Financial Statements
For the Year Ended December 31, 2025
With Independent Auditors' Report

Ensuring life safety and welfare of our community through efficient and consistent application of adopted codes and standards.

Serving the Communities of

EL PASO COUNTY
COLORADO

COLORADO SPRINGS
OLYMPIC CITY USA

CITY OF FOUNTAIN
Pure Colorado

HISTORIC MANITOU SPRINGS
AT THE FOOT OF PIKES PEAK

Town Of
GREEN MOUNTAIN FALLS
Colorado

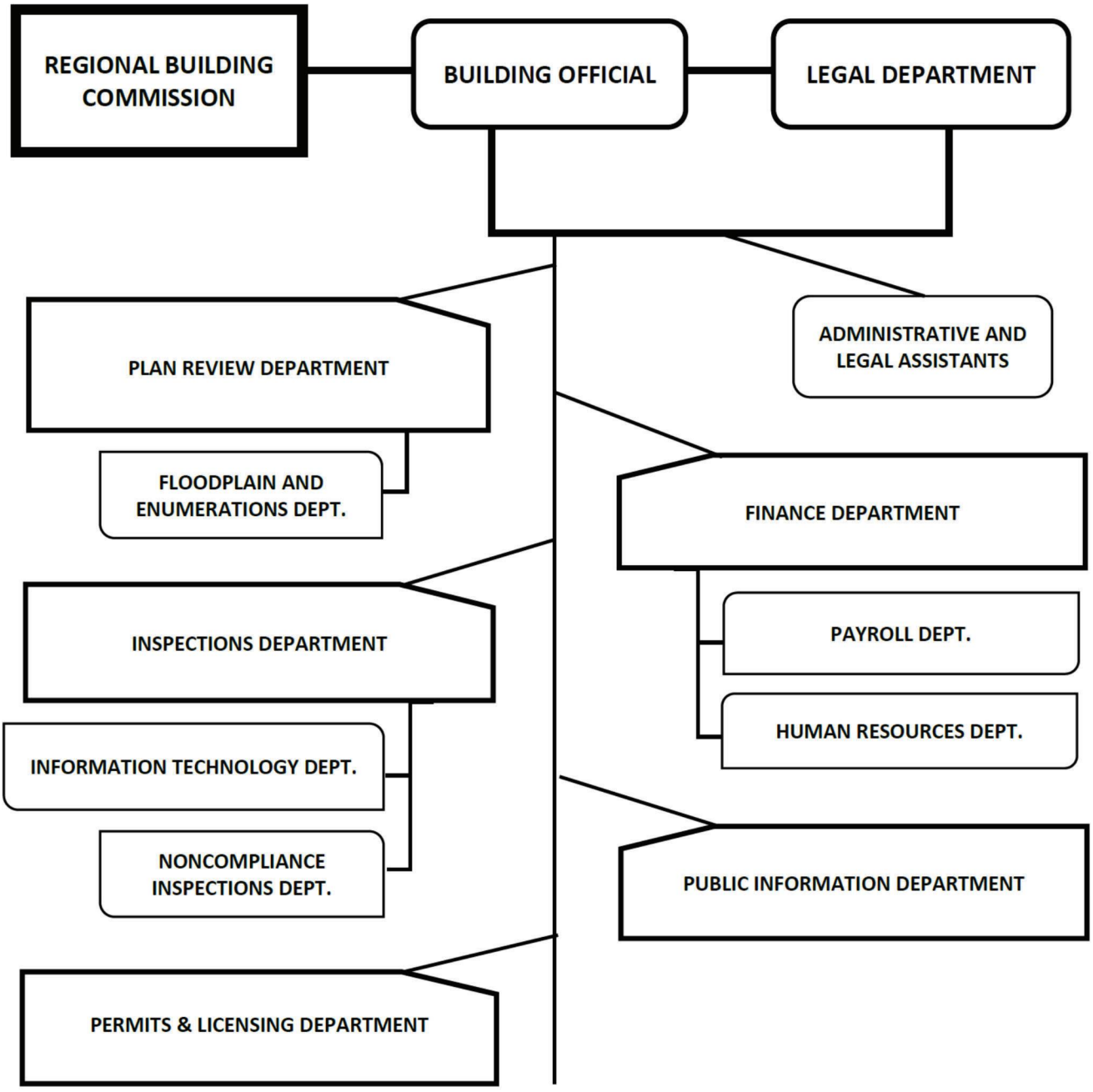
Town of Palmer Lake

MONUMENT
COLORADO
Proud of our Past...Confident of our Future!

ELEVATE!
COLORADO
WOODLAND PARK
CITY ABOVE THE CLOUDS

Ensuring life safety and welfare of our community through efficient and consistent application of adopted codes and standards.

Organizational Chart



PIKES PEAK REGIONAL BUILDING DEPARTMENT
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DECEMBER 31, 2025

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Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Pikes Peak Regional Building Commission,
Advisory Board Members, and Management
Pikes Peak Regional Building Department

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Pikes Peak Regional Building Department, as of and for the year ended December 31, 2025 and the related notes to the financial statements, which collectively comprise the Pikes Peak Regional Building Department'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 Pikes Peak Regional Building Department, as of December 31, 2025 and the respective changes in financial position and cash flows thereof 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 the Financial Statements section of our report. We are required to be independent of the Pikes Peak Regional Building Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pikes Peak Regional Building Department's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pikes Peak Regional Building Department's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pikes Peak Regional Building Department's ability to continue as a going concern for a reasonable period of time.

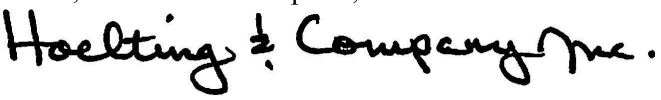
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole



Colorado Springs, Colorado
August 27, 2026

PIKES PEAK REGIONAL BUILDING DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED DECEMBER 31, 2025

As management of Pikes Peak Regional Building Department (the Department) we offer readers of the Department's annual financial report this narrative overview and analysis of the financial activities of the Department for the fiscal year ended December 31, 2025. Readers are encouraged to consider the information presented here in conjunction with the annual financial report.

FINANCIAL HIGHLIGHTS

- The Department's total assets and deferred outflows of $42,839,989 exceeded its liabilities and deferred inflows of $11,830,590 at the close of the most recent fiscal year by $31,009,399 (*net position)*. Of this amount, $14,904,716 represents unrestricted net position, which may be used to meet the Department's ongoing obligations.

- The Department's total net position increased during the year by $1,510,468.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the Department's basic financial statements. The Department's basic financial statements consist of the following components: (1) Statement of Net Position, (2) Statement of Revenues, Expenses and Changes in Net Position, (3) Statement of Cash Flows, and (4) Notes to the financial statements. This report also contains other required supplemental information in addition to the basic financial statements.

Statement of Net Position - This statement reports all financial and capital resources (assets), obligations (liabilities), and deferred inflows and outflows. The difference between assets, liabilities, and deferred inflows and outflows, is net position. The statement also provides the basis for evaluating the capital structure and assessing liquidity and financial flexibility.

Statement of Revenues, Expenses and Changes in Net Position - All revenues and expenses are accounted for in this statement. This statement measures the results from operations and can be used to determine whether the Department's rates, fees and other charges are adequate to recover expenses.

Statement of Cash Flows – This statement reports all cash receipts and payments summarized by net changes in cash from operating, non-capital financing, capital and related financing, and investing activities.

Notes to the Financial Statements – Provides additional, required disclosures about the Department, its accounting policies and practices, its financial position and operating activities, and other required information. The information in these notes is essential to a full understanding of the other information contained in the financial statements.

OVERALL FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the Department's financial position. For the year ended December 31, 2025, the Department's assets and deferred outflows exceeded liabilities and deferred inflows by $31,009,399 resulting in a positive net position. The following reflects key financial information in a condensed format:

Condensed Statements of Net Position

	2025	2024	Change
Cash and cash equivalents	$ 23,452,485	$ 20,972,956	$ 2,479,529
Other current assets	226,043	211,142	14,901
Restricted assets	4,177,678	4,001,069	176,609
Capital assets	11,953,660	12,294,044	(340,384)
Total assets	39,809,866	37,479,211	2,330,655
Deferred outflows of resources	3,030,123	4,901,065	(1,870,942)
Current liabilities	3,084,297	2,542,245	542,057
Long-term liabilities	8,101,350	9,784,236	(1,682,886)
Total liabilities	11,185,647	12,326,481	(1,140,834)
Deferred inflows of Resources	644,943	554,864	90,079
Net position:			
Net investment in capital assets	11,927,005	12,294,044	(367,039)
Restricted	4,177,678	4,001,069	176,609
Unrestricted	14,904,716	13,203,818	1,700,898
Total net position	$ 31,009,399	$ 29,498,931	$ 1,510,468

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2025	2024	Change
Revenues:			
Operating revenues	$ 18,654,502	$ 18,264,506	$ 389,996
Non-operating revenues	1,194,145	1,141,062	53,083
Total revenues	19,848,647	19,405,568	443,079
Expenses:			
Operating expenses	18,337,564	17,894,035	443,529
Non-operating expenses	615	2,149	(1,534)
Total expenses	18,338,179	17,896,184	441,995
Change in net position	1,510,468	1,509,384	1,084
Net position, beginning	29,498,931	27,989,547	1,509,384
Net position, ending	$ 31,009,399	$ 29,498,931	$ 1,510,468

Condensed Statements of Cash Flows

	2025	2024	Change
Net cash provided by operating activities	$ 2,106,773	$ 503,875	$ 1,602,898
Net cash used in capital and related financing activities	(380,848)	(427,628)	46,780
Net cash provided by noncapital financing activities	371,832	366,281	5,551
Net cash provided by investing activities	558,381	554,898	3,483
Net increase (decrease) in cash and cash equivalents	2,656,138	997,426	1,658,712
Cash and cash equivalents, beginning of year	24,974,025	23,976,599	997,426
Cash and cash equivalents, end of year	$ 27,360,163	$ 24,974,025	$ 2,656,138

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Department's investment in capital assets as of December 31, 2025, totaled $11,953,660 (net of accumulated depreciation). This investment in capital assets includes furniture, equipment, improvements, land, and a building. For more detailed information on fixed assets, see notes to the financial statements.

Long-Term Debt

As of December 31, 2025, the Department's long-term debt consisted of Compensated Absences, Leases, Net pension liability, and Net OPEB liability.

BUDGETARY HIGHLIGHTS

The Department's budget is prepared in accordance with state law. An analysis of budget results in the following observations:

- Actual revenues were less than the budgeted revenues by $1,532,325. This was primarily due to an overall decrease in total permits and collection fees for the year.

- Actual expenses were less than the final budget by $2,847,757. Of that amount, personnel expenses were $3,087,367 less than budget due to staffing adjustments and a reduction in long-term debt consisting of compensated absences, net pension liability, and net OPEB liability. Supplies were $199,156 less than budget, due to a reduction in minor equipment expense, office supplies, and wearing apparel. Capital outlay expenses netted an increase of $14,136 due to the purchasing and selling of fleet vehicles.

FUTURE ECONOMIC FACTORS

The economy for the El Paso County region continues to look steady. Single-family housing permits remain steady month-over-month throughout 2026. Commercial construction has many large projects that are expected to come throughout 2026.

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of the Pikes Peak Regional Building Department's finances for those interested. Requests for additional information or questions should be addressed to Regional Building Department, Finance Department, 2880 International Circle, Colorado Springs, CO 80910.

BASIC FINANCIAL STATEMENTS

PIKES PEAK REGIONAL BUILDING DEPARTMENT
STATEMENT OF NET POSITION
DECEMBER 31, 2025

ASSETS	
Current assets:	
Cash and cash equivalents	$ 23,452,485
Accounts receivable	138,589
Notes receivables	57,590
Prepaid expenses	21,193
Inventories	8,671
Total current assets	23,678,528
Restricted assets:	
Cash for insurance reserve	308,864
Cash for capital reserve	3,611,540
Cash for dangerous building fund	257,274
Total restricted assets	4,177,678
Noncurrent assets:	
Capital assets, net	11,953,660
Total noncurrent assets	11,953,660
DEFERRED OUTFLOW OF RESOURCES	
Related to pensions	2,883,167
Related to OPEB	146,956
Total deferred outflow of resources	3,030,123
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ 42,839,989

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

PIKES PEAK REGIONAL BUILDING DEPARTMENT
STATEMENT OF NET POSITION
DECEMBER 31, 2025

LIABILITIES	
Current liabilities:	
Accounts payable	$ 102,429
Accrued salaries and benefits	616,046
Use tax payable	1,064,686
Subscription liability	26,655
Other accrued liabilities	1,274,481
Total current liabilities	3,084,297
Noncurrent liabilities:	
Compensated absences	673,664
Net pension liability	6,994,321
Net OPEB liability	433,365
Total noncurrent liabilities	8,101,350
Total liabilities	11,185,647
DEFERRED INFLOW OF RESOURCES	
Related to pensions	353,494
Related to OPEB	291,449
Total deferred inflow of resources	644,943
NET POSITION	
Net investment in capital assets	11,927,005
Restricted:	
Self-insurance reserve	308,864
Capital reserve	3,611,540
Dangerous building fund	257,274
Unrestricted	14,904,716
Total net position	31,009,399
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	$ 42,839,989

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

PIKES PEAK REGIONAL BUILDING DEPARTMENT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2025

Operating revenues:	
Charges for services:	
Permits	$ 14,157,218
Fees	4,469,406
Code sales	27,878
Total operating revenues	18,654,502
Operating expenses:	
Wages and employee benefits	14,381,972
Administrative and operating expenses	2,971,042
Depreciation and amortization	984,550
Total operating expenses	18,337,564
Operating income	316,938
Non-operating revenues (expenses):	
Gain on disposal of assets	263,932
Interest income	558,381
Miscellaneous income	371,832
Interest expense	(615)
Total non-operating revenue (expenses)	1,193,530
Change in net position	1,510,468
Net position-beginning	29,498,931
Net position-ending	$ 31,009,399

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

PIKES PEAK REGIONAL BUILDING DEPARTMENT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 18,642,067
Payments to suppliers	(1,494,373)
Payments to employees	(15,040,921)
Net cash provided (used) by operating activities	2,106,773
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital outlay	(910,233)
Proceeds from sale of capital assets	530,000
Interest expense	(615)
Net cash provided (used) by capital and related financing activities	(380,848)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Net cash provided by noncapital financing activities - miscellaneous income	371,832
CASH FLOWS FROM INVESTING ACTIVITIES	
Net cash provided by investing activities - interest income	558,381
Net increase (decrease) in cash and cash equivalents	2,656,138
Cash and cash equivalents at beginning of year	24,974,025
Cash and cash equivalents at ending of year	$ 27,630,163

Reconciliation of cash and cash equivalents to the statement of net position:

Cash and cash equivalents	$ 23,452,485
Cash for insurance reserve	308,864
Cash for capital reserve	3,611,540
Cash for dangerous building fund	257,274
Total	$ 27,630,163

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

PIKES PEAK REGIONAL BUILDING DEPARTMENT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$	316,938
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization expense		984,550
Decrease (increase) in assets and outflow of resources:		
Accounts receivable		(12,435)
Inventories		(2,466)
Deferred outflow of resources - pensions		1,765,271
Deferred outflow of resources - OPEB		105,671
Increase (decrease) in liabilities and inflow of resources:		
Accounts payable		3,279
Use tax payable		538,443
Accrued salaries and benefits		(290,075)
Other accrued liabilities		967,193
Pension liability		(2,063,116)
OPEB liability		(266,779)
Subscription liability		(29,780)
Deferred inflow of resources - pensions		89,326
Deferred inflow of resources - OPEB		753
Net Cash Provided (Used) by Operating Activities	$	2,106,773

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles as applied to local governments and promulgated by the Governmental Accounting Standards Board (GASB). A summary of the significant accounting policies used in the preparation of these financial statements follows.

A. REPORTING ENTITY

Pikes Peak Regional Building Department (the Department) was established to perform inspections, issue licenses, review plans and regulate certain construction consulting and construction work, which requires license(s) and/or registration(s) in the City of Colorado Springs, most of El Paso County and other jurisdictions which have authority to adopt, implement and enforce building codes. The uniformity in building codes, review of plans, inspections and overall regional implementation and enforcement of the building codes was established jointly by the City of Colorado Springs and El Paso County and subsequently joined by the City of Fountain, the City of Manitou Springs, the Town of Green Mountain Falls, the Town of Monument, and the Town of Palmer Lake. Further, Pikes Peak Regional Building Department also services the City of Woodland Park, in Teller County, which is directly to the west of El Paso County.

The Department does not exercise any power over any other entity and is considered a sole reporting entity. The Department has no component units as defined by the Governmental Accounting Standards Board (GASB).

B. BASIS OF PRESENTATION—FINANCIAL STATEMENTS

The basic financial statements (i.e., the statement of net position and the statement of revenues, expenses and changes in net position) report information on all of the non-fiduciary activities of the Department.

The accounts of the Department are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The Department accounts for all of its activities in a single proprietary – enterprise fund for its activities which are similar to those found in the private sector, where the determination of changes in net position is necessary or useful to sound financial administration. The business type activities of the Department rely significantly upon service charges.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The Department's 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 related cash flows.

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION

Cash and cash equivalents

The Department'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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

Local government investment pools in Colorado must be organized under Colorado Revised Statutes, which allows certain types of governments within the state to pool their funds for investment purposes. Investments in such pools are valued at the pool's share price, the price at which the investment could be sold.

Accounts Receivable

The Department's accounts receivable consist primarily of amounts due from elevator inspections. Management has determined all receivables are considered collectible and no allowance for doubtful accounts is deemed necessary.

Prepaid expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2025, are recorded as prepaid items.

Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. Inventories consist of code books.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents consist of amounts whose use is limited by legal, contractual, or other externally imposed requirements. The Department reports restricted cash and cash equivalents for amounts held for insurance reserves, capital reserves, and the dangerous building fund. Insurance reserve amounts are restricted for the payment of eligible insurance-related claims and costs; capital reserve amounts are restricted for the acquisition, construction, improvement, or replacement of capital assets; and amounts held in the dangerous building fund are restricted for expenditures associated with the identification, remediation, demolition, or other authorized activities related to dangerous buildings. These amounts are presented as restricted assets in the accompanying financial statements because their use is limited to the purposes described above.

Capital Assets

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. The Department's capitalization threshold is $5,000.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation of buildings and improvements, furniture, fixtures and equipment, and vehicles is computed using the straight-line method over the estimated useful lives as follows:

Building and improvements	10 - 40 years
Furniture, fixtures and equipment	3 - 5 years
Vehicles	5 years

When depreciable property is acquired, depreciation is included in expense for the year of acquisition for the number of months during the year the asset was in service. When depreciable property is retired or otherwise disposed of, depreciation is included in expense for the number of months in service during the year of retirement and the related costs and accumulated depreciation are removed from the accounts with any gain or loss reflected in the statement of revenue, expenses and changes in fund net position.

Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Subscription-Based Information Technology Agreements

The Department occasionally enters into subscription-based information technology arrangements. The Department recognizes a subscription liability with values of $5,000 or more.

At the commencement of a subscription, the Department initially measures the subscription liability at the present value of future payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over the subscription term.

Key estimates and judgments related to subscriptions include how the Department determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments. The Department monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with capital assets and subscription liabilities are reported with long-term debt on the Statement of Net Position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

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

OPEB

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

Net position flow assumption

The Department may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Department's policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

E. REVENUES AND EXPENSES

Compensated absences

The Department recognizes a liability for compensated absences in accordance with the provisions of GASB Statement No. 101, *Compensated Absences*. Under this standard, a liability is reported for leave that is attributable to services already rendered, is to be used for time off, and is more likely than not to be used for time off or otherwise paid.

Vacation leave that meets these criteria is accrued when earned in the basic financial statements. Sick leave is accrued only to the extent that it is reasonably expected to be paid upon separation or used in future periods. The amount reported as a liability is based on the pay rates in effect at the end of the reporting period and includes applicable salary-related payments.

Proprietary funds operating and non-operating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the fund are permits, fees and code sales. Operating expenses include: wages and employee benefits; administrative and operating expenses; and depreciation and amortization. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of December 31, 2025 is as follows:

Cash on hand	$ 2,906
Deposits	14,418,867
Investments	13,208,390
Total	$ 27,630,163

Deposits and investments are reported in the financial statements as follows:

Cash and cash equivalents	$ 23,452,485
Restricted cash and investments	4,177,678
Total	$ 27,630,163

Cash deposits with financial institutions

Custodial credit risk—deposits. The Colorado Public Deposit Protection Act (PDPA) requires that all local government entities deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

At December 31, 2025 the carrying amount of the Department's deposits was $14,418,867, and the bank balances were $14,387,577. Of the bank balances, $250,000 were covered by federal deposit insurance, and the remaining balance was uninsured but collateralized in accordance with the provisions of the PDPA.

Investments

The Department is required to comply with State statutes that specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest, which include the following.

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

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

At December 31, 2025 the Department's investment balances were as follows:

Investment Type	Year-end Balance	Measurement	Maturity	Standard & Poor's Rating
ColoTrust	$ 13,208,390	Net asset value	Less than 90 days	AAAm

Local Government Investment Pools. Colorado Surplus Asset Fund Trust (COLOTRUST) is an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes by state statutes. COLOTRUST operates similarly to a money market fund and each share is equal in value to $1.00. Designated custodial banks provide safekeeping and depository services in connection with the direct investment and withdrawal functions. All securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the participating governments. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury notes.

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. As a means of managing its exposure to interest rate risk, the Department has a board approved investment policy that limits investment maturities to five years or less. Colorado revised statute 24-75-601 also limits investment maturities to five years or less.

Credit Risk: Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law and Department policy limit investments to those described above.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss that may be caused by the Department's investment in a single issuer. The Department places no limit on the amount it may invest in any one issuer. All of the Department's investments are in ColoTrust.

Fair value of investments. The Department measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1 inputs reflect prices quoted in active markets.
- Level 2 inputs reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 inputs reflect prices based upon unobservable sources.

Department investments measured at net asset value or amortized cost fall under the existing exemptions to fair value measurement.

NOTE 3 - CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 4,154,000	$ -	$ -	$ 4,154,000
Total capital assets not being depreciated	4,154,000	-	-	4,154,000
Capital assets being depreciated:				
Building	6,305,482	-	-	6,305,482
Improvements	2,920,489	-	-	2,920,489
Vehicles	3,323,341	910,233	(896,097)	3,337,477
Furniture, fixtures and equipment	532,830	-	-	532,830
Computer equipment	822,942	-	-	822,942
Total capital assets being depreciated	13,905,084	910,233	(896,097)	13,919,220
Less accumulated depreciation for:				
Building	(380,956)	(157,637)	-	(538,593)
Improvements	(2,773,236)	(91,038)	-	(2,864,274)
Vehicles	(1,374,093)	(663,668)	630,030	(1,407,731)
Furniture, fixtures and equipment	(532,830)	-	-	(532,830)
Computer equipment	(771,219)	(35,501)	-	(806,720)
Total accumulated depreciation	(5,832,334)	(947,844)	630,030	(6,150,148)
Total capital assets being depreciated, net	8,072,750	(37,611)	(266,067)	7,769,072
Subscription assets being amortized				
SBITA	113,176	-	-	113,176
Total subscription assets being amortized	113,176	-	-	113,176
Less accumulated amortization for:				
SBITA	(45,882)	(36,706)	-	(82,588)
Total accumulated amortization	(45,882)	(36,706)	-	(82,588)
Total subscription assets being amortized, net	67,294	(36,706)	-	30,588
Capital assets, net of accumulated depreciation/amortization	8,140,044	(74,317)	(266,067)	7,799,660
Total capital assets	$ 12,294,044	$ (74,317)	$ (266,067)	$ 11,953,660

NOTE 4 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

Subscription-based Information Technology arrangements (SBITAs)

The Department has entered into a subscription-based information technology arrangement (SBITA) for the use of UKG Software. The SBITA agreement expires in 2026 unless otherwise extended according to the written agreement of both parties.

As of December 31, 2025, SBITA assets and the related amortization totaled $113,176 and $82,588, respectively.

The future minimum subscription payments to be made under the SBITA agreement are as follows:

Fiscal Year Ending December 31	Principal	Interest	Total
2026	$ 26,655	$ 616	$ 27,271

NOTE 5 - LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

Changes in the Department's long-term liabilities for the year ended December 31, 2025, are as follows:

	Beginning Balance	Debt Issued And Additions	Reductions	Ending Balance	Due Within One year
Compensated absences	$ 1,023,970	$ -	$ (350,306)	$ 673,664	$ -
Subscription liability	56,435	-	(29,780)	26,655	26,655
Net pension liability	9,057,437	253,345	(2,316,461)	6,994,321	-
Net OPEB liability	700,144	63,533	(330,312)	433,365	-
Total	$ 10,837,986	$ 316,878	$ (3,026,859)	$ 8,128,005	$ 26,655

The change in the compensated absences liability is presented as a net change.

NOTE 6 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. Eligible employees of the Pikes Peak Regional Building Department are provided with pensions through the LGDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Benefits provided as of December 31, 2024. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

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

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. For Safety Officers whose disability is caused by an on- the-job injury, the five-year service requirement is waived and they are immediately eligible to apply for disability benefits. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

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

Contributions provisions as of December 31, 2025: Eligible employees of, Pikes Peak Regional Building Department and the State are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements for the LGDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Employee contribution rates for the period of January 1, 2024 through December 31, 2025 are summarized in the following table:

	January 1, 2024 Through December 31, 2024	January 1, 2025 Through December 31, 2025
Employee contribution (all employees other than Safety Officers)	9.00%	9.00%
Safety Officers	13.00%	13.00%

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

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

	January 1, 2024 Through December 31, 2024	January 1, 2025 Through December 31, 2025
Employer contribution rate	11.00%	11.00%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)	(1.02%)
Amount apportioned to the LGDTF	9.98%	9.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	1.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.08%	0.11%
Total employer contribution rate to the LGDTF	**13.76%**	**13.79%**

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

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Pikes Peak Regional Building Department is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from Pikes Peak Regional Building Department were $1,490,772 for the year ended December 31, 2025.

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

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

At December 31, 2025, the Pikes Peak Regional Building Department reported a liability of $6,994,321 for its proportionate share of the net pension liability.

At December 31, 2024, the Pikes Peak Regional Building Department proportion was 1.1398865820 %, which was a decrease of 0.0940277651 % from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the Pikes Peak Regional Building Department recognized pension expense of $1,282,254. At December 31, 2025, the Pikes Peak Regional Building Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$527,779	$ -
Changes of assumptions or other inputs	206,422	-
Net difference between projected and actual earnings on pension plan investments	658,193	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	353,494
Contributions subsequent to the measurement date	1,490,772	N/A
Total	$2,883,167	$353,494

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

$1,490,772 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31, 2025:	
2026	$ 941,668
2027	1,652,357
2028	(1,114,068)
2029	(441,056)
2030	-
Thereafter	-

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

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.20% – 11.30%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06 [1]	Financed by the AIR

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

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

All mortality assumptions are developed on a benefit-weighted basis and apply generational mortality. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pre-Retirement	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A

Post-Retirement (Retiree), Non-Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubG-2010 Healthy Retiree	**Males**: 94% of the rates prior to age 80/ 90% of the rates age 80 and older **Females**: 87% of the rates prior to age 80/ 107% of the rates age 80 and older
Safety Officers	PubS-2010 Healthy Retiree	N/A

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

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

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

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

Salary increases, including wage inflation:

Members other than Safety Officers	3.40%-13.00%
Safety Officers	3.20%-16.30%

Salary scale assumptions were altered to better reflect actual experience.

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

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

NOTE 6 – DEFINED BENEFIT PENSION PLAN (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. All mortality assumptions are developed on a benefit-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using the 2024 adjusted MP-2021 projection scale.

Pre-Retirement	**Mortality Table**	**Adjustments, as Applicable**
Members other than Safety Officers	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A

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

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

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

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

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

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

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

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

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

Sensitivity of the Pikes Peak Regional Building Department proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	15,309,167	6,994,321	8,903

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

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

General Information about the OPEB Plan

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

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

PERA Benefit Structure

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

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

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

DPS Benefit Structure

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Pikes Peak Regional Building Department is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Pikes Peak Regional Building Department were $110,269 for the year ended December 31, 2025.

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

At December 31, 2025, the Pikes Peak Regional Building Department reported a liability of $433,365 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2024, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TOL to December 31, 2024. The Pikes Peak Regional Building Department proportion of the net OPEB liability was based on Pikes Peak Regional Building Department contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF.

At December 31, 2024, the Pikes Peak Regional Building Department proportion was 0.0906305026%, which was a decrease of 0.0074664949% from its proportion measured as of December 31, 2023.

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

For the year ended December 31, 2025, the Pikes Peak Regional Building Department recognized OPEB expense of ($50,086). At December 31, 2025, the Pikes Peak Regional Building Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 95,592
Changes of assumptions or other inputs	4,969	138,525
Net difference between projected and actual earnings on OPEB plan investments	1,469	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	30,249	57,332
Contributions subsequent to the measurement date	110,269	N/A
Total	$ 146,956	$ 291,449

$110,269 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	
2026	$ (69,268)
2027	(41,941)
2028	(56,285)
2029	(35,785)
2030	(33,090)
Thereafter	(18,393)

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.20% - 11.30%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	16.00% in 2024, then 6.75% in 2025, gradually decreasing to 4.50% in 2034
MAPD PPO #2	105.00% in 2024, then 8.55% in 2025, gradually decreasing To 4.50% in 2034
Medicare Part A premiums	3.50% in 2024, gradually increasing to 4.50% in 2033
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

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

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Age-Related Morbidity Assumptions

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

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

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

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

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

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

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and 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 that were used to measure the TOL are summarized in the table below:

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

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

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

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (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 Division	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 Division	PubT-2010 Healthy Retiree	**Males**: 112% of the rates prior to age 80/ 94% of the rates age 80 and older **Females**: 83% of the rates prior to age 80/ 106% of the rates age 80 and older
Judicial Division	PubG-2010(A) Above-Median Healthy Retiree	N/A
Post-Retirement (Beneficiary), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
All Beneficiaries	Pub-2010 Contingent Survivor	**Males**: 97% of the rates for all ages **Females**: 105% of the rates for all ages
Disabled	**Mortality Table**	**Adjustments, as Applicable**
Members other than Safety Officers	PubNS-2010 Disabled Retiree	99% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

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

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

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

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

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

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

- Salary scale assumptions were altered to better reflect actual experience.

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

- Participation rates were reduced.

- MAPD premium costs are no longer age graded.

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

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (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 using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Pre-Retirement	**Mortality Table**	**Adjustments, as Applicable**
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
School Division	PubT-2010 Employee	N/A
Judicial Division	PubG-2010(A) Above-Median Employee	N/A
Post-Retirement (Retiree), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Healthy Retiree	**Males**: 90% of the rates for all ages **Females**: 85% of the rates prior to age 85/ 105% of the rates age 85 and older
Safety Officers	PubS-2010 Healthy Retiree	N/A
School Division	PubT-2010 Healthy Retiree	**Males**: 106% of the rates for all ages **Females**: 86% of the rates prior to age 85/ 115% of the rates age 85 and older
Judicial Division	PubG-2010(A) Above-Median Healthy Retiree	N/A
Post-Retirement (Beneficiary), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
All Beneficiaries	Pub-2010 Contingent Survivor	**Males**: 92% of the rates for all ages **Females**: 100% of the rates for all ages
Disabled	**Mortality Table**	**Adjustments, as Applicable**
Members other than Safety Officers	PubNS-2010 Disabled Retiree	95% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

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

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

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

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate[1]	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial MAPD PPO#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	$421,689	$433,365	$446,579

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

Discount rate. The discount rate used to measure the TOL was 7.25%. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2023, and the financial status of the HCTF as of the current measurement date (December 31, 2024). In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2024, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 531,096	$ 433,365	$ 349,110

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

NOTE 8 – RISK MANAGEMENT

The Department is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Department carries commercial insurance for these risks of loss, including worker's compensation and employee health and accident insurance. Settled claims have not exceeded insurance coverage during any of the last three fiscal years.

NOTE 9 – AMENDMENT TO COLORADO CONSTITUTION

In November 1992, the voters of Colorado approved Amendment I, commonly known as the Taxpayer Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax spending, revenue and debt limitation that apply to the State of Colorado and all local governments.

TABOR excludes enterprise governments from its provisions. Enterprise governments, defined as governmental-owned businesses that are authorized to issue revenue bonds and receive less than 10% of their annual revenue in grants from all state and local governments combined are excluded from the provisions of TABOR. The Department is of the opinion that the enterprise operations qualify for the exclusion. The amendment is complex and subject to judicial interpretation. The Department believes it is in compliance with the requirements of the amendment.

REQUIRED SUPPLEMENTARY INFORMATION

PIKES PEAK REGIONAL BUILDING DEPARTMENT
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
DECEMBER 31, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employer's proportion of the net pension liability (asset)	1.1398865820%	1.23%	1.32%	1.33%	1.25%	1.19%	1.12%	1.07%	1.02%	1.04%
Employer's proportionate share of the net pension liability (asset)	$ 6,994,321	$ 9,057,437	$ 13,271,686	$ (1,139,301)	$ 6,528,931	$ 8,725,713	$ 14,082,714	$ 11,967,835	$ 16,940,431	$ 11,411,181
Employer's covered payroll	$ 10,938,445	$ 10,840,185	$ 10,834,527	$ 9,872,074	$ 8,756,624	$ 8,215,785	$ 7,347,020	$ 6,780,681	$ 6,215,530	$ 5,762,778
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	63.94%	83.55%	122.49%	11.54%	74.56%	106.21%	191.68%	176.50%	272.55%	198.02%
Plan fiduciary net position as a percentage of the total pension liability	90.5%	88.0%	83.0%	101.5%	90.9%	86.3%	76.0%	79.4%	73.6%	76.9%

* The pension plan has a December 31 year-end.

See the accompanying independent auditors' report.

PIKES PEAK REGIONAL BUILDING DEPARTMENT
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - PENSION
DECEMBER 31, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 1,505,130	$ 1,513,468	$ 1,522,786	$ 1,458,961	$ 1,301,318	$ 1,141,953	$ 1,041,761	$ 931,602	$ 859,791	$ 787,494
Contributions in relation to the contractually required contribution	(1,505,130)	(1,513,468)	(1,522,786)	(1,458,961)	(1,301,318)	(1,141,953)	(1,041,761)	(931,602)	(859,791)	(787,494)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 10,938,445	$ 10,938,443	$ 10,840,185	$ 10,834,527	$ 9,872,074	$ 8,756,624	$ 8,215,785	$ 7,347,020	$ 6,780,681	$ 6,215,530
Contributions as a percentage of covered payroll	13.76%	13.84%	14.05%	13.47%	13.18%	13.04%	12.68%	12.68%	12.68%	12.67%

* The pension plan has a December 31 year-end.

See the accompanying independent auditors' report.

PIKES PEAK REGIONAL BUILDING DEPARTMENT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
LOCAL GOVERNMENT DIVISION TRUST FUND
DECEMBER 31, 2025

NOTE 1 – SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUARIAL INFORMATION

2024 Changes in Plan Provision Since 2023

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

NOTE 2 - SIGNIFICANT CHANGES IN ASSUMPTIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION

2024 Changes in Assumptions or Other Inputs Since 2023

- Salary scale assumptions were altered to better reflect actual experience.

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

- The Pub-2010 Public Retirement Plans Mortality base tables were retained for purposes of active, retired, disabled, and beneficiary lives, with revised adjustments for credibility and gender, where applicable. In addition, the applied generational projection scale was updated to the 2024 adjusted scale MP-2021.

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

PIKES PEAK REGIONAL BUILDING DEPARTMENT
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
DECEMBER 31, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Employer's proportion of the net OPEB liability (asset)	0.0906305026%	0.10%	0.11%	0.10%	0.10%	0.09%	0.09%	0.08%
Employer's proportionate share of the net OPEB liability (asset)	$ 433,365	$ 700,144	$ 871,745	$ 890,752	$ 908,534	$ 1,027,019	$ 1,181,876	$ 1,085,448
Employer's covered payroll	$ 10,938,445	$ 10,840,185	$ 10,834,527	$ 9,872,074	$ 8,756,624	$ 8,215,785	$ 7,347,020	$ 6,780,681
Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	3.96%	6.46%	8.05%	9.02%	10.38%	12.50%	16.09%	16.01%
Plan fiduciary net position as a percentage of the total OPEB liability	59.8%	46.2%	38.6%	39.4%	32.8%	24.5%	17.0%	17.5%

* The amounts presented for each year were determined as of December 31.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

PIKES PEAK REGIONAL BUILDING DEPARTMENT
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - OPEB
DECEMBER 31, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 111,572	$ 113,917	$ 114,618	$ 110,512	$ 104,680	$ 91,861	$ 83,801	$ 74,940	$ 69,163
Contributions in relation to the contractually required contribution	(111,572)	(113,917)	(114,618)	(110,512)	(104,680)	(91,861)	(83,801)	(74,940)	(69,163)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 10,938,445	$ 10,938,443	$ 10,840,185	$ 10,834,527	$ 9,872,074	$ 8,756,624	$ 8,215,785	$ 7,347,020	$ 6,780,681
Contributions as a percentage of covered payroll	1.02%	1.04%	1.06%	1.02%	1.06%	1.05%	1.02%	1.02%	1.02%

* The amounts presented for each fiscal year were determined as of December 31.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

PIKES PEAK REGIONAL BUILDING DEPARTMENT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
HEALTH CARE TRUST FUND
DECEMBER 31, 2025

NOTE 1 - SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUARIAL INFORMATION

2024 Changes in Plan Provision Since 2023

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

NOTE 2 - SIGNIFICANT CHANGES IN ASSUMPTIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION

2024 Changes in Assumptions or Other Inputs Since 2023

- Salary scale assumptions were altered to better reflect actual experience.

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

- The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on experience. In addition, the mortality projection scale was updated to the 2024 adjusted scale MP-2021 to reflect future improvements in mortality for all groups.

- Participation rates were reduced.

- MAPD premium costs are no longer age graded.

SUPPLEMENTARY INFORMATION

PIKES PEAK REGIONAL BUILDING DEPARTMENT
SUPPLEMENTARY SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Permits	$ 15,751,287	$ 15,751,287	$ 14,157,218	$ (1,594,069)
Fees, licenses and inspections	4,899,042	4,899,042	4,469,406	(429,636)
Code sales	20,000	20,000	27,878	7,878
Interest income	450,000	450,000	558,381	108,381
Intergovernmental income	68,000	68,000	38,391	(29,609)
Miscellaneous income	50,000	50,000	333,441	283,441
Gain on disposal of assets	142,643	142,643	263,932	121,289
Total revenues	21,380,972	21,380,972	19,848,647	(1,532,325)
EXPENSES				
Employee wages and benefits	17,469,339	17,469,339	14,381,972	3,087,367
Educational programs	125,000	125,000	124,490	510
Occupancy expenses	800	800	1,597	(797)
Repairs and maintenance	407,000	407,000	352,484	54,516
Supplies	391,800	391,800	192,644	199,156
Insurance	430,000	430,000	449,524	(19,524)
Services	884,073	884,073	901,199	(17,126)
Resale items	50,450	50,450	11,798	38,652
Common area maintenance	937,707	937,707	937,306	401
Depreciation	900,000	900,000	985,165	(85,165)
Capital outlay	500,000	500,000	910,233	(410,233)
Total expenses	22,096,169	22,096,169	19,248,412	2,847,757
Revenue over expenses	$ (715,197)	$ (715,197)	600,235	$ 1,315,432
To reconcile net income to GAAP basis				
Capital outlay			910,233	
Change in net position - GAAP basis			$ 1,510,468	

See the accompanying independent auditors' report.

PIKES PEAK REGIONAL BUILDING DEPARTMENT
NOTES TO SUPPLEMENTARY SCHEDULE
DECEMBER 31, 2025

Budget and budgetary accounting

Budgets are required by State law for all funds, except fiduciary funds. The Department submits a proposed budget to the Advisory Board and the Building Commission Board for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. It also includes a statement describing the major objectives to be undertaken by the Department and the manner in which the budget proposes to fulfill such objectives. Once it has been approved by the Advisory Board and the Building Commission Board, the budget is presented to the City of Colorado Springs and the Board of County Commissioners of the County of El Paso, Colorado for final approval.

On or before December 31, the budget is adopted by formal resolution. After the adoption of the budget, the boards may review and change the budget at any time prior to October 15 of the fiscal year for which the budget was adopted. After October 15, the boards may not review or change the budget except where money for a specific purpose from other than ad valorem taxes becomes available which could not have been reasonable foreseen at the time of the adoption of the budget. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between line items within any fund rests with the Advisory Board and the Building Commission Board. Revisions that alter the total expenditures in any fund must be approved by the the City of Colorado Springs and the Board of County Commissioners of the County of El Paso, Colorado. Appropriations are based on total funds expected to be available in each budget year, including beginning fund balances as established by the Advisory Board and the Building Commission Board.

Budgets for all fund types are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). GAAP-basis accounting requires that expenditures of salaries and related benefits be recorded in the fiscal year earned. Thus, the Department budgets for all accrued salaries and related benefits earned but unpaid at December 31. Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Advisory Board and the Building Commission Board throughout the year. All appropriations lapse at the end of each fiscal year.

Schedule of budget and actual (non-GAAP basis)

The schedule of budget and actual (non-GAAP basis) is presented on a basis of accounting other than accounting principles generally accepted in the United States of America. As permitted by Colorado government Budget law, the budget for the Department is prepared on a cash basis rather than accrual (GAAP) basis.