SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1

Financial Statements
with
Independent Auditors' Report

For the Year Ended
December 31, 2025

San Miguel County Public Library District #1

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FINANCIAL SECTION

San Miguel County Public Library District #1
Management's Discussion and Analysis

Management of the San Miguel County Public Library District #1 (the “District”) provides this Management’s Discussion and Analysis (MD&A) as an overview and analysis of the District’s financial activities for the year ended December 31, 2025. This information should be read in conjunction with the accompanying financial statements and notes.

Financial Highlights

- The District’s General Fund reported an ending fund balance of $2,067,348 as of December 31, 2025, representing a decrease of $336,695 from the prior year. This decrease was primarily due to a planned transfer of $1,250,000 to the Capital Building Reserve Fund to support long-term capital needs.
- General Fund revenues totaled $4,605,271, exceeding the final budget by $127,775 (2.9%). This favorable variance was primarily due to higher-than-expected specific ownership taxes, investment income, and grant and donation revenues.
- General Fund expenditures were $3,691,966, which were $524,201 (12.4%) below budget, reflecting underspending in personnel, professional services, utilities, and certain planned strategic initiatives.
- The District generated an operating surplus of $913,305, significantly exceeding the budgeted amount of $261,329. This strong operating performance enhanced financial flexibility and supported funding of capital investments.
- The District transferred $1,250,000 from the General Fund to the Capital Building Reserve Fund as part of its long-term capital planning strategy.
- The Capital Building Reserve Fund reported total assets of approximately $2,972,523, an increase of $583,149 (24.4%) from the prior year, reflecting the planned transfer and strong investment earnings.
- The District acquired a deed-restricted employee housing condominium and completed related improvements totaling approximately $671,000 to support employee recruitment and retention in the region’s constrained housing market.

The District’s financial position improved in 2025 due to stable property tax revenues and controlled operating expenditures. Fund balances remain strong, supported by conservative budgeting and modest growth in assessed valuation. The District continues to prioritize long-term capital investment, including employee housing and facility improvements, while maintaining operational stability and financial flexibility.

Overview of the Financial Statements

The District’s financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements.

The government-wide financial statements present the District’s overall financial position and results of operations using the full accrual basis of accounting. These statements provide a long-term perspective of the District’s financial condition.

The fund financial statements provide more detailed information about the District’s governmental funds and focus on near-term financial resources using the modified accrual basis of accounting. Budgetary comparisons are also presented for the District’s major funds.

The notes to the financial statements provide additional information that is essential to understanding the data presented in the financial statements.

Government-Wide Financial Analysis

The District’s total assets as of December 31, 2025 were approximately $9,679,262, consisting primarily of cash and investments and property tax receivables. Liabilities totaled approximately $1.4 million, with an additional $5.2 million reported as deferred inflows of resources, primarily related to property taxes levied for collection in 2026.

The District reported a General Fund balance of $2,067,348, reflecting a strong financial position and continued operational stability.

The District maintains a high level of liquidity, with approximately $5.1 million in cash and investments, supporting ongoing operations and providing flexibility to respond to future financial needs.

As of December 31, 2025, net position totaled $11,770,392, of which $7,613,448 was invested in capital assets, $142,000 was restricted (including emergency reserves), and $4,014,944 was unrestricted. The increase in net investment in capital assets reflects continued investment in facilities, employee housing, technology, and library collections. The restricted portion includes amounts set aside for legally required reserves under TABOR, while the unrestricted portion provides financial flexibility to support ongoing operations, future capital needs, and strategic priorities.

Condensed Statement of Net Position

	2025	2024
Current and Other Assets	$ 9,679,262	$ 9,226,353
Capital Assets, net	7,613,448	7,166,567
Total Assets	17,292,710	16,392,920
Deferred Outflows of Financial Resources	1,144,067	657,486
Total Assets and Outflows of Resources	18,436,777	17,050,406
Current Liabilities	132,592	155,440
Noncurrent Liabilities	1,308,810	1,528,935
Total Liabilities	1,441,402	1,684,375
Deferred Inflows of Financial Resources	5,224,983	4,322,780
Total Liabilities and Deferred Inflows of Financial Resources	6,666,385	6,007,155
Net Position		
Net Investment in Capital Assets	7,613,448	7,166,567
Restricted Net Position	142,000	146,000
Unrestricted Net Position	4,014,944	3,730,684
Total Net Position	**$ 11,770,392**	**$ 11,043,251**

Condensed Statement of Activities

	2025	2024
Program Revenues		
Charges for Services	$ 1,973	$ 651
Operating Grants and Contributions	36,940	25,441
Total Program Revenues	38,913	26,092
General Revenues		
Property Taxes	4,286,722	4,417,719
Specific Ownership Taxes	136,429	145,091
Investment Earnings	227,562	256,642
Other Revenues	28,846	19,626
Total General Revenues	4,679,559	4,839,078
Total Revenues	4,718,472	4,865,170
Program Expenses		
General Government	3,991,331	3,643,899
Change in Net Position	727,141	1,221,271
Net Position, Beginning	11,043,251	9,821,980
Net Position, Ending	**$ 11,770,392**	**$ 11,043,251**

Fund Financial Analysis

As of December 31, 2025, the District's General Fund reported a fund balance of $2,067,348, representing a decrease of $336,695 from the prior year. This decrease was primarily due to a planned transfer of $1,250,000 to the Capital Building Reserve Fund to support future capital needs.

The General Fund generated revenues of $4,605,271, exceeding the final budget by $127,775 (2.9%). This positive variance was primarily driven by higher-than-anticipated specific ownership tax revenues, strong investment income due to higher interest rates and available cash balances, and increased grant, donation, and miscellaneous revenues.

Total expenditures were $3,691,966, which were $524,201 (12.4%) below budget, primarily due to lower-than-budgeted personnel costs, reduced spending in professional services, lower utilities and maintenance costs, and the timing of planned expenditures.

The District generated an operating surplus of $913,305, significantly exceeding budget. This strong performance enhanced the District's financial flexibility and supported its ability to fund capital investments without additional revenue increases.

The Capital Building Reserve Fund is used to account for resources designated for capital improvements and long-term infrastructure needs. During 2025, the District transferred $1,250,000 from the General Fund as part of its long-term capital planning strategy. The transfer, combined with investment earnings, increased resources available for future capital projects.

Capital Fund revenues totaled $113,201, exceeding budget by $33,201 (41.5%), primarily due to higher-than-expected interest income resulting from elevated cash balances and favorable market conditions. Capital expenditures totaled $780,052, which were $980,448 (55.7%) below budget due to the timing and deferral of major capital projects, including the Youth Area Remodel, as well as reduced spending on employee housing initiatives and other planned improvements.

The Capital Fund reported a net increase of $583,149, compared to a budgeted decrease. This increase further strengthened the District's capital reserves, although deferred projects may result in increased expenditures in future periods.

Capital Assets

The District's investment in capital assets includes land, buildings, furniture, equipment, and library collections.

Capital assets totaled $7,613,448 at December 31, 2025, an increase of $446,881 from the prior year. Major capital investments during 2025 included the acquisition and improvement of a deed-restricted employee housing condominium, completion of building security and access control upgrades, meeting room acoustic improvements, additions to library collections, and planning and design work for the Youth Area Remodel Project scheduled for construction in 2026.

These investments reflect the District's ongoing commitment to maintaining and improving facilities, technology, collections, and infrastructure in support of library services and long-term operational needs.

Additional information regarding the District's capital assets is presented in Note 3 to the financial statements.

	Balance 12/31/24	Additions	Deletions & Transfers	Balance 12/31/25
Assets not being depreciated				
Land	$ 1,792,407	$ -	$ -	$ 1,792,407
Construction in Progress	87,989	94,247	172,684	9,552
Total assets being depreciated	1,880,396	94,247	172,684	1,801,959
Assets being depreciated				
Building and Infrastructure	10,054,113	686,711	(172,684)	10,913,508
Furniture and Equipment	963,827	-	-	963,827
Books	753,591	119,275	166,424	706,442
Music	39,172	1,588	4,837	35,923
Audiobooks	60,892	5,501	4,553	61,840
Videos	115,923	10,990	17,842	109,071
Other Collection	41,804	11,648	884	52,568
Right To Use Assets	14,500	-	-	14,500
SBITA Assets	15,392	-	-	15,392
Total assets being depreciated	12,059,214	835,713	21,856	12,873,071
Less: Accumulated depreciation				
Building and Infrastructure	(5,248,558)	(285,167)	-	(5,533,725)
Furniture and Equipment	(822,416)	(26,656)	-	(849,072)
Books	(498,379)	(126,223)	(166,424)	(458,178)
Music	(34,090)	(2,341)	(4,837)	(31,594)
Audiobooks	(47,790)	(6,146)	(4,553)	(49,383)
Videos	(77,364)	(18,850)	(17,842)	(78,372)
Other Collection	(32,772)	(9,442)	(884)	(41,330)
Right To Use Assets	(4,833)	(4,834)	-	(9,667)
SBITA Assets	(6,841)	(3,420)	-	(10,261)
Total accumulated depreciation	(6,773,043)	(483,079)	(194,540)	(7,061,582)
Net Capital Assets	**$ 7,166,567**	**$ 446,881**	**$ -**	**$ 7,613,448**

Long-Term Debt

As of December 31, 2025, the District reported total long-term liabilities of $251,068, consisting primarily of compensated absences ($245,922) and copier lease obligations ($5,146). The District does not carry bonded debt, which reduces financial risk and provides flexibility in future financial planning.

Additional information regarding long-term liabilities is provided in Note 4 of the financial statements.

	Balance 1/1/25	Advances	Payments	Balance 12/31/25
Copier Leases	$ 9,972	$ -	$ 4,826	$ 5,146
Accrued Compensated Absences	241,830	4,092	-	245,922
Total Noncurrent Liabilities	**$ 251,802**	**$ 4,092**	**$ 4,826**	**$ 251,068**

Currently Known Facts, Decisions, or Conditions

The District serves a 326-square-mile area within San Miguel County, including Telluride, Mountain Village, Ophir, Sawpit, and surrounding areas, with an estimated population of 7,742. The local economy is driven by tourism, including the Telluride Ski Resort and seasonal festivals.

The District's assessed valuation totaled approximately $1.224 billion in 2025, representing a modest increase from the prior year. While property values are expected to continue increasing, future property tax revenue growth may be affected by changes in assessment methodologies and potential state legislation aimed at limiting local government revenues.

The District levied 3.494 mills in 2025 and continues to rely primarily on property tax revenues. The District benefits from its exemption from the Taxpayer's Bill of Rights.

The District maintained a strong financial position in 2025, with a General Fund balance exceeding its policy minimum of 30% of expenditures. Strong operating performance and conservative budgeting allowed the District to fund a $1,250,000 transfer to the Capital Building Reserve Fund while maintaining financial stability.

During 2025, the District began planning and preliminary design work for the Youth Area Remodel Project. Construction is expected to occur during 2026 and represents a significant capital investment intended to enhance library services and facilities for children, teens, and families.

Looking ahead, the District anticipates:

- Continued demand for library services and programs
- Ongoing cost pressures related to personnel and operations
- Potential impacts from legislative changes affecting property tax revenues

Management will continue to monitor economic conditions and legislative developments to ensure the District remains financially stable and able to meet community needs. These factors may impact future revenues and the District's ability to maintain current service levels without adjustments.

Requests for Information

This report is designed to provide an overview of the District's finances. Questions concerning any of the information found in this report or requests for additional information should be directed to the San Miguel County Public Library District #1, P.O. Box 2189, Telluride, Colorado 81435.

Board of Directors
San Miguel County Public Library District #1
Telluride, Colorado

Independent Auditors' Report

Opinion

We have audited the accompanying financial statements of the governmental activities, major fund and aggregate remaining fund information of San Miguel County Public Library District #1, as of and for the year ended December 31, 2025, and the related notes to the financial statements which collectively comprise San Miguel County Public Library District #1's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund and aggregate remaining fund information of the San Miguel County Public Library District #1 as of December 31, 2025, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are required to be independent of the San Miguel County Public Library District #1 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 the 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 San Miguel County Public Library District #1'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.

Auditors' Responsibility 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 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 San Miguel County Public Library District #1 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 San Miguel County Public Library District #1'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.

Report on Summarized Comparative Information

We have previously audited the San Miguel County Public Library District #1's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 1, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that a management's discussion and analysis, budgetary comparison information, and historical pension information listed in the tables of contents 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.

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the San Miguel County Public Library District #1's basic financial statements. The individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual nonmajor fund financial statement fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Mayberry + Company, LLC

Castle Rock, Colorado
June 10, 2026

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Basic Financial Statements

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
STATEMENT OF NET POSITION
December 31, 2025

	GOVERNMENTAL ACTIVITIES
ASSETS	
Current Assets	
Cash and investments	$ 5,159,826
Cash with fiscal agent	12,637
Taxes receivable	4,506,799
Total Current Assets	9,679,262
Noncurrent Assets	
Capital assets not being depreciated	1,801,959
Capital assets being depreciated	5,811,489
Total Noncurrent Assets	7,613,448
TOTAL ASSETS	17,292,710
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	
Deferred outflows - Pension (net)	1,119,054
Deferred outflows - OPEB (net)	25,013
TOTAL DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	1,144,067
LIABILITIES	
Current Liabilities	
Accounts payable	83,622
Accrued wages and benefits	48,970
Total Current Liabilities	132,592
Noncurrent Liabilities	
Due within one year	138,168
Due in more than one year	1,170,642
Total noncurrent liabilities	1,308,810
TOTAL LIABILITIES	1,441,402
DEFERRED INFLOWS OF FINANCIAL RESOURCES	
Deferred inflows - property taxes	4,506,799
Deferred inflows - Pension (net)	684,849
Deferred inflows - OPEB (net)	33,335
TOTAL DEFERRED INFLOWS OF FINANCIAL RESOURCES	5,224,983
NET POSITION	
Net investment in capital assets	7,613,448
Restricted net position	142,000
Unrestricted net position	4,014,944
TOTAL NET POSITION	$ 11,770,392

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

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

		PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION
FUNCTION/ PROGRAMS	**EXPENSES**	**CHARGES FOR SERVICES**	**OPERATING GRANTS AND CONTRIBUTIONS**	**GOVERNMENTAL ACTIVITIES**
GOVERNMENTAL ACTIVITIES				
Library Services	$ 3,991,331	$ 1,973	$ 36,940	$ (3,952,418)
GENERAL REVENUES				
Property Taxes				4,286,722
Specific Ownership Taxes				136,429
Investment earnings				227,562
Other Revenues				28,846
TOTAL GENERAL REVENUES				4,679,559
CHANGE IN NET POSITION				727,141
NET POSITION- Beginning				11,043,251
NET POSITION- Ending				$ 11,770,392

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

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2025
(With Comparative Totals for December 31, 2024)

	GENERAL FUND	CAPITAL BUILDING RESERVE FUND	TOTAL 2025	TOTAL 2024
ASSETS				
Cash and investments	$ 2,187,303	$ 2,972,523	$ 5,159,826	$ 4,935,422
Cash with fiscal agent	12,637	-	12,637	11,607
Taxes receivable	4,506,799	-	4,506,799	4,277,496
Prepaid expenses	-	-	-	1,828
TOTAL ASSETS	6,706,739	2,972,523	9,679,262	9,226,353
LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY				
Liabilities				
Accounts payable	83,622	-	83,622	107,069
Accrued wages and benefits	48,970	-	48,970	48,371
TOTAL LIABILITIES	132,592	-	132,592	155,440
DEFERRED INFLOWS OF FINANCIAL RESOURCES				
Deferred Property Taxes	4,506,799	-	4,506,799	4,277,496
FUND EQUITY				
Nonspendable fund equity	-	-	-	1,828
Restricted fund equity - Emergency reserve	142,000	-	142,000	146,000
Committed fund equity for fund purposes	-	2,972,523	2,972,523	2,389,374
Unassigned fund equity	1,925,348	-	1,925,348	2,256,215
TOTAL FUND EQUILTY	2,067,348	2,972,523	5,039,871	4,793,417
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY	$ 6,706,739	$ 2,972,523	$ 9,679,262	$ 9,226,353

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

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
RECONCILIATION OF GOVERNMENTAL FUND BALANCE
TO GOVERNMENTAL ACTIVITIES NET POSITION
December 31, 2025

Fund Balance - Governmental Funds		$ 5,039,871
Amounts reported for governmental activities in the statement of net position because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Capital assets not being depreciated	$ 1,801,959	
Capital assets being depreciated	12,873,071	
Accumulated depreciation	(7,061,582)	7,613,448
Certain long-term pension and OPEB related costs and adjustments are not available to pay or are not payable currently and are therefore no reported in the funds:		
PERA Pension		
Deferred outflows - Pension (net)	1,119,054	
Net pension liability	(996,037)	
Deferred intflows - Pension (net)	(684,849)	(561,832)
PERA Health Care Trust Fund (OPEB)		
Deferred outflows - OPEB (net)	25,013	
Net OPEB liability	(61,705)	
Deferred intflows - OPEB (net)	(33,335)	(70,027)
Long-term liabilities, including capital leases and notes payable are not due and payable in the current period and, therefore, are not reported in the funds:		
Leases Payable	(5,146)	
Accrued compensated absences	(245,922)	(251,068)
Total Net Position - Governmental Activities		$11,770,392

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

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2025
(With Comparative Totals for the Year Ended December 31, 2024)

	GENERAL FUND	CAPITAL BUILDING RESERVE FUND	TOTAL 2025	TOTAL 2024
REVENUES				
Taxes	$ 4,423,151	$ -	$ 4,423,151	$ 4,562,810
Intergovernmental	5,950	1,930	7,880	11,511
Charges for services	473	-	473	651
Other income	175,697	111,271	286,968	290,198
TOTAL REVENUES	4,605,271	113,201	4,718,472	4,865,170
EXPENDITURES				
Current:				
Personnel costs	1,725,136	-	1,725,136	1,633,268
Insurance benefits (inc Dist-wide HRA and Ins Cont)	312,848	-	312,848	271,787
Payroll taxes & pension (PERA - Soc Sec Equiv)	282,185	-	282,185	256,723
Workers comp insurance	5,905	-	5,905	5,262
Administration and Community Relations	399,996	-	399,996	347,328
Facility Maintenance	213,926	-	213,926	229,877
Public Services	480,445	-	480,445	448,285
Library Support Services	266,201	-	266,201	263,397
Capital Outlay	-	780,052	780,052	267,000
Debt Service	5,324	-	5,324	5,324
TOTAL EXPENDITURES	3,691,966	780,052	4,472,018	3,728,251
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	913,305	(666,851)	246,454	1,136,919
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(1,250,000)	1,250,000	-	-
CHANGE IN FUND BALANCE	(336,695)	583,149	246,454	1,136,919
FUND BALANCE - Beginning	2,404,043	2,389,374	4,793,417	3,656,498
FUND BALANCE - Ending	$ 2,067,348	$ 2,972,523	$ 5,039,871	$ 4,793,417

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

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2025

Change in Fund Balance - Governmental Funds		$ 246,454
Amounts reported for governmental activities in the statement of activities are different because:		
Pension and OPEB expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial costs of the benefits for the fiscal year.		
PERA Pension		
Change in deferred outflows - pensions (net)	$ 487,473	
Change in net pension asset (liability)	189,458	
Change in deferred inflows - pensions (net)	(683,631)	(6,700)
PERA Health Care Trust Fund (OPEB)		
Change in deferred outflows - OPEB (net)	(892)	
Change in net OPEB liability	29,932	
Change in deferred inflows - OPEB (net)	10,731	39,771
Purchases of capital assets are expensed in the funds and depreciated for the statement of activities:		
Purchase of capital assets	929,960	
Depreciation Expense	(483,079)	446,881
Other long-term liabilities are expensed in the funds and recorded as liabilities on the statement of net position:		
Amortization of Capital Leases	4,827	
Change in Accrued Compensated Absences	(4,092)	735
Change in Net Position - Governmental Activities		$ 727,141

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The San Miguel County Public Library District #1 is incorporated as a library under the laws of the State of Colorado and is governed by a five-person board appointed in accordance with CRS 24-90-108(2)(c). The financial statements of District have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following summary of significant accounting policies is presented to assist the reader in evaluating the District's financial statements.

Reporting Entity

As required by generally accepted accounting principles, these financial statements present the District (the primary government) and its component units. Component units are legally separate organizations for which the appointed officials of the primary government are financially accountable, or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the District's financial statements to be misleading or incomplete. Based upon the foregoing criteria, there are no component units included in the accompanying financial statements.

Nature of Operations

The District provides library services for the general public, primarily San Miguel County, Colorado and the surrounding area.

Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide financial statements report information about the reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

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

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

Basic Financial Statements (Continued)

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. All of the District's funds are classified as governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Non-major funds would be consolidated into a single column in the financial section of the basic financial statements. The District does not have any Non-major funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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 collectible 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 after year end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, grant revenue, 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 are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt which is recognized when due.

The District reports the following major governmental funds:

<u>General Fund</u>
This fund accounts for the financial resources of the District which are not accounted for in any other fund. Principal sources of revenue are property taxes, intergovernmental revenue and interest. Primary expenditures are for library services and general administration. The General Fund is the District's primary operating fund.

<u>Capital Building Reserve (Capital Projects) Fund</u>
The Capital Building Reserve Fund is used to account for the accumulation of resources for approved capital expenditures.

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

Budgets

The District adopts an annual budget for all funds which are all prepared on the modified accrual basis of accounting. The District may authorize supplemental appropriations during the budget year. All budgetary appropriations lapse at year-end.

Colorado statutes provide the following timetable which is followed in the adoption of budgets:

- Submission of the proposed budget to the local governing body by October 15 of each year.
- Certification of mill levies to the Board of County Commissioners by December 15.
- Final adoption of budget and appropriations by December 31 of each year.

The District provides the proposed budget to the Board of Trustees in September of each year prior to adoption. The legal level of adoption is at the fund level. Expenditures may not legally exceed appropriations at the fund level.

Encumbrances

The District does not report encumbered balances as of December 31, 2025 as all encumbrances lapse at year end.

Cash and Equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are stated at fair value based on quoted market values, with the exception of money market funds and external investment pools. These are stated at cost, which is equal to fair value.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. The District considers all accounts receivable to be collectible and, accordingly, provides no allowance for doubtful accounts.

Governmental funds report deferred inflows of resources, as further described below in connection with receivables for revenues that are not considered to be available to liquidate liabilities for the current period. At the end of the current year, these receivables consisted of property taxes levied in 2025 and due in 2026.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include land, buildings, and equipment, are reported in the governmental activities column of the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and a useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated market 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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position. Depreciation on the remaining capital assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and Infrastructure	25-40 years
Furniture and Equipment	3-10 years
Books and other collection items	3-5 years

Deferred Outflows and Inflows of Resources

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government has several items that qualify for reporting in this category, all related to pension and OPEB liabilities as further described in Note 5 and Note 6.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District is reporting deferred inflows related to pension and OPEB liabilities as further described in Note 5 and Note 6 as well as the property tax mill levy certified in 2025. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced.

Long-Term Obligations

Long-term debt is reported at face value, net of applicable discounts and deferred charge on refunding. Costs related to the issuance of debt are expensed when incurred. Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statements of net position. The District's long-term obligations at December 31, 2025 are pension and OPEB liabilities as well as lease obligations and accrued compensated absences.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

The liability for compensated absences reported in the government-wide financial statements consists of unpaid accumulated vacation and sick leave balances. The liability has been calculated at 100% of the leave amounts for both employees who currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payment upon termination are included. With the adoption of GASB 101 – Compensated Absences, the District is now accruing all carried over leave using the first-in first-out basis.

Net Position/Fund Balances Flow Assumptions

Occasionally the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider available restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

In the government-wide financial statements, net position is either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as "nonspendable" include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Amounts are reported as "restricted" when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors, reported and at their highest level of action are reported as "committed" fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

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

Net Position/Fund Balances Flow Assumptions (Continued)

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as "assigned" fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

All remaining governmental balances or deficits in other governmental funds are presented as unassigned.

Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

Property taxes are levied on November 1 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the District on a monthly basis.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

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

The District's cash and investment balances as of the year ended December 31, 2025 are as follows:

Cash Deposits	$ 220,664
Cash on Hand	100
Investments	4,939,062
Total Cash and Investments	$ 5,159,826

NOTE 2: <u>CASH AND INVESTMENTS</u> (Continued)

DEPOSITS

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

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The District's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels ($250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed 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. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and December 31, 2025, all of the District's deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

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

At December 31, 2025 the District's deposits are categorized as follows:

	Bank Balance	Book Balance
FDIC Insured	$ 223,683	$ 220,664

INVESTMENTS

<u>Credit Risk</u>
Colorado statutes specify which instruments units of local government may invest, which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of the 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

The District's investment policy limits its investments to those allowed by Colorado Revised Statute 24-75-601.1 as described above.

NOTE 2: <u>CASH AND INVESTMENTS</u> (Continued)

INVESTMENTS (Continued)

During the year ended December 31, 2025, the District invested funds in Colotrust. As an investment pool, it operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. The pool invests in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pools operate similar to a 2a-7-like money market fund with a share value equal to $1.00 and a maximum weighted average maturity of 60 days. The pool is rated AAAm by the Standard and Poor's Corporation. The balance of this investment as of December 31, 2025 was $4,939,062.

<u>Concentration of Credit Risk - Investments</u>
The District places no limit on the amount that may be invested in any one issuer. As of December 31, 2025, the District did not hold any investments requiring additional disclosure.

<u>Interest Rate Risk - Investments</u>
Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase. The District has adopted a policy limiting maturities to three years.

<u>Custodial Credit Risk – Investments</u>
For an investment, custodial credit risk is the risk that, in the event of the failure of the counter-party, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2025, the District did not hold any investments requiring safekeeping.

NOTE 3: CAPITAL ASSETS

Changes in governmental activities capital assets for the year ended December 31, 2025 was as follows:

	Balance 12/31/24	Additions	Deletions & Transfers	Balance 12/31/25
Assets not being depreciated				
Land	$ 1,792,407	$ -	$ -	$ 1,792,407
Construction in Progress	87,989	94,247	172,684	9,552
Total assets being depreciated	1,880,396	94,247	172,684	1,801,959
Assets being depreciated				
Building and Infrastructure	10,054,113	686,711	(172,684)	10,913,508
Furniture and Equipment	963,827	-	-	963,827
Books	753,591	119,275	166,424	706,442
Music	39,172	1,588	4,837	35,923
Audiobooks	60,892	5,501	4,553	61,840
Videos	115,923	10,990	17,842	109,071
Other Collection	41,804	11,648	884	52,568
Right To Use Assets	14,500	-	-	14,500
SBITA Assets	15,392	-	-	15,392
Total assets being depreciated	12,059,214	835,713	21,856	12,873,071
Less: Accumulated depreciation				
Building and Infrastructure	(5,248,558)	(285,167)	-	(5,533,725)
Furniture and Equipment	(822,416)	(26,656)	-	(849,072)
Books	(498,379)	(126,223)	(166,424)	(458,178)
Music	(34,090)	(2,341)	(4,837)	(31,594)
Audiobooks	(47,790)	(6,146)	(4,553)	(49,383)
Videos	(77,364)	(18,850)	(17,842)	(78,372)
Other Collection	(32,772)	(9,442)	(884)	(41,330)
Right To Use Assets	(4,833)	(4,834)	-	(9,667)
SBITA Assets	(6,841)	(3,420)	-	(10,261)
Total accumulated depreciation	(6,773,043)	(483,079)	(194,540)	(7,061,582)
Net Capital Assets	**$ 7,166,567**	**$ 446,881**	**$ -**	**$ 7,613,448**

All depreciation is charged to the library services function for the statement of activities presentation.

The District's Subscription-Based Information Technology Arrangements (SBITA) assets represent prepayments for services. There is no related financing arrangements. The District's Right-To-Use asset is related to the District's lease obligation described in Note 4.

NOTE 4: LONG-TERM OBLIGATIONS

The following is a schedule of changes in debt for the year ended December 31, 2025:

	Balance 1/1/25	Advances	Payments	Balance 12/31/25	Due within One Year	Interest Expense
Copier Leases	$ 9,972	$ -	$ 4,826	$ 5,146	$ 5,147	$ 498
Accrued Compensated Absences	241,830	4,092	-	245,922	131,559	-
Total Noncurrent Liabilities	**$ 251,802**	**$ 4,092**	**$ 4,826**	**$ 251,068**	**$ 136,706**	**$ 498**

Copier Leases

In December 2023, the District entered into a copier lease agreement for $14,500. Monthly payments of $444 are due through December 2026, at an estimated interest rate of 6.4%. The District has capitalized a Right-To-Use asset with a remaining basis of $4,833 related to this lease. In case of default, the lessor may do one or more of the following; require the lessee to pay the lessor all past due and current lease payments, the present value of all remaining lease payments discounted at the rate of 6% per annum, recover default interest on any unpaid amount at the rate of 12% per year, declare other arranges between lessor and lessee in default, require all equipment to be returned with the lessor having the right to sell or lease the equipment or any portion thereof, and to apply the proceeds, less reasonable expenses to the amount due. These remedies are cumulative and are in addition to any other remedies provided for by law.

The future minimum lease payments at December 31, 2025, are as follows:

Year	Principal	Interest	Total
2026	$ 5,147	$ 177	$ 5,324

NOTE 5: PENSION PLANS

DEFINED BENEFIT PENSION PLAN

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 and additions to/deductions from the fiduciary net position 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 due and payable in accordance with the benefit terms. Investments are reported at fair value. For the year ended December 31, 2024, thirty-six employees contributed to the Defined Benefit portion of the PERA Plan.

NOTE 5: PENSION PLANS (Continued)

DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan

Plan description. Eligible employees of the District are provided with pensions through the Local Government Division Trust Fund (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 CCR 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 ACFR that can be obtained at https://www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2024. The State, School, and Local Government Divisions serve as a defined benefit retirement plan where retirees receive a monthly benefit for their lifetime, and generally, an annual increase each year, as eligible. Members of affiliated employers are eligible to receive a lifetime monthly retirement benefit when certain age and service credit requirements are met. These eligibilities vary by the membership date and consider credited service at key dates. The benefits are based upon a defined or fixed multiplier, age, years of credited service, and highest average salary (HAS). For most employees, HAS, as of December 31, 2024, is one-twelfth of the average of the highest annual salaries that are associated with three periods (five periods, under certain circumstances) of 12 consecutive months under PERA-covered employment. The basic retirement benefit equals *2.5% x HAS x Years of Service.* If a member reaches early retirement eligibility and wishes to begin benefit payments prior to achieving the full retirement requirements, then the monthly amount is reduced to consider the early receipt of monthly payments. Alternatively, if greater, a lifetime benefit is available that is calculated by annuitizing the member's account. At benefit commencement, the member can choose from different payment options, some of which can continue after the retiree's death to a named beneficiary, and for which the benefit amount is appropriately adjusted.

In addition to retirement benefits, the State, School, and Local Government Divisions provide refund opportunities with matching employer dollars, if eligible, when leaving covered employment, and disability retirement and survivor benefits for those meeting certain criteria.

NOTE 5: <u>PENSION PLANS</u> (Continued)

DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Contributions provisions as of December 31, 2024: Employers are required to contribute to the Division Trust Funds at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. Employer contribution requirements, as a percentage of salary, are summarized on the following tables. In the normal course of business, administrative errors can occur resulting in corrections to prior employer and member contribution remissions.

	1/1/25 - 12/31/25
Employer contribution rate	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%
Amount apportioned to the LGDTF	9.98%
Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411	2.20%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	1.50%
Defined contribution supplement as specified in C.R.S. 24-51-415	0.08%
Total employer contribution rate to the LGDTF	**13.76%**

[1] Rates 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 the District were $214,340 for the year ended December 31, 2024.

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

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* requires participating employers in the Division Trust Funds to recognize their proportionate share of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense in their financial statements. The allocation schedules provided by PERA are prepared to provide employers and nonemployer contributing entities with their calculated proportion.

At December 31, 2024, the District reported a liability of $996,037 for its proportionate share of the net pension liability. The proportions presented in this schedule are based on employer contributions as a percentage of total employer contributions during the measurement period or reporting months January 1, 2024, through December 31, 2024. This schedule reports contributions and allocations for each PERA-affiliated employer or reporting agency in the Division Trust Fund. Employer contributions are recognized in the period in which the compensation becomes payable to the member and the employer is statutorily committed to pay the contributions to the Division Trust Fund. Contributions are reduced by the allocation to the Health Care Trust Fund (HCTF) or DPS HCTF for all PERA-affiliated employers; and if applicable, for refunds of contributions or transfers resulting from a member's PERAChoice election.

NOTE 5: <u>PENSION PLANS</u> (Continued)

DEFINED BENEFIT PENSION PLAN (Continued)

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

Also, contributions have been annualized for PERA-affiliated employers or reporting agencies who did not participate in the Division Trust Fund for the twelve-month period.

At December 31, 2024, the District proportion was 0.162327 percent, which was an increase of 0.0008 from its proportion measured as of December 31, 2023.

For the year ended December 31, 2024, the District recognized pension expense of $240,835. At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	$ 75,159	$ -
Changes of assumptions or other inputs	$ 29,396	$ -
Net difference between projected and actual earnings on pension plan investments	$ 778,580	$ (684,849)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	$ 2,049	$ -
Contributions subsequent to the measurement date	$ 233,870	$ -
Total	**$ 1,119,054**	**$ (684,849)**

$233,870 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Fiscal Year Totals
2026	$ 184,178
2027	$ 237,617
2028	$ (158,651)
2029	$ (62,809)
Total	**$ 200,335**

NOTE 5: <u>PENSION PLANS</u> (Continued)

DEFINED BENEFIT PENSION PLAN (Continued)

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

Actuarial assumptions. The collective total pension liability is based upon the December 31, 2023, actuarial valuation, and generally accepted actuarial techniques were applied to roll forward the collective total pension liability to December 31, 2024. The roll forward calculation includes actual benefits, refunds and disability premiums paid for the plan year, interest on the total pension liability, the annual normal cost (also called service cost), changes of benefit terms, differences between expected and actual experience at the end of year, and changes of assumptions or other inputs.

The December 31, 2023, actuarial valuations used the following actuarial cost method and key actuarial assumptions and other inputs:

Actuarial cost method	Entry Age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increase, including wage inflation	3.20%-11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic) [1]	1.00%
PERA benefit struture hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

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

As of the December 31, 2024, measurement date, the FNP and related disclosure components for the Local Government Division reflect additional payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) 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 $486,000 and $20,000 respectively.

NOTE 5: <u>PENSION PLANS</u> (Continued)

DEFINED BENEFIT PENSION PLAN (Continued)

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

<u>All Divisions</u>
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.

Pre-Retirement	Mortality Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
School and DPS Divisions	PubT-2010 Employee	N/A
Judicial Division	PubG-2010(A) Above-Median 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
Safety Officers	PubS-2010 Healthy Retiree	N/A
School and DPS Divisions	PubT-2010 Healthy Retiree	**Males:** 112% of the rates prior to age 80/ 94% of the rates age 80 and older **Females:** 83% of the rates prior to age 80/ 106% of the rates age 80 and older
Judicial Division	PubG-2010(A) Above-Median Healthy Retiree	N/A
Post-Retirement (Beneficiary), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
All Beneficiaries	Pub-2010 Contingent Survivor	**Males:** 97% of the rates for all ages **Females:** 105% of the rates for all ages
Disabled	**Mortality Table**	**Adjustments, as Applicable**
Members other than Safety Officers	PubNS-2010 Disabled Retiree	99% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

The actuarial assumptions used in the December 31, 2023, valuations were based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by 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 pension liability from December 31, 2023, to December 31, 2024.

NOTE 5: <u>PENSION PLANS</u> (Continued)

DEFINED BENEFIT PENSION PLAN (Continued)

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

Salary increases, including wage inflation for the Local Government Division were assumed to be 3.40%-13.00% for all members other than Safety Officers.

Salary scale assumptions were altered to better reflect actual experience.

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

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

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives were updated based on the experience. 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 the 2024 scale MP-2021.

Pre-Retirement	**Mortality Table**	**Adjustments, as Applicable**
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
School and DPS Divisions	PubT-2010 Employee	N/A
Judicial Division	PubG-2010(A) Above-Median 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
Safety Officers	PubS-2010 Healthy Retiree	N/A
School and DPS Divisions	PubT-2010 Healthy Retiree	**Males:** 106% of the rates for all ages **Females:** 86% of the rates prior to age 85/ 115% of the rates age 85 and older
Judicial Division	PubG-2010(A) Above-Median Healthy Retiree	N/A
Post-Retirement (Beneficiary), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
All Beneficiaries	Pub-2010 Contingent Survivor	**Males:** 92% of the rates for all ages **Females:** 100% of the rates for all ages
Disabled	**Mortality Table**	**Adjustments, as Applicable**
Members other than Safety Officers	PubNS-2010 Disabled Retiree	95% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

NOTE 5: <u>PENSION PLANS</u> (Continued)

DEFINED BENEFIT PENSION PLAN (Continued)

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

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 5: <u>PENSION PLANS</u> (Continued)

DEFINED BENEFIT PENSION PLAN (Continued)

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

The discount rate used to measure the total pension liability 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 each of the Division Trust Funds as of the current measurement date (December 31, 2024). 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%.

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

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

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

- Employee contributions were assumed to be made at the member contribution rates in effect for each year and 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. Employee Contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the required adjustments resulting from the 2018 and the 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.

NOTE 5: <u>PENSION PLANS</u> (Continued)

DEFINED BENEFIT PENSION PLAN (Continued)

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

- As of the December 31, 2024, measurement date, the FNP and related disclosure components for the Local Government Division reflect additional payments related to the disaffiliation of Tri-County Health 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 $486,000 and $20,000 respectively.

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

Sensitivity of the District proportionate share of the net pension liability to changes in the discount rate. The following presents the collective net pension liability for each of the Division Trust Funds calculated using the discount rate of 7.25% as of the measurement date, as well as if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%):

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionare share of the net pension asset (liability)	$ (2,180,125)	$ (996,037)	$ (1,268)

Subsequent Events

Governmental accounting standards require the net pension liabilities for financial reporting purposes be measured using the plan provisions in effect as of the pension plan's year end. The passage of Senate Bill (SB) 25-310 into law is considered a nonrecognized subsequent event as these statutory changes to plan provisions did not exist as of the December 31, 2024, measurement date.

SB 25-310: Proposition 130 Implementation, enacted June 2, 2025, and effective immediately, allows PERA to accept a series of warrants from the State Treasurer totaling $500 million (actual dollars) on or after July 1, 2025, and before October 1, 2025. These dollars are to be proportioned over time to replace reductions to future direct distributions intended to fund the Peace Officer Training and Support Fund and, at that time, will be allocated to the appropriate Division Trust Fund(s) within PERA. SB 25-310 also allows for an alternative actuarial method to allocate the direct distribution if the allocation, based on the reported payroll of each participating division, results in an AAP assessment ratio below the 98% benchmark.

NOTE 5: PENSION PLANS (Continued)

VOLUNTARY INVESTMENT PROGRAM

Plan Description - Employees of the District that are also members of the LGDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available CAFR which includes additional information on the Voluntary Investment Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, any employer contributions and investment earnings. For the year ended December 31, 2025, program members contributed $89,997 to the Voluntary Investment Program.

DEFINED CONTRIBUTION PENSION PLAN (DC Plan)

Plan Description – Employees of the LGDTF that were hired on or after January 1, 2019 which were eligible to participate in the LGDTF, a cost-sharing multiple-employer defined benefit pension plan, have the option to participate in the LGDTF or the Defined Contribution Retirement Plan (PERA DC Plan). The PERA DC Plan is an Internal Revenue Code Section 401(a) governmental profit-sharing defined contribution plan. Title 24, Article 51, Part 15 of the C.R.S., as amended, assigns the authority to establish Plan provisions to the PERA Board of Trustees. The DC Plan is also included in PERA's CAFR as referred to above.

Funding Policy – All participating employees in the PERA DC Plan and the District are required to contribute a percentage of the participating employees' PERA-includable salary to the PERA DC Plan. The employee and employer contribution rates for the period January 1, 2024 through December 31, 2024 are summarized in the tables below:

	1/1/23 through 12/31/23	**1/1/24 through 12/31/24**
Employer contribution rate	10.00%	10.00%
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	0.06%	0.08%
Total employer contribution rate to the DC Plan	**13.76%**	**13.78%**
Total employee contribution rate to the DC Plan	**9.00%**	**9.00%**

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

NOTE 5: <u>PENSION PLANS</u> (Continued)

DEFINED CONTRIBUTION PENSION PLAN (DC Plan) (Continued)

Contribution requirements are established under Title 24, Article 51, Section 1505 of the C.R.S., as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings and are immediately 50 percent vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10 percent. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.80 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the C.R.S. As a result, forfeitures do not reduce pension expense. For 2024, One employee participated in the PERA DC Plan contributed $13 and the District recognized pension contributions and an expense of $20 and $20, respectively, for the PERA DC Plan.

NOTE 6: <u>OTHER POST-EMPLOYMENT BENEFITS</u>

Summary of Significant Accounting Policies

OPEB. 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.

General Information about the OPEB Plan

Plan description. The Health Care Trust Fund (HCTF) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 74 and is administered by the Public Employees' Retirement Association of Colorado (PERA).

PERA issues a publicly available Annual Comprehensive Financial Report (ACFR) that can be obtained at https://www.copera.org/investments/pera-financial-reports.

Brief Description of Benefits. The HCTF and DPS HCTF, referred to as Health Care Trust Funds, are established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies.

The Health Care Trust Funds provide 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.

NOTE 6: <u>OTHER POST-EMPLOYMENT BENEFITS</u> (Continued)

General Information about the OPEB Plan (Continued)

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 Division, School Division, Local Government Division and Judicial Division Trust Funds), the premium subsidy is allocated between the HCTF and the 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.

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

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

PERA Benefit Structure
The maximum service-based premium subsidy is $230 (actual dollars) 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 (actual dollars) 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.

NOTE 6: <u>OTHER POST-EMPLOYMENT BENEFITS</u> (Continued)

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

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the Health Care Trust Funds. 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. For 2024, reporting agencies of the DPS Division are required to contribute at a rate of 1.02% of PERA-includable salary into the DPS HCTF.

Employer Allocation Percentages. GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires participating employers and reporting agencies in the Health Care Trust Funds to recognize their proportionate share of collective net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense in their financial statements. The Schedule of Employer Allocations is prepared to provide employers and reporting agencies in the Health Care Trust Funds with their calculated proportion.

The proportions presented in this schedule are based on employer contributions as a percentage of total employer contributions during the measurement period or reporting months January 1, 2024, through December 31, 2024. This schedule reports contributions and allocations for each PERA-affiliated employer or reporting agency in the HCTF or DPS HCTF. Contributions are recognized in the period in which the compensation becomes payable to the member and the employer or reporting agency is statutorily committed to pay the contributions to either the HCTF or the DPS HCTF. Contributions are reduced, if applicable, for refunds of contributions. In the normal course of business, administrative errors can occur resulting in corrections to prior employer contribution remissions. Also, contributions have been annualized for employers or reporting agencies who did not participate in the HCTF or DPS HCTF for the twelve-month period.

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 District were $15,886 for the year ended December 31, 2024.

At December 31, 2024, the District reported a liability of $(61,705) for its proportionate share of the net OPEB liability. The collective total OPEB liability is based upon the December 31, 2023, actuarial valuation, and generally accepted actuarial techniques were applied to roll forward the collective total OPEB liability to December 31, 2024. The roll forward calculation includes actual benefits, interest on the total OPEB liability, the annual normal cost (also called service cost), changes of benefit terms, differences between expected and actual experience at the end of year, and changes of assumptions or other inputs. The District proportion of the net OPEB liability was based on District contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF.

NOTE 6: <u>OTHER POST-EMPLOYMENT BENEFITS</u> (Continued)

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

At December 31, 2024, the District proportion was 0.0129045%, which was an increase of 0.00006% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2024, the District recognized OPEB income of $4,951. At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	$ -	$ (13,611)
Changes of assumptions or other inputs	$ 708	$ (19,724)
Net difference between projected and actual earnings on pension plan investments	$ 209	$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	$ 6,797	$ -
Contributions subsequent to the measurement date	$ 17,299	$ -
Total	**$ 25,013**	**$ (33,335)**

$17,299 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, 2025. 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 June 30:	Fiscal Year Totals
2026	$ (7,120)
2027	(2,990)
2028	(6,239)
2029	(4,393)
2030	(3,174)
2031	(1,705)
Total	**$ (25,621)**

NOTE 6: <u>OTHER POST-EMPLOYMENT BENEFITS</u> (Continued)

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

Actuarial assumptions. The collective total OPEB liability is based upon the December 31, 2023, actuarial valuation, and generally accepted actuarial techniques were applied to roll forward the collective total OPEB liability to December 31, 2024. The roll forward calculation includes actual benefits, interest on the total OPEB liability, the annual normal cost (also called service cost), changes of benefit terms, differences between expected and actual experience at the end of year, and changes of assumptions or other inputs.

The December 31, 2023, actuarial valuations used the following actuarial cost method and key actuarial assumptions and other inputs:

Actuarial cost method	Entry Age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increase, including wage inflation	3.40%-11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
Service-based premium subsidy	0.00%
PERACare Medicare Plans	16% in 2024, then 6.75% in 2025, gradually decreasing to 4.50% in 2034
MAPD PPO #2	105% in 2024, then 8.55% in 2025, gradually decreasing to 4.50% 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 $20,000 and $486,000 respectively.

NOTE 6: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Each year the per capita health care costs are developed by plan option; currently 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 are 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%

	MAPD PPO #1 with Medicare Part A		MAPD PPO #1 without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse	
Sample Age	Male	Female	Male	Female
65	$1,710	$1,420	$6,536	$5,429
70	1,921	1,589	7,341	6,073
75	2,122	1,670	8,110	6,385

	MAPD PPO #2 with Medicare Part A		MAPD PPO #2 without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse	
Sample Age	Male	Female	Male	Female
65	$585	$486	$4,241	$3,523
70	657	544	4,764	3,941
75	726	571	5,262	4,143

	MAPD HMO (Kaiser) with Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse	
Sample Age	Male	Female	Male	Female
65	$1,897	$1,575	$7,063	$5,866
70	2,130	1,763	7,933	6,563
75	2,353	1,853	8,763	6,900

NOTE 6: <u>OTHER POST-EMPLOYMENT BENEFITS</u> (Continued)

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

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.

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

Year	PERACare Medicare Plans[1]	MAPD PPO #2[1]	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, valuations for the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the December 31, 2023, valuations for the HCTF and DPS HCTF, but developed on 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: <u>OTHER POST-EMPLOYMENT BENEFITS</u> (Continued)

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

Pre-Retirement	**Mortality Table**	**Adjustments, as Applicable**
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
School and DPS Divisions	PubT-2010 Employee	N/A
Judicial Division	PubG-2010(A) Above-Median 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
Safety Officers	PubS-2010 Healthy Retiree	N/A
School and DPS Divisions	PubT-2010 Healthy Retiree	**Males:** 112% of the rates prior to age 80/ 94% of the rates age 80 and older **Females:** 83% of the rates prior to age 80/ 106% of the rates age 80 and older
Judicial Division	PubG-2010(A) Above-Median Healthy Retiree	N/A
Post-Retirement (Beneficiary), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
All Beneficiaries	Pub-2010 Contingent Survivor	**Males:** 97% of the rates for all ages **Females:** 105% of the rates for all ages
Disabled	**Mortality Table**	**Adjustments, as Applicable**
Members other than Safety Officers	PubNS-2010 Disabled Retiree	99% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

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

- 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: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

	HCTF				DPS HCTF
	State Division	School Division	Local Government Division	Judicial Division	DPS Division
Salary increases, including wage inflation:					
Members other than Safety Officers[1]	2.70%-13.30%	4.00%-13.40%	3.40%-13.00%	2.30%-4.70%	3.90%-16.80%
Safety Officers	3.20%-16.30%	N/A	3.20%-16.30%	N/A	N/A

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

(in Actual Dollars) 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

NOTE 6: <u>OTHER POST-EMPLOYMENT BENEFITS</u> (Continued)

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

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 and DPS HCTF using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF. Affiliated employers of the DPS Division participate in the DPS HCTF.

Pre-Retirement	**Mortality Table**	**Adjustments, as Applicable**
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
School and DPS Divisions	PubT-2010 Employee	N/A
Judicial Division	PubG-2010(A) Above-Median 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
Safety Officers	PubS-2010 Healthy Retiree	N/A
School and DPS Divisions	PubT-2010 Healthy Retiree	**Males:** 106% of the rates for all ages **Females:** 86% of the rates prior to age 85/ 115% of the rates age 85 and older
Judicial Division	PubG-2010(A) Above-Median Healthy Retiree	N/A
Post-Retirement (Beneficiary), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
All Beneficiaries	Pub-2010 Contingent Survivor	**Males:** 92% of the rates for all ages **Females:** 100% of the rates for all ages
Disabled	**Mortality Table**	**Adjustments, as Applicable**
Members other than Safety Officers	PubNS-2010 Disabled Retiree	95% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

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

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

NOTE 6: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
Total	**100.00%**	

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

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 or net OPEB asset 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#2 trend rate[1]	7.55%	8.55%	9.55%
Ultimate MAPD PPO#2 trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate[1]	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB liability (asset)			
HCTF	$465,284	$478,167	$492,747

NOTE 6: <u>OTHER POST-EMPLOYMENT BENEFITS</u> (Continued)

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

The discount rate used to measure the total OPEB liability 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 each of the Health Care Trust Funds as of the current measurement date (December 31, 2024). In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2024, measurement date.

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.

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

- Estimated transfers of dollars into the Health Care Trust Funds representing a portion of purchased 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 $20,000 and $486,000 respectively.

Based on the above assumptions and methods, the FNP for each of the Health Care Trust Funds 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 total OPEB liability. The discount rate determination did not use the municipal bond index rate, and therefore, the discount rate was 7.25%. There was no change in the discount rate from the prior measurement date for either HCTF or DPS HCTF.

NOTE 6: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the collective net OPEB liability or net OPEB asset for each of the Health Care Trust Funds calculated using the discount rate of 7.25% as of the measurement date, as well as if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%):

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionare share of the net OPEB asset (liability)	$ (75,621)	$ (61,705)	$ (49,708)

NOTE 7: FUND BALANCE RESERVATIONS/APPROPRIATIONS

Emergency Reserve

On November 3, 1992, the voters of Colorado approved Amendment 1, commonly known as the TABOR Amendment, which added a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations, which apply to the State of Colorado, all local governments, and special districts.

The District's financial activity for the year ended December 31, 2025 will provide the basis for calculation of future limitations adjusted for allowable increases tied to inflation and local growth. Subsequent to December 31, 2025, revenue in excess of the District's "spending limit" must be refunded unless voters approve the retention of such excess revenue. TABOR generally requires voter approval for any new tax, tax increases, and new debt.

At a November 1999 election, the electors of the District authorized the District to collect, retain and expend the full amount of the revenues generated from a 2.80 mill.

TABOR is extremely complex and subject to interpretation. Ultimate implementation may depend upon litigation and legislative guidance. District management believes the District is in compliance with the requirements of TABOR, however the District has made certain interpretations of the TABOR amendment's language in order to determine it is in compliance.

The Article requires an emergency reserve be set aside for 2025 in the amount of 3% or more of its fiscal year spending. At December 31, 2025, the District has reserved the following for emergencies:

General Fund	$142,000

NOTE 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has joined together with other special districts in the State of Colorado to form the Colorado Special Districts Property and Liability Pool (CSDPLP), a public entity risk pool currently operating as a common risk management and insurance program for member special districts. The District pays and annual premium to CSDPLP for its general property and liability and workers' compensation coverage. The intergovernmental agreement of the CSDPLP provides that CSDPLP will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of $1 million for each insured event. The District has commercial insurance for other risks including employee health and accident insurance. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

NOTE 9: INTERFUND TRANSFERS

The District recorded a routine transfer from General Fund to Capital Building Reserve Fund in the amount of $1,250,000. This transfer represents funding for current and future capital projects.

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Required Supplementary Information
(Pension and OPEB Schedules - Unaudited)

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSETS (LIABILITY)
PERA Pension Plan
Last 10 Fiscal Years

Fiscal Year	District's proportion of the net pension asset (liability)	District's proportionate share of the net pension asset (liability)	District's covered payroll	District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
12/31/2025	0.162327%	$ (996,037)	$ 1,557,484	63.95%	90.45%
12/31/2024	0.161503%	$ (1,185,495)	$ 1,418,836	83.55%	88.03%
12/31/2023	0.159356%	$ (1,597,646)	$ 1,303,786	122.54%	82.99%
12/31/2022	0.157950%	$ 135,421	$ 1,175,280	11.52%	101.49%
12/31/2021	0.151172%	$ (787,800)	$ 1,068,057	73.76%	90.88%
12/31/2020	0.151956%	$ (1,120,512)	$ 1,046,443	107.08%	86.26%
12/31/2019	0.154354%	$ (1,940,561)	$ 1,012,397	191.68%	75.96%
12/31/2018	0.173365%	$ (1,930,302)	$ 1,093,659	176.50%	79.37%
12/31/2017	0.167425%	$ (2,260,802)	$ 1,014,803	222.78%	73.65%
12/31/2016	0.170904%	$ (1,882,651)	$ 970,607	193.97%	76.87%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

See the accompanying Independent Auditors' Report.

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA Pension Plan
Last 10 Fiscal Years

Fiscal Year	Contractually required contributions	Actual contributions	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
12/31/2025	$ 214,340	$ 214,340	$ -	$ 1,557,484	13.74%
12/31/2024	$ 194,948	$ 194,948	$ -	$ 1,418,836	13.74%
12/31/2023	$ 175,620	$ 175,620	$ -	$ 1,303,786	13.47%
12/31/2022	$ 155,137	$ 155,137	$ -	$ 1,175,280	13.20%
12/31/2021	$ 137,993	$ 137,993	$ -	$ 1,068,057	12.92%
12/31/2020	$ 132,689	$ 132,689	$ -	$ 1,046,443	12.68%
12/31/2019	$ 128,372	$ 128,372	$ -	$ 1,012,397	12.68%
12/31/2018	$ 138,676	$ 138,676	$ -	$ 1,093,659	12.68%
12/31/2017	$ 128,677	$ 128,677	$ -	$ 1,014,803	12.68%
12/31/2016	$ 123,073	$ 123,073	$ -	$ 970,607	12.68%
12/31/2015	$ 130,408	$ 130,408	$ -	$ 1,028,454	12.68%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

See the accompanying Independent Auditors' Report.

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB ASSET (LIABILITY)
PERA Health Care Trust Fund
Last 10 Fiscal Years(1)

Fiscal Year	District's proportion of the net OPEB asset (liability)	District's proportionate share of the net OPEB asset (liability)	District's covered payroll	District's proportionate share of the net OPEB asset (liability) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
12/31/2025	0.0129045%	$ (61,705)	$ 1,557,484	3.96%	59.83%
12/31/2024	0.0128393%	$ (91,637)	$ 1,418,824	6.46%	46.16%
12/31/2023	0.0128549%	$ (104,958)	$ 1,304,510	8.05%	38.57%
12/31/2022	0.0122786%	$ (105,879)	$ 1,175,294	9.01%	39.40%
12/31/2021	0.0115411%	$ (109,667)	$ 1,067,255	10.28%	32.78%
12/31/2020	0.0116376%	$ (130,806)	$ 1,046,373	12.50%	24.49%
12/31/2019	0.0119701%	$ (162,859)	$ 1,012,353	16.09%	17.03%
12/31/2018	0.0134713%	$ (175,073)	$ 1,093,627	16.01%	17.53%
12/31/2017	0.0150827%	$ (195,552)	$ 1,014,804	19.27%	16.70%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

(1) - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA Health Care Trust Fund
Last 10 Fiscal Years[1]

Fiscal Year	Contractually required contributions	Actual contributions	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
12/31/2025	$ 15,886	$ 15,886	$ -	$ 1,557,484	1.02%
12/31/2024	$ 14,472	$ 14,472	$ -	$ 1,418,824	1.02%
12/31/2023	$ 13,306	$ 13,306	$ -	$ 1,304,510	1.02%
12/31/2022	$ 11,988	$ 11,988	$ -	$ 1,175,294	1.02%
12/31/2021	$ 10,886	$ 10,886	$ -	$ 1,067,255	1.02%
12/31/2020	$ 10,673	$ 10,673	$ -	$ 1,046,373	1.02%
12/31/2019	$ 10,326	$ 10,326	$ -	$ 1,012,353	1.02%
12/31/2018	$ 11,155	$ 11,155	$ -	$ 1,093,627	1.02%
12/31/2017	$ 10,351	$ 10,351	$ -	$ 1,014,804	1.02%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

(1) - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

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Required Supplementary Information

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
BUDGETARY COMPARISION SCHEDULE FOR THE GENERAL FUND
YEAR ENDED DECEMBER 31, 2025
(With Comparative Totals for the Year Ended December 31, 2024)

	2025			
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	2024 ACTUAL
REVENUES				
Taxes				
Property	$ 4,253,011	$ 4,254,462	$ 1,451	$ 4,411,785
Specific ownership	90,000	136,429	46,429	145,091
Interest and penalties on delinquents	2,500	11,002	8,502	11,658
Refunds and abatements	24,485	21,258	(3,227)	(5,724)
Total Tax Revenue	4,369,996	4,423,151	53,155	4,562,810
Intergovernmental	5,500	5,950	450	6,240
Charges for services				
Fines and fees	6,000	473	(5,527)	651
Other income				
Contributions	6,000	29,060	23,060	13,930
Rent	-	1,500	1,500	-
Investment earnings	90,000	116,291	26,291	143,602
Other miscellaneous	-	28,846	28,846	19,626
Total Other Income	96,000	175,697	79,697	177,158
TOTAL REVENUES	4,477,496	4,605,271	127,775	4,746,859
EXPENDITURES				
Current:				
Administration and Community Relations				
Personnel costs	383,798	241,271	142,527	238,125
Insurance benefits (inc Dist-wide HRA and Ins Cont)	34,000	76,853	(42,853)	66,575
Payroll taxes & pension (PERA - Soc Sec Equiv)	106,440	55,156	51,284	51,915
Workers comp insurance (District-wide)	6,500	5,905	595	5,262
Housing benefit	-	1,489	(1,489)	-
Community relations	32,500	28,215	4,285	25,047
Human resources	89,000	83,572	5,428	63,127
Professional services	176,000	55,453	120,547	62,115
Supplies	11,700	10,513	1,187	7,784
Treasurer's fees	127,590	128,606	(1,016)	132,629
Other	122,052	92,148	29,904	56,626
Total Administration and Community Relations	1,089,580	779,181	310,399	709,205
Facility Maintenance				
Personnel costs	-	100,400	(100,400)	93,868
Repairs and maintenance	215,000	155,813	59,187	166,239
Utilities	86,000	58,113	27,887	63,638
Total Facility Maintenance	301,000	314,326	(13,326)	323,745

See accompanying Independent Auditor's Report.

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
BUDGETARY COMPARISION SCHEDULE FOR THE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2025
(With Comparative Totals for the Year Ended December 31, 2024)
(Continued)

	2025			
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	2024 ACTUAL
EXPENDITURES (Continued)				
Current (Continued)				
Public Services				
Personnel costs	1,555,426	1,022,470	532,956	962,553
Insurance benefits	-	180,651	(180,651)	155,017
Payroll taxes & pension (PERA - Soc Sec Equiv)	-	169,796	(169,796)	153,321
Adult materials	327,100	320,246	6,854	296,455
Teen materials	7,100	5,376	1,724	6,393
Youth materials	27,300	27,013	287	23,858
Spanish Materials	9,000	9,295	(295)	10,986
Library programs	110,500	116,945	(6,445)	109,033
Other expenses	2,000	1,570	430	1,560
Total Public Services	2,038,426	1,853,362	185,064	1,719,176
Library Support Services				
Personnel costs	-	360,995	(360,995)	338,722
Insurance benefits	-	55,344	(55,344)	50,195
Payroll taxes & pension (PERA - Soc Sec Equiv)	-	57,233	(57,233)	51,487
Materials Management	15,000	13,504	1,496	14,189
Technical Services	285,000	252,697	32,303	249,208
Total Library Support Services	300,000	739,773	(439,773)	703,801
Information Technology				
Personnel costs	367,791	-	367,791	-
Employee benefits	119,370	-	119,370	-
Total information technology	487,161	-	487,161	-
Debt Service				
Principal	-	4,826	(4,826)	4,527
Interest	-	498	(498)	797
Total debt service	-	5,324	(5,324)	5,324
TOTAL EXPENDITURES	4,216,167	3,691,966	524,201	3,461,251
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	261,329	913,305	651,976	1,285,608
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(1,250,000)	(1,250,000)	-	(750,000)
CHANGE IN FUND BALANCE	(988,671)	(336,695)	651,976	535,608
FUND BALANCE - BEGINNING	2,201,766	2,404,043	202,277	1,868,435
FUND BALANCE - Ending	$ 1,213,095	$ 2,067,348	$ 854,253	$ 2,404,043

See accompanying Independent Auditor's Report.

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Other Supplementary Information

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
BUDGETARY COMPARISION SCHEDULE FOR THE
CAPITAL BUILDING RESERVE FUND
YEAR ENDED DECEMBER 31, 2025
(With Comparative Totals for the Year Ended December 31, 2024)

	2025			
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	2024 ACTUAL
REVENUES				
Intergovernmental	$ -	$ 1,930	$ 1,930	$ 5,271
Other income				
Investment earnings	80,000	111,271	31,271	113,040
Total Revenues	80,000	113,201	33,201	118,311
EXPENDITURES				
Capital Outlay	1,760,500	780,052	980,448	267,000
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(1,680,500)	(666,851)	1,013,649	(148,689)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	1,250,000	1,250,000	-	750,000
CHANGE IN FUND BALANCE	(430,500)	583,149	1,013,649	601,311
FUND BALANCE - Beginning	2,240,563	2,389,374	148,811	1,788,063
FUND BALANCE - Ending	$ 1,810,063	$ 2,972,523	$ 1,162,460	$ 2,389,374

See accompanying Independent Auditor's Report.