ESTES VALLEY PUBLIC LIBRARY DISTRICT
ESTES PARK, COLORADO

BASIC FINANCIAL STATEMENTS

December 31, 2025

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FINANCIAL SECTION

Board of Trustees
Estes Valley Public Library District
Estes Park, Colorado

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discreetly presented component unit and each major fund of the Estes Valley Public Library District (the "District"), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discreetly presented component unit and each major fund of the Estes Valley Public Library District as of December 31, 2025, and the respective changes in financial position 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 (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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

In performing an audit in accordance with GAAS, we:

• exercise professional judgment and maintain professional skepticism throughout the audit.

• identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

• obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedules of the District's proportionate share, and the schedules of the District's contributions on pages 40-44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

PB Solutions LLC

Littleton, Colorado
April 28, 2026

ESTES VALLEY PUBLIC LIBRARY DISTRICT

Management's Discussion and Analysis

As management of Estes Valley Public Library District (the "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. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Overview of the Financial Statements

This Management's Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include: (1) district-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements. Comparative data are presented when available.

Government-Wide Financial Statements

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

- The *Statement of Net Position.* This is the government-wide statement of financial position, presenting information on all of the District's assets and liabilities, with the difference 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 as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of District infrastructure, in addition to the financial information provided in this report.

- The *Statement of Activities* reports how the District's net position changed during the current year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by the District's taxpayers.

Both government-wide financial statements distinguish the District's governmental activities, primarily financed through property taxes, from its business-type activities, which aim to recover portions of their costs via user fees and charges. The governmental activities encompass general library operations. The District currently has no business-type activities.

The government-wide financial statements encompass not only the District itself (referred to as the primary government) but also a legally separate entity that maintains a significant operational or financial relationship with the District. This entity, a discretely presented component unit, is the Estes Valley Library Friends and Foundation, Inc. Further details regarding the functions of this entity are available in Note 1 to the financial statements.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's significant funds. Each major fund is separately reported.

The District has one fund type. *Governmental funds* are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements.

However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability, focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financial requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental funds balance sheet and the governmental funds operating statement provide a reconciliation to assist in understanding the difference between these two perspectives.

Notes to Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's detailed budget presentation. This statement demonstrates compliance with the District's adopted and final revised budget.

Government-Wide Financial Analysis

The following represents condensed financial information taken from the government-wide (accrual basis) financial statements for the years ended December 31, 2025, and 2024.

	2025	Percent of Total	2024	Percent of Total
ASSETS				
Current Assets	$ 7,775,631	81.5%	$ 7,117,697	81.1%
Capital Assets, Net of Accumulated Depreciation	1,660,448	17.4%	1,643,857	18.7%
Subscription Asset, Net of Accumulated Amortization	98,826	1.0%	14,609	0.20%
Total Assets	**9,534,905**	**100.0%**	**8,776,163**	**100.00%**
DEFERRED OUTFLOWS				
Pensions, Net of Accumulated Amortization	208,491	89.2%	480,462	94.5%
OPEB, Net of Accumulated Amortization	25,265	10.8%	27,868	5.5%
Total Deferred Outflows	**233,756**	**100.0%**	**508,330**	**100.00%**
LIABILITIES				
Current Liabilities	202,927	16.1%	265,451	18.7%
Long-term Liabilities	1,055,320	83.9%	1,153,553	81.3%
Total Liabilities	**1,258,247**	**100.0%**	**1,419,004**	**100.00%**
DEFERRED INFLOWS				
Property Taxes	2,679,965	99.2%	2,655,135	99.3%

Pensions, Net of Accumulated Amortization	-	0.0%	-	0.0%
OPEB, Net of Accumulated Amortization	22,367	0.8%	18,108	0.7%
Total Deferred Inflows of Resources	2,702,332	100.0%	2,673,243	100.00%
NET POSITION				
Net Investment in Capital Assets	$ 1,677,716	28.9%	$1,651,992	31.8%
Restricted for Renovation: Materials Nonexpendable	295,688	5.1%	-	0.0%
Restricted for Emergencies	91,000	1.6%	96,000	1.8%
Unrestricted	3,743,778	64.5%	3,444,254	66.3%
Total Net Position	**$ 5,808,082**	**100.0%**	**$5,192,246**	**100.00%**

	2025	Percent of Total	2024	Percent of Total
REVENUES				
Program Revenues:				
Charges for Services	$ 7,258	0.2%	$ 8,352	0.2%
Operating Grants and Contributions	136	0.0%	308,717	8.8%
Capital Grants and Contributions	420,000	12.1%	-	0.0%
General Revenues:				
Taxes	2,798,116	81.2%	2,811,800	80.3%
Investment Income	201,852	5.9%	216,466	6.2%
Other Revenues	19,979	0.6%	156,646	4.5%
Total Revenues	**3,447,341**	**100.0%**	**3,501,981**	**100.0%**
EXPENSES				
Library Services	$ 2,831,505	100.0%	$ 2,756,751	100.0%
CHANGE IN NET POSITION	**$ 615,836**		**$ 745,230**	

The District's net position increased slightly less than in 2024 because property tax revenue growth slowed or decreased, as legislative actions designed to lower taxes reduced the assessment rates, offsetting the growth in property values. In 2024, the District received a backfill reimbursement from the State of Colorado for lost property tax revenue resulting from assessment rate and value reductions under Senate Bill 22-238. No backfill reimbursement was provided in 2025.

All contributions from our component unit, the Estes Valley Friends and Foundation, were restricted to the upcoming renovation of our Library building. Investment income also decreased due to lower interest rates. Library service expenditures were slightly higher than in prior year but well under budget for 2025.

This is the twelfth year of reporting net pension liability due to the adoption of GASB Statement No. 68, representing the District’s proportionate share of the Local Government Division Trust Fund (LGDTF) pension liability (asset), administered by the Public Employees' Retirement Association of Colorado (PERA). As of December 31, 2025, LGDTF is reporting a net pension liability. The District's proportionate share of this net pension liability is $831,829, down from $971,783 net pension liability in 2024.

The District is reliant on property tax revenue to support operations. During 2025, taxes provided 81.2% of the District's total revenues. Note that program revenues, including from the Library Friends & Foundation, accounted for 18.8% of total revenues.

For the taxation periods spanning from 2000 to 2004, the annual authorized operating mill levy was set at 2.39. On November 2, 2004, the electorate approved an augmentation to 3.28 mills for the collection year 2005 and each subsequent year. Since 1999, the voters have authorized the District to collect, retain, and expend all revenues, excluding excess property tax revenues. Furthermore, the District was exempted from the 5.5% property tax revenue limitation. This exemption has prevented the "ratchet-down" effect previously imposed by the Taxpayer's Bill of Rights on the District's property tax revenues. Additionally, the District successfully conducted an election among residents to secure approval for a mill levy tax increase. In 2014, the annual property tax rate for the District was elevated from 3.28 to 4.52 mills.

The District is subject to modifications in assessment rates and property tax calculations, as stipulated by HB24B-1001, passed in a 2024 Extraordinary Session. This legislation imposes a property tax ceiling for local governments, calculated as the highest amount of qualified property tax revenue collected by a local government in a prior property tax year, increased by 5.25% multiplied by the number of property tax years within a reassessment cycle. The bill also reduced residential and commercial property rates, which offset property value increases.

Current Ratio

The current ratio compares current assets to current liabilities and indicates the District's ability to pay its current obligations. However, to make this ratio meaningful, we have eliminated the property taxes receivable and the related deferred revenue. After this elimination, the governmental current assets are $5,095,666, and current liabilities are $202,927. As a result, the current ratio for the District overall is 23 to 1 (14 to 1 for 2024). The change in current ratio is due to lower accounts payable and an increase in cash from 2024 balances.

Financial Analysis of the Funds

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 financial requirements. In particular, unrestricted, unassigned fund balance may serve as a useful measure of the District's net resources that are available for spending at the end of the fiscal year.

The District maintains a single governmental fund: the General Fund. This fund serves as the primary operational fund of the District. The overall fund balance of governmental funds experienced an increase of $695,628 in 2025, culminating in an ending fund balance of $4,892,739. Please refer to the Required Supplementary Information for the General Fund Budgetary Comparison Schedule.

Capital Assets and Long-Term Debt

Capital assets for the District comprise construction in progress, furniture, equipment, building improvements, and collection inventory. In September 2025, the District Board of Trustees decided to finalize the design development plans for the library building's renovation and to move forward with the project, which is scheduled to start in Spring 2026. Capital outlay for 2025 encompassed expenditures for renovation design, the procurement of a new laser cutter for the Makerspace, and the renewal of a subscription-based information technology arrangement (SBITA), capitalized in accordance with GASB 96. The net book value of the collection inventory exhibited a slight reduction for 2025, amounting to $2,534. This decrease in inventory value reflects sustained demand for digital materials, which are excluded from the inventory count, as well as a modest increase in dispositions compared to 2024.

The District's long-term debt includes net pension liability, net other post-employment benefits (OPEB) liability, and compensated absences. The net pension liability for 2025 is $831,829. The District's proportionate share of the net OPEB liability was $51,539 for 2025. Refer to Notes 6 and 7 for additional details on pension and OPEB liabilities.

Compensated absences represent the District's total liability for vacation and other paid absences. GASB Statement 101, Compensated Absences, mandates updates to how these absences are recognized and measured, aiming to improve transparency regarding the District's obligation for employee paid leave, both during employment and upon termination. These updates required including sick leave, which is more likely than not to be used in future periods. As a result, the total liability for compensated absences decreased by $11,112, bringing it to $90,394 in 2025.

General Fund Budgetary Highlights

Revenue is lower than budget primarily because reimbursement for Friends & Foundation Executive Directors' wages and benefits by our component unit is no longer necessary, as their employment was transferred to the component unit. Expenditures from the General Fund were $322,631 under budget, primarily because of savings from transferring the F&F Executive Director's wages and benefits to a component unit, along with other operational cost reductions. These savings were offset by the renewal of the Integrated Library System software (ILS) subscription under GASB 96, which mandates recording the capital outlay for the subscription-based information technology arrangement (SBITA) at the full net present value of payments made under the five year agreement offset by proceeds from debt issued under other financing sources, which represents the long-term liability for the multi-year ILS subscription contract.

Currently Known Facts

Members of the District Board of Trustees, staff, and Library Friends & Foundation Directors prepared a new five-year Strategic Plan, which began in earnest on January 1, 2024. The Plan outlines tactics to achieve four strategic goals:

1) Respond to community needs
2) Bring people back to a vibrant library
3) Reach outside library walls to build community
4) Invest in our team and operations

The District fulfills community expectations through its Strategic Plan, implemented via an Annual Operating Plan. In 2025, key projects included launching the BambooHR HRIS platform, creating and deploying a new Pulse Survey, and revamping the Performance Evaluation system. We conducted cybersecurity and accessibility audits, increased email newsletter open rates to boost patron engagement through Patron Point, and transitioned smoothly from Baker and Taylor to Ingram, ensuring uninterrupted addition of new books to the collection. Creative programs, such as the widely attended Tracks & Stacks music and art event, were introduced. Additionally, secured funding from donations enabled us to start planning the 2026 renovation of the downtown library, ensuring service for the next 65 years on Main Street.

Requests 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 District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Estes Valley Public Library District, PO Box 1687, Estes Park, Colorado 80517, or you may call the Library Director at (970) 586-8116.

BASIC FINANCIAL STATEMENTS

ESTES VALLEY PUBLIC LIBRARY DISTRICT

STATEMENT OF NET POSITION
December 31, 2025

	PRIMARY GOVERNMENT	COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	FOUNDATION
ASSETS		
Cash and Investments	$ 5,042,809	$ 2,474,419
Cash Held with County Treasurer	13,218	-
Taxes Receivable	2,679,965	-
Accounts Receivable	91	29,008
Pledges Receivable, Net	-	600,825
Prepaid Expenses	39,548	4,456
Loan Origination Fee, Net	-	4,030
Capital Assets, Not Depreciated	339,946	138,350
Capital Assets, Depreciated, Net of Accumulated Depreciation	1,320,502	606,719
Subscription Asset, Net of Accumulated Amortization	98,826	-
TOTAL ASSETS	9,534,905	3,857,807
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	208,491	-
Related to OPEB	25,265	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	233,756	-
LIABILITIES		
Accounts Payable	145,473	845
Accrued Salaries and Benefits	57,454	9,033
Accrued Interest Payable	-	988
Deposits	-	4,558
Noncurrent Liabilities		
Due Within One Year	52,593	27,398
Due in More Than One Year		
Compensated Absences	53,333	6,182
Subscription Liability	66,026	-
Mortgage Payable	-	428,657
Net Pension Liability	831,829	-
Net OPEB Liability	51,539	-
TOTAL LIABILITIES	1,258,247	477,661
DEFERRED INFLOWS OF RESOURCES		
Deferred Property Tax Revenues	2,679,965	-
Related to OPEB	22,367	-
TOTAL DEFERRED INFLOWS OF RESOURCES	2,702,332	-
NET POSITION		
Net Investment in Capital Assets	1,677,716	289,014
Restricted	386,688	2,675,144
Unrestricted	3,743,678	415,988
TOTAL NET POSITION	$ 5,808,082	$ 3,380,146

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

ESTES VALLEY PUBLIC LIBRARY DISTRICT

STATEMENT OF ACTIVITIES
Year Ended December 31, 2025

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION: PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION: COMPONENT UNIT: FOUNDATION
PRIMARY GOVERNMENT						
Governmental Activities						
Library Services	$ 2,831,505	$ 7,258	$ 136	$ 420,000	$ (2,404,111)	$ -
Total Primary Government	$ 2,831,505	$ 7,258	$ 136	$ 420,000	$ (2,404,111)	$ -
Component Unit						
Foundation	$ 807,223	$ 139,279	$ 148,493	$ 1,512,773	$ -	$ 993,322
		GENERAL REVENUES				
		Property Taxes			2,632,123	-
		Specific Ownership Taxes			165,993	-
		Contributions not Restricted to Specific Programs			-	90,679
		Other Revenues			19,979	48,718
		Earnings on Investments			201,852	237,811
		TOTAL GENERAL REVENUES			3,019,947	377,208
		CHANGE IN NET POSITION			615,836	1,370,530
		NET POSITION, Beginning			5,192,246	2,009,616
		NET POSITION, Ending			$ 5,808,082	$ 3,380,146

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

ESTES VALLEY PUBLIC LIBRARY DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2025

	TOTAL GENERAL FUND
ASSETS	
Cash and Investments	$ 5,042,809
Cash Held at County Treasurer	13,218
Accounts Receivable	91
Taxes Receivable	2,679,965
Prepaid Expenses	39,548
TOTAL ASSETS	$ 7,775,631
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	
LIABILITIES	
Accounts Payable	$ 145,473
Accrued Salaries and Benefits	57,454
TOTAL LIABILITIES	202,927
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax Revenues	2,679,965
FUND BALANCES	
Nonspendable	39,548
Restricted for Emergencies	91,000
Restricted for Capital Improvements	295,688
Unassigned	4,466,503
TOTAL FUND BALANCES	4,892,739
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 7,775,631

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

ESTES VALLEY PUBLIC LIBRARY DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
Year Ended December 31, 2025

Amounts reported for governmental activities in the statement of net position are different because:			
Total fund balances of governmental funds			$ 4,892,739
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.			
	Capital Assets, Not Depreciated	339,946	
	Capital Assets, Depreciated	4,094,448	
	Accumulated Depreciation	(2,773,946)	
	Subscription Asset	209,972	
	Accumulated Amortization	(111,146)	1,759,274
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds.			
	Subscription Payable	(81,558)	
	Compensated Absences	(90,394)	
	Net Pension Liability	(831,829)	
	Net OPEB Liability	(51,539)	(1,055,320)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.			
	Deferred outflows of resources - Related to Pensions	208,491	
	Deferred inflows of resources - Related to Pensions	-	
	Deferred outflows of resources - Related to OPEB	25,265	
	Deferred inflows of resources - Related to OPEB	(22,367)	211,389
Net position of governmental activities			$ 5,808,082

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

ESTES VALLEY PUBLIC LIBRARY DISTRICT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2025

	GENERAL FUND
REVENUES	
Property Taxes	$ 2,632,123
Specific Ownership Taxes	165,993
Charges for Services	7,258
Grants and Contributions	420,136
Earnings on Investments	201,852
Miscellaneous	19,979
TOTAL REVENUES	3,447,341
EXPENDITURES	
Current	
Library Services	2,573,989
Capital Outlay	252,404
Debt Service	
SBITA Principal	28,898
SBITA Interest	404
TOTAL EXPENDITURES	2,855,695
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	591,646
OTHER FINANCING SOURCES	
Proceeds from Issuance of Debt	103,982
CHANGE IN FUND BALANCES	695,628
FUND BALANCES, Beginning	4,197,111
FUND BALANCES, Ending	$ 4,892,739

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

ESTES VALLEY PUBLIC LIBRARY DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2025

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds			$ 695,628
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.			
	Capital Outlay	335,502	
	Depreciation and Amortization	(234,694)	100,808
Debt proceeds are reported as financial resources in the governmental funds and increase fund balance. In the government-wide financial statements, however, debt issuance increases long-term liabilities in the statement of net position and does not affect the statement of activities.			(103,982)
Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds.			
	Changes in Compensated Absences	9,783	
	Principal Payments on Subscription Liability	28,898	38,681
Deferred Charges related to pensions and OPEB are not recognized in the governmental funds. However, for governmental activities those amounts reported in the statement of net position and amortized in the statement of activities.			
	Deferred charges related to Pension Plan	(132,017)	
	Deferred charges related to OPEB	16,718	(115,299)
Change in net position of governmental activities			$ 615,836

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

NOTE 1: ***<u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>***

The Estes Valley Public Library District (the "District") was formed on November 8, 1988, by the electorate of Larimer County and the Town of Estes Park. The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units. The District is governed by an elected board of seven members. Following is a summary of the more significant policies:

Reporting Entity

The financial reporting entity consists of the District and organizations for which the District is financially accountable. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the District. In addition, any legally separate organizations for which the District is financially accountable are considered part of the reporting entity. Financial accountability exists if the District appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the District.

The Estes Valley Library Friends and Foundation, Inc. (the "Foundation") is a non-profit organization with the purpose to assist in the promotion, development, and enhancement of the facilities and educational programs of the District. The Foundation is reported as a discreetly presented component unit. Separate financial statements for the Foundation may be obtained by writing to P.O. Box 1470, Estes Park, Colorado 80517.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District and its component unit. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported in a single column. Likewise, the *primary government* is reported separately from the legally separate *component units* for which the District is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues.* Internally dedicated resources are reported as general revenues rather than as program revenues.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1: ***<u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>*** (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, the District reports the following major governmental fund:

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.

Assets, Liabilities, and Fund Balance/Net Position

<u>Deposits and Investments</u> –The District considers cash and cash equivalents to be all demand deposits as well as short- term investments with a maturity date of three months or less. Investments are stated at fair value.

<u>Receivables</u> – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

<u>Prepaid Expenses</u> – Certain payments to vendors reflect costs applicable to future years and are reported as prepaid expenses.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Assets, Liabilities, and Fund Balance/Net Position (Continued)

Capital Assets – Capital assets, which include property, equipment, and books and audio-visual materials, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $20,000 and an estimated useful life in excess of one year except for library books and audio-visual materials, which are capitalized regardless of cost. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. 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 assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives. Library books and audio-visual materials are depreciated using a composite rate on a first-in, first-out basis.

Building and Improvements	5-40 years
Furniture and Equipment	5-10 years
Books and Audio-Visual Materials	6 years

Unearned Revenues – The deferred revenues include amounts received but not yet available for expenditure.

Accrued Salaries and Benefits – Salaries and benefits of employees that were earned, but unpaid, as of December 31, 2025, were $57,454.

Compensated Absences – District employees are entitled to certain compensated absences based on their length of employment and are allowed to accumulate unused absences. Employees are limited to the amount of accumulated vacation leave that can be carried to the next fiscal year depending on the employee's years of service. Upon termination of employment, employees are entitled to receive compensation for accrued vacation days at their current pay rate. These compensated absences are recognized as expenditures when due in the governmental funds. A liability in the amount of $90,394 has been recorded in the government-wide financial statements for the accrued compensated absences.

Deferred Outflows and Deferred Inflows of Resources – In addition to assets, the statement of financial position and balance sheets 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 position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position and balance sheets 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 position and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Assets, Liabilities, and Fund Balance/Net Position (Continued)

Property Taxes – Property taxes are levied on December 15 based on the assessed value of property as certified by the County Assessor on October 1. The property tax may be paid in total by April 30 or one-half payment by February 28 and the second half by June 15. The billings are considered due on these dates. The bill becomes delinquent, and penalties and interest may be assessed by the County Treasurer on the postmark day following these dates. The tax sale date is the first Thursday of November.

Under Colorado Law, all property taxes become due and payable on January 1, in the year following that in which they are levied. The County Treasurer's Office collects property taxes and remits them to the District on a monthly basis.

Net Position – The government-wide financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

> Investment in Capital Assets is intended to reflect the portion of net position, which is associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.
>
> Restricted Net Position are liquid assets, which have third party limitations on their use.
>
> Unrestricted Net Position represents assets that do not have any third-party limitation on their use. While District management may have categorized and segmented a portion for various purposes, the District Board has the unrestricted right to revisit or alter these managerial decisions.

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The District reports prepaid expenses as nonspendable.

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. The District also reports unspent grant funds as restricted for capital improvements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Balance/Net Position (Continued)

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees. These amounts cannot be used for any other purpose unless the Board of Trustees removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. As of December 31, 2025, the District does not report any committed resources.

- Assigned – This classification includes amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. As of December 31, 2025, the District does not report any assigned resources.

- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned fund balance.

Risk Management

Public Entity Risk Pool

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool was formed by an agreement of member special districts of the Special District Association as a separate and independent governmental and legal entity pursuant to the provisions of Article XIV, Section 18(2) of the Colorado Constitution and Section 29-1-201 et seq., 8-44-101(1)(C) and (3), 8-44-204, 24-10-115.5, and 29-13-102, C.R.S., as amended. Membership is restricted to Colorado Special Districts, which are members of the Special District Association.

The purpose of the Pool is to provide defined liability, property, and workers compensation coverage, and claims and risk management services related hereto, for member special districts through a self-insurance pool.

The District pays annual premiums to the Pool. In the event aggregate losses incurred by the Pool exceed amounts recoverable from the 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.

NOTE 1: ***<u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>*** (Continued)

Subsequent Events

The District has evaluated events subsequent to the year ended December 31, 2025, through April 28, 2026, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

NOTE 2: ***<u>CASH AND INVESTMENTS</u>***

Cash and investments on December 31, 2025, consist of the following:

Petty Cash	$ 260
Deposits - Primary Government	164,223
Deposits - Component Unit	580,092
Investments - Primary Government	4,878,326
Investments - Component Unit	1,894,327
Total	$ 7,517,228

The above amounts are classified in the statement of net position as follows:

Primary Government Cash and Investments	$ 5,042,809
Component Unit Cash and Investments	2,474,419
	$ 7,517,228

The Estes Valley Library Friends and Foundation (the “Component Unit”) is a nonprofit entity with its own investment policy and is not subject to state statutes.

Deposits

<u>Custodial Credit Risk – Deposits</u>

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2025, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

NOTE 2: ***CASH AND INVESTMENTS*** (Continued)

Deposits (Continued)

At December 31, 2025, the District had deposits with financial institutions with a carrying amount of $164,223. The bank balances with the financial institutions were $204,835. All of these balances were covered by federal depository.

Investments

Interest Rate Risk

State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five year. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

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

Concentration of Credit Risk

State statutes do not limit the amount the District may invest in one issuer, except for corporate securities.

Local Government Investment Pools

The District had invested $4,878,326 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAm by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to $1.00 (net asset value). Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal

NOTE 2: ***CASH AND INVESTMENTS*** (Continued)

Investments (Continued)

Local Government Investment Pools (Continued)

functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

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NOTE 3: ***CAPITAL ASSETS***

Capital asset activity for the year ended December 31, 2025, is summarized below:

	Balance 12/31/2024	Additions	Deletions	Balance 12/31/2025
Governmental Activities				
Capital Assets, Not Depreciated				
Construction in Progress	$ 215,634	$ 124,312	$ -	$ 339,946
Capital Asset, Being Depreciated				
Buildings and Improvements	$ 2,805,993	$ -	$ -	$ 2,805,993
Furniture and Equipment	513,348	23,110	20,692	515,766
Books and Audio-Visual Materials	830,559	84,098	141,968	772,689
Subscription Asset	105,990	103,982	-	209,972
Total Capital Assets, Being Depreciated	4,255,890	211,190	162,660	4,304,420
Accumulated Depreciation and Amortization				
Buildings and Improvements	1,784,128	89,128	-	1,873,256
Furniture and Equipment	380,897	39,170	20,692	399,375
Books and Audio-Visual Materials	556,652	86,631	141,968	501,315
Subscription Asset	91,381	19,765	-	111,146
Total Depreciation and Amortization	2,813,058	234,694	162,660	2,885,092
Capital Assets, Depreciated, Net	1,442,832	(23,504)	-	1,419,328
Net Capital Assets	$ 1,658,466	$ 100,808	$ -	$ 1,759,274

Depreciation and Amortization expenses were charged to the Library Services program.

NOTE 4: ***LONG-TERM DEBT***

The following is a summary of the District's long-term debt transactions for the year ended December 31, 2025:

	Balance 12/31/2024	Additions	Payments	Balance 12/31/2025	Due In One Year
Subscription Liability	$ 6,474	$ 103,982	$ 28,898	$ 81,558	$ 15,532
Net Pension Liability	971,783	-	139,954	831,829	-
Net OPEB Liability	75,119	-	23,580	51,539	-
Compensated Absences	100,177	-	9,783	90,394	37,061
Total	$ 1,153,553	$ 103,982	$ 202,215	$ 1,055,320	$ 52,593

Subscription Liability

In May 2020, the District entered into a subscription agreement for its integrated library system. Interest on the subscription agreement is calculated using an estimated incremental borrowing rate of 6.25%. Annual payments on the subscription were due through October 2025. The agreement was modified and extended in October 2025 using an effective borrowing rate of 9.25%, through October 2030.

The principal and interest requirements to maturity of the subscription liability are as follows:

December 31,	Principal	Interest	Total
2026	$ 15,532	$ 7,543	$ 23,075
2027	17,637	6,107	23,744
2028	19,957	4,476	24,433
2029	22,512	2,630	25,142
2030	5,920	548	6,468
Total	$ 81,558	$ 21,304	$ 102,862

NOTE 5: <u>DEFINED BENEFIT PENSION PLAN</u>

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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.

NOTE 5: <u>DEFINED BENEFIT PENSION PLAN</u> (Continued)

General Information about the Pension Plan (Continued)

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

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA’s Annual Increase Reserve (AIR) for the 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. For Safety Officers whose disability is caused by an on-the-job injury, the five-year service requirement is waived and they are immediately eligible to apply for disability benefits. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

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

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 1, 2024, through December 31, 2025, are summarized in the table below:

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

	January 1, 2024 Through December 21 2024	January 1, 2025 Through December 21 2025
Employee contribution (all employees other than State Troopers)	9.00%	9.00%

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

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

	January 1, 2024 Through December 31, 2024	January 1, 2025 Through December 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 LGDTF	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%**

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

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 District were $187,226 for the year ended December 31, 2025.

NOTE 5: <u>DEFINED BENEFIT PENSION PLAN</u> (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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 proportion of the net pension liability was based on the District's 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 $831,829 for its proportionate share of the net pension liability.

At December 31, 2024, the District's proportion was 0.1356%, which was an increase of 0.0032% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the District recognized pension expense of $55,209. 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	$4,107	$-
Changes of assumptions or other inputs	1,607	-
Net difference between projected and actual earnings on pension plan investments	7,667	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	7,884	-
Contributions subsequent to the measurement date	187,226	N/A
Total	$208,491	$-

$187,226 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. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

NOTE 5: <u>DEFINED BENEFIT PENSION PLAN</u> (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Year ended December 31,	
2026	$205,700
2027	(131,979)
2028	(52,456)

Actuarial assumptions

The TPL in 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:	
Members other than Safety Officers	3.20%-11.30%
Safety Officers	3.20%-12.40%
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 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.

NOTE 5: <u>DEFINED BENEFIT PENSION PLAN</u> (Continued)

Actuarial assumptions (Continued)

Pre-Retirement	**Mortality Table**	**Adjustments, as Applicable**
Members other than Safety Officers	PubG-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

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

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.

NOTE 5: ***<u>DEFINED BENEFIT PENSION PLAN</u>*** (Continued)

Actuarial assumptions (Continued)

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the 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%.

Discount rate. The discount rate used to measure the TPL 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 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.

NOTE 5: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

Actuarial assumptions (Continued)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the 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 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.

- 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.

- As of the December 31, 2023 measurement date, the FNP and related disclosures components for the Local Government Division reflect payments related to the disaffiliation of Tri-County Health Department as a PERA- affiliated employer, effective December31, 2022. As of the December 31, 2023 year-end, PERA recognized two additions for accounting and financial reporting purposes: a $24,000 payment received on December 4, 2023 and a $2,000 receivable. The employer disaffiliation payment and receivable allocations to the Local Government Division Trust Fund and HCTF were $24,967 and $1,033, respectively.

NOTE 5: <u>DEFINED BENEFIT PENSION PLAN</u> (Continued)

Actuarial assumptions (Continued)

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 TPL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the 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 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 pension	$1,820,708	$831,829	$1,059

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/investments/pera-financial-reports.

NOTE 6: <u>DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN</u>

Summary of Significant Accounting Policies

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

NOTE 6: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

General Information about the OPEB Plan

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

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.

NOTE 6: ***<u>DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN</u>*** (Continued)

General Information about the OPEB Plan (Continued)

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.

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 $13,848 for the year ended December 31, 2025.

At December 31, 2025, the District reported a liability of $51,539 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2023, 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's proportion of the net OPEB liability was based on The District's contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF.

At December 31, 2024, the District's proportion was 0.0108%, which was an increase of 0.00025% from its proportion measured as of December 31, 2023.

NOTE 6: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2025 the District recognized OPEB expense of ($2,870). 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	$-	$7,093
Changes of assumptions or other inputs	319	12,022
Net difference between projected and actual earnings on OPEB plan investments	-	361
Changes in proportion and differences between contributions recognized and proportionate share of contributions	11,098	2,891
Contributions subsequent to the measurement date	13,848	N/A
Total	$ 25,265	$22,367

$13,848 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,	
2026	($2,674)
2027	($4,345)
2028	($1,094)
2029	($1,846)
2030	($1,199)
Thereafter	$208

NOTE 6: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

Actuarial Assumptions

The TOL in the December 31, 2023 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	Local Government Division
Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	
Members other than State Troopers	3.20%-11.30%
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 4.50% 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 2034

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.

NOTE 6: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

Actuarial Assumptions (Continued)

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.

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

NOTE 6: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

Actuarial Assumptions (Continued)

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 (actual dollars) per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models, and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. PERACare Medicare plan rates are applied where members have no premium-free Part A and where those premiums are already exceeding the maximum subsidy. MAPD PPO #2 has a separate trend because the first-year rates are still below the maximum subsidy and to reflect the estimated impact of the Inflation Reduction Act for that plan option.

NOTE 6: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

Actuarial Assumptions (Continued)

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

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.

NOTE 6: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

Actuarial Assumptions (Continued)

Pre-Retirement	Mortality Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Employee	N/A
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
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

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.

NOTE 6: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

Actuarial Assumptions (Continued)

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.

	Local Government Division
Salary increases, including wage inflation:	
Members other than Safety Officers	3.40%-13.00%

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.

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Actuarial Assumptions (Continued)

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.

Retirement	**Mortality Table**	**Adjustments, as Applicable**
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Employee	N/A
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
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

NOTE 6: <u>DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN</u> (Continued)

Actuarial Assumptions (Continued)

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.

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%.

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (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 PERACare Medicare trend rate[1]	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial MAPD PPO trend rate	7.55%	8.55%	9.55%
Ultimate MARD PPO trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$50,150	$51,539	$53,111

[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%.

NOTE 6: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

Discount rate (Continued)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- 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.
- 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 FNP for the HCTF 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination did 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	$63,162	$51,539	$41,519

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/investments/pera-financial-reports.

NOTE 7: <u>COMMITMENTS AND CONTINGENCIES</u>

Claims and Judgments

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of December 31, 2025, significant amounts of grant expenditures have not been audited but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

Tabor Amendment

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the "Tabor Amendment"), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government.

The Tabor Amendment is complex and subject to judicial interpretations. The District believes it has complied with the Amendment.

In November 1999, the electors within the District authorized the District to collect and keep and expend all revenues received and to continue to levy its operating mill levy of 2.39 mills in 1999 and each year thereafter. An election in November 2014 increased the mill levy to 4.52 mills.

The District has established a reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2025, the emergency reserve of $91,000 was reported as a restriction of net position and fund balance in the Governmental Activities and General Fund, respectively.

Ground Lease

On March 1, 1990, the District approved a ground lease with the Town of Estes Park to allow for the construction of a library facility on the site. Lease payments of $1 are due annually on March 1, through 2089. At the end of the lease term, all title and interest of the District in the site will vest with the Town of Estes Park.

NOTE 8: <u>SUBSEQUENT EVENT</u>

In September 2025, the District resolved to complete the redesign and interior renovation of the District's building. A notice to proceed was signed in March of 2026. The estimated construction costs of $3.9 million will be funded using the District's reserves and funds raised by the District's component unit, the Estes Valley Library Friends and Foundation. Construction is anticipated to start in the summer of 2026.

REQUIRED SUPPLEMENTARY INFORMATION

ESTES VALLEY PUBLIC LIBRARY DISTRICT

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended December 31, 2025

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2024 ACTUAL
REVENUES				
Property Taxes	$ 2,657,135	$ 2,632,123	$ (25,012)	$ 2,646,284
Specific Ownership Taxes	140,000	165,993	25,993	165,516
Charges for Services	5,600	7,258	1,658	8,352
Grants and Contributions	567,210	420,136	(147,074)	308,717
Earnings on Investments	180,775	201,852	21,077	214,317
Miscellaneous	19,721	19,979	258	156,646
TOTAL REVENUES	3,570,441	3,447,341	(123,100)	3,499,832
EXPENDITURES				
Current				
Administration	1,131,843	897,508	234,335	886,513
Patron Services	387,242	340,564	46,678	358,569
Program and Outreach	504,820	464,105	40,715	545,729
Technical Services	793,420	704,345	89,075	704,330
Building	198,119	167,467	30,652	160,812
Capital Outlay	182,000	252,404	(70,404)	173,073
Debt Service				
SBITA Principal	-	28,898	(28,898)	-
SBITA Interest	-	404	(404)	-
TOTAL EXPENDITURES	3,197,444	2,855,695	341,749	2,829,026
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	372,997	591,646	218,649	670,806
OTHER FINANCING SOURCES				
Proceeds from Issuance of Debt	-	103,982	103,982	-
Transfers In	-	-	-	76,728
TOTAL OTHER FINANCING SOURCES	-	103,982	103,982	76,728
CHANGE IN FUND BALANCE	$ 372,997	$ 695,628	$ 322,631	$ 747,534
FUND BALANCES, Beginning		4,197,111		3,449,577
FUND BALANCES, Ending		$ 4,892,739		$ 4,197,111

See the accompanying independent auditor's report

ESTES VALLEY PUBLIC LIBRARY DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERA LOCAL GOVERNMENT TRUST FUND PLAN

Years Ended December 31,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the Net Pension Liability (Asset)	0.1356%	0.1320%	0.1283%	0.1134%	0.1219%	0.1243%	0.1198%	0.1145%	0.1218%	0.1228%
Proportionate Share of the Net Pension Liability (Asset)	$ 831,829	$ 971,783	$ 1,286,470	$ (97,248)	$ 635,562	$ 909,399	$ 1,505,825	$ 1,275,372	$ 1,644,900	$ 1,353,053
Covered payroll	$ 1,300,893	$ 1,163,049	$ 1,050,566	$ 943,991	$ 860,706	$ 856,242	$ 785,595	$ 725,150	$ 681,069	$ 697,569
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	63.94%	83.55%	122.45%	-10.30%	73.84%	106.21%	191.68%	175.88%	241.52%	193.97%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.45%	88.03%	82.99%	101.49%	90.88%	86.26%	75.96%	79.00%	74.00%	77.00%

See the accompanying independent auditor's report

ESTES VALLEY PUBLIC LIBRARY DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PERA LOCAL GOVERNMENT TRUST FUND PLAN

Years Ended December 31,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contributions	$ 187,226	$ 179,004	$ 159,773	$ 141,415	$ 111,403	$ 114,823	$ 108,573	$ 99,902	$ 91,951	$ 86,359
Contributions in Relation to the Contractually Required Contributions	187,226	179,004	159,773	141,415	111,403	114,823	108,573	99,902	91,951	86,359
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 1,357,691	$ 1,300,893	$ 1,162,843	$ 1,050,564	$ 843,985	$ 888,055	$ 856,241	$ 787,871	$ 725,150	$ 681,069
Contributions as a Percentage of Covered Payroll	13.79%	13.76%	13.74%	13.46%	13.20%	12.93%	12.68%	12.68%	12.68%	12.68%

See the accompanying independent auditor's report

ESTES VALLEY PUBLIC LIBRARY DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
PERA HEALTH CARE TRUST FUND PLAN

Years Ended December 31,

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the Net OPEB Liability (Asset)	0.0108%	0.0110%	0.0104%	0.0088%	0.0088%	0.0093%	0.0095%	0.0093%	0.0089%
Proportionate Share of the Net OPEB Liability (Asset)	$ 51,539	$ 75,119	$ 84,530	$ 76,036	$ 88,440	$107,027	$126,375	$115,680	$121,230
Covered payroll	$1,300,893	$1,163,049	$1,050,566	$943,991	$860,706	$856,242	$785,595	$725,150	$681,069
Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	3.96%	6.46%	8.05%	8.05%	10.28%	12.50%	16.09%	15.95%	17.80%
Plan Fiduciary Net position as a Percentage of the Total OPEB Liability	59.83%	46.16%	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%	16.70%

NOTE: Information for the prior year was not available for this report.

See the accompanying independent auditor's report

ESTES VALLEY PUBLIC LIBRARY DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PERA HEALTH CARE TRUST FUND PLAN

Years Ended December 31,

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contributions	$ 13,848	$ 13,269	$ 11,862	$ 10,713	$ 8,610	$ 9,058	$ 8,734	$ 8,036	$ 7,397
Contributions in Relation to the Contractually Required Contributions	13,848	13,269	11,862	10,713	8,610	9,058	8,734	8,036	7,397
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Covered payroll	$1,357,691	$ 1,300,893	$ 1,162,843	$ 1,050,564	$ 843,985	$ 888,055	$ 856,241	$ 788,159	$ 725,150
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

NOTE: Information for the prior year was not available for this report.

See the accompanying independent auditor's report

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

State statutes require that all funds have legally adopted budgets and appropriations. Total expenditures may not exceed the amounts appropriated at the fund level. Budgets are adopted on a basis consistent with generally accepted accounting principles. For the year ended December 31, 2025, the District adopted a budget for the General Fund and Capital Reserve Fund.

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Management submits to the Board of Trustees a proposed operating budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year end.
- Public hearings are conducted by the Board of Trustees to obtain taxpayer comments.
- Prior to December 15, the budget is adopted by formal resolution.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted or amended by the Board of Trustees.

NOTE 2: SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUARIAL INFORMATION – PERA LOCAL GOVERNMENT DIVISION TRUST FUND PLAN

2024 Changes in Plan Provisions Since 2023

- 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.

NOTE 2: ***SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUARIAL INFORMATION – PERA LOCAL GOVERNMENT DIVISION TRUST FUND PLAN*** (Continued)

2023 Changes in Plan Provisions Since 2022:

- As of the December 31, 2023, measurement date, the fiduciary net position (FNP) and related disclosure components for the Local Government Division reflect payments related to the disaffiliation of Tri-County Health Department (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 million payment received on December 4, 2023 and a $2 million receivable. The employer disaffiliation payment and receivable allocations to the Local Government Division Trust Fund and Health Care Trust Fund (HCTF) were $24.967 million and $1.033 million, respectively.

- 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.

NOTE 3: ***SIGNIFICANT CHANGES IN PLAN ASSUMPTIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION – PERA LOCAL GOVERNMENT DIVISION TRUST FUND PLAN***

2024 Changes in Assumptions or Other Inputs Since 2023

- 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%.

NOTE 3: ***<u>SIGNIFICANT CHANGES IN PLAN ASSUMPTIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION – PERA LOCAL GOVERNMENT DIVISION TRUST FUND PLAN</u>*** (Continued)

2023 Changes in Assumptions or Other Inputs Since 2022

- There were no changes made to the actuarial methods or assumptions in 2023.

NOTE 4: ***<u>SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUARIAL INFORMATION – PERA HEALTH CARE TRUST FUND PLAN</u>***

2024 Changes in Plan Provisions Since 2023

- As of the December 31, 2024, measurement date, the FNP and related disclosure components for HCTF 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 HCTF and Local Government Division Trust Fund were $0.020 million and $0.486 million, respectively.

2023 Changes in Plan Provisions Since 2022:

- As of the December 31, 2023, measurement date, the fiduciary net position (FNP) and related disclosure components for the Health Care Trust Fund (HCTF) reflect payments related to the disaffiliation of Tri-County Health Department (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 million payment received on December 4, 2023, and a $2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were $1.033 million and $24.967 million, respectively.

NOTE 5: ***<u>SIGNIFICANT CHANGES IN PLAN ASSUMPTIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION – PERA HEALTH CARE TRUST FUND PLAN</u>***

2024 Changes in Assumptions or Other Inputs Since 2023

- 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.

NOTE 5: ***SIGNIFICANT CHANGES IN PLAN ASSUMPTIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION – PERA HEALTH CARE TRUST FUND PLAN*** (Continued)

- 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.

2023 Changes in Assumptions or Other Inputs Since 2022

- There were no changes made to the actuarial methods or assumptions in 2023.