions.

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

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

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

- The price inflation assumption was lowered from 2.4 percent to 2.30 percent.
- The wage inflation assumption was lowered from 3.5 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent 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 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Note II. Changes to Assumptions or Other Inputs – Defined Benefit Pension Plan (continued)

6. Changes since the December 31, 2018 actuarial valuation (continued)):

- 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 percent of the rates for all ages, with generational projection using scale MP-2019.
  - Females: 105 percent 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 percent 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.

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

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

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

- The single equivalent interest rate ("SEIR") was increased from 4.78 percent to 7.25 percent to reflect the changes to the projection's valuation basis, which no longer resulted in a projected year of depletion of the FNP, thereby eliminating the need to apply the municipal bond index rate.

9. Changes since the December 31, 2015 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.

10. Changes Since the December 31, 2014 Actuarial Valuation:

- 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.

Note II. Changes to Assumptions or Other Inputs – Defined Benefit Pension Plan (continued)

10. Changes Since the December 31, 2014 Actuarial Valuation (continued)

- 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.

Note III. Significant Changes in Plan Provisions Affecting Trends in Actuarial Information - OPEB

1. Changes since the December 31, 2023 actuarial valuation:

- As of the December 31, 2024, measurement date, the fiduciary net position (FNP) and related disclosure components for the Health Care Trust Fund (HCTF) reflect additional payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were $20,000 and $486,000, respectively.

2. Changes since the December 31, 2022 actuarial valuation:

- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a $24,000,000 payment received on December 4, 2023 and a $2,000,000 receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were $1,033,000 and $24,967,000, respectively.

3. Changes since the December 31, 2021 actuarial valuation:

- The total OPEB liability for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health, effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

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

- There were no change made to the plan provisions.

Note III. Significant Changes in Plan Provisions Affecting Trends in Actuarial Information – OPEB (continued)

5. **Changes since the December 31, 2019 actuarial valuation:**

    - There were no change made to the plan provisions.

6. **Changes since the December 31, 2018 actuarial valuation:**

    - There were no change made to the plan provisions.

7. **Changes since the December 31, 2017 actuarial valuation:**

    - There were no change made to the plan provisions.

8. **Changes since the December 31, 2016 actuarial valuation:**

    - The Cunningham Fire Protection District (CFPD) disaffiliated from the Local Government Division, thereby ending participation in the HCTF on December 2, 2017. For the purpose of disclosure as of the December 31, 2017, measurement date, liabilities were determined assuming no additional service accruals impacting possible future premium subsidies for the disaffiliated membership of the CFPD that had not refunded their PERA member contribution accounts. The total disaffiliation payment of $1,159,000 was allocated to the Local Government Division Trust Fund and the HCTF in the amount of $1,063,000 and $96,000, respectively.

Note IV. Changes to Assumptions or Other Inputs - OPEB

1. **Changes since the December 31, 2023 actuarial valuation:**

    - Salary scale assumptions were altered to better reflect actual experience.
    - Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
    - The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on experience. In addition, the mortality projection scale was updated to the 2024 adjusted scale MP-2021 to reflect future improvements in mortality for all groups.
    - Participation rates were reduced.
    - MAPD premium costs are no longer age graded

2. **Changes since the December 31, 2022 actuarial valuation:**

    - There were no change made to the actuarial methods or assumptions.

Note IV. Changes to Assumptions or Other Inputs - OPEB (continued)

3. **Changes since the December 31, 2021 actuarial valuation:**

   - The timing of the retirement decrement was adjusted to middle-of-year.

4. **Changes since the December 31, 2020 actuarial valuation:**

   - There were no change made to the actuarial methods or assumption

5. **Changes since the December 31, 2019 actuarial valuation:**

   - Changes since the December 31, 2019 to the HCTF actuarial valuation are the same as the changes to the SCHDTF noted in Note I.5. above.

6. **Changes since the December 31, 2018 actuarial valuation:**

   - There were no change made to the actuarial methods or assumptions

7. **Changes since the December 31, 2017 actuarial valuation:**

   - There were no change made to the actuarial methods or assumptions.

8. **Changes since the December 31, 2016 actuarial valuation:**

   - There were no change made to the actuarial methods or assumptions.

SUPPLEMENTARY INFORMATION

Forest Lakes Metropolitan District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Capital Projects Fund
For the Year Ended December 31, 2025

	2025			
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Investment income	-	-	32,667	32,667
Total Revenues	-	-	32,667	32,667
Expenditures:				
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	32,667	32,667
Other Financing Sources (Uses):				
Transfers In	-	-	259,190	259,190
Total Other Financing Sources (Uses)	-	-	259,190	259,190
Change in Fund Balance	-	-	291,857	291,857
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	-	-	291,857	291,857

Forest Lakes Metropolitan District
Schedule of Revenues, Expenses and Changes in Net Position
Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis
Proprietary Funds - Water Fund
For the Year Ended December 31, 2025

	2025			
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Operating Revenues:				
Charges for services	627,050	627,050	695,453	68,403
Other	3,000	3,000	1,032	(1,968)
Total Operating Revenues	630,050	630,050	696,485	66,435
Operating Expenses:				
Personnel and Benefits:				
Water operations	386,123	386,123	337,682	48,441
Administration	259,738	259,738	213,615	46,123
Capital outlay	447,000	447,000	185,294	261,706
Total Operating Expenses	1,092,861	1,092,861	736,591	356,270
Operating Income (Loss):	(462,811)	(462,811)	(40,106)	422,705
Non-operating Revenue (Expense)				
Investment income	20,000	20,000	31,868	11,868
Intergovernmental	-	-	14,701	14,701
Principal payments	-	-	(3,223)	(3,223)
Interest expense	-	-	(3,857)	(3,857)
Total Non-operating Revenue (Expense)	20,000	20,000	39,489	19,489
Income (Loss) Before Contributions and Transfers	(442,811)	(442,811)	(617)	442,194
Capital Contributions and Transfers:				
Water and sewer tap fees	42,500	42,500	57,950	15,450
Impact fees	8,000	8,000	11,810	3,810
Transfers in	70,055	70,055	70,055	-
Total Capital Contributions and Transfers	120,555	120,555	139,815	19,260
Change in net position	(322,256)	(322,256)	139,198	461,454
Adjustments to GAAP Basis:				
Depreciation			(123,752)	
Change in accrued compensated absences			(4,312)	
Pension and OPEB expense (income)			(54,955)	
Loan principal payment			3,223	
Change in accrued interest on loan payable			50	
Capitalized expenditures			185,294	
Total Adjustments			5,548	
Change in Net Position - GAAP Basis			144,746	

Forest Lakes Metropolitan District
Schedule of Revenues, Expenses and Changes in Net Position
Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis
Proprietary Funds - Wastewater Fund
For the Year Ended December 31, 2025

	2025			
	Original Budget	**Final Budget**	**Actual**	**Final Budget Variance Positive (Negative)**
Operating Revenues:				
Charges for services	445,396	445,396	499,818	54,422
Other	25,000	25,000	25,847	847
Total Operating Revenues	470,396	470,396	525,665	55,269
Operating Expenses:				
Personnel and Benefits:				
Wastewater operations	312,349	312,349	268,410	43,939
Administration	228,698	228,698	219,228	9,470
Capital outlay	-	-	27,425	(27,425)
Total Operating Expenses	541,047	541,047	515,063	25,984
Operating Income (Loss):	(70,651)	(70,651)	10,602	81,253
Non-operating Revenue (Expense)				
Investment income	15,000	15,000	9,752	(5,248)
Principal payments	-	-	(3,223)	(3,223)
Interest expense	-	-	(3,857)	(3,857)
Total Non-operating Revenue (Expense)	15,000	15,000	2,672	(12,328)
Income (Loss) Before Contributions and Transfers	(55,651)	(55,651)	13,274	68,925
Capital Contributions and Transfers:				
Water and sewer tap fees	26,200	26,200	17,600	(8,600)
Impact fees	1,200	1,200	5,302	4,102
Transfers in	51,330	51,330	51,330	-
Total Capital Contributions and Transfers	78,730	78,730	74,232	(4,498)
Change in net position	23,079	23,079	87,506	64,427
Adjustments to GAAP Basis:				
Depreciation			(92,025)	
Change in accrued compensated absences			(2,784)	
Pension and OPEB expense (income)			18,762	
Loan principal payment			3,223	
Change in accrued interest on loan payable			50	
Capitalized expenditures			27,425	
Total Adjustments			(45,349)	
Change in Net Position - GAAP Basis			42,157	