

Special District Association of Colorado

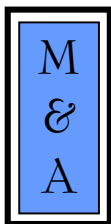
Financial Statements

December 31, 2025

**Special District Association of Colorado
(A Colorado Non-Profit Corporation)
December 31, 2025**

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MCMAHAN AND ASSOCIATES, L.L.C.

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of Special District Association of Colorado (the "Association"), a Colorado non-profit corporation, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the Special District Association of Colorado as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Member: American Institute of Certified Public Accountants

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Management has omitted the Management, Discussion, and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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

Required Supplementary Information (continued)

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

Supplementary Information

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

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



McMahan and Associates, L.L.C.
Avon, Colorado
February 10, 2026

Special District Association of Colorado
(A Colorado Non-Profit Corporation)
Statement of Net Position
December 31, 2025
(With Comparative Totals for December 31, 2024)

	2025	2024
Assets:		
Current Assets:		
Cash and cash equivalents	3,910,520	3,444,442
Accounts receivable, net of allowance	8,643	-
Prepaid expenses	2,000	2,000
Total Current Assets	3,921,163	3,446,442
Other Assets:		
Deposits	96,617	96,617
Total Other Assets	96,617	96,617
Property and Equipment:		
Vehicles, furniture, and equipment	325,109	304,810
Right-of-use lease asset	791,911	791,911
Accumulated depreciation and amortization	(695,229)	(595,463)
Total Property and Equipment	421,791	501,258
Deferred Outflows of Resources:		
Pension related deferred outflows	420,522	761,917
OPEB related deferred outflows	18,288	25,654
Total Deferred Outflows	438,810	787,571
Total Assets	4,878,381	4,831,888
Liabilities and Net Assets:		
Current Liabilities:		
Accounts payable	-	82
Accrued compensated absences	333,507	197,540
Deferred income	174,299	154,924
Total Current Liabilities	507,806	352,546
Noncurrent Liabilities:		
Lease liability	348,636	449,792
Net pension liability	2,375,998	2,798,647
Net OPEB liability	44,948	70,018
Total Noncurrent Liabilities	2,769,582	3,318,457
Deferred Inflows of Resources:		
Pension related deferred inflows	168,656	48,554
OPEB related deferred inflows	28,666	24,029
Total Deferred Inflows	197,322	72,583
Net Position:		
Net investment in capital assets	73,155	51,466
Unrestricted	1,330,516	1,036,836
Total Net Position	1,403,671	1,088,302
Total Liabilities and Net Position	4,878,381	4,831,888

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

Special District Association of Colorado
(A Colorado Non-Profit Corporation)
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2025
(With Comparative Totals for the Year Ended December 31, 2024)

	2025	2024
Operating Revenues:		
Membership revenue		
Dues - voting members	1,610,744	1,546,515
Dues - associate members	64,250	60,500
Conferences and workshops revenue	667,183	647,530
Association program support revenue	1,372,223	1,255,465
Newsletter and directory advertisements	56,150	61,830
Other	1,114	1,444
Total Operating Revenues	3,771,664	3,573,284
Operating Expenses:		
Workshops and conferences	837,205	739,604
Legislative	62,087	63,724
Newsletter	72,316	74,113
CSD Property and Liability Pool	1,962	3,714
Special projects	154,613	124,378
Employee salaries and benefits	1,960,969	1,871,799
Audit	15,350	15,700
Automobile	3,220	4,194
Contract services	1,335	1,084
Depreciation and amortization	125,096	151,710
Directors	19,849	14,737
Dues, subscriptions, and library	4,347	23,197
Equipment maintenance	8,271	7,603
General Association business	36,354	32,741
Information technology	85,696	86,221
Insurance	10,897	8,569
Legal and related expenses	1,844	9,752
Marketing and communications	14,875	23,579
Office supplies	13,875	12,379
Postage	638	1,902
Printing	13,054	12,806
Rent and parking	104,722	99,824
Storage	2,640	2,640
Telephone	22,652	20,230
Pension liability adjustment expense	38,736	(19,438)
OPEB liability adjustment expense	(13,067)	(9,441)
Total Operating Expenses	3,599,536	3,377,321
Operating Income (Loss)	172,128	195,963
Non-operating Revenues (Expenses):		
Interest income	142,901	172,125
Gain (loss) on disposal of equipment	340	-
Total Non-operating Revenues (Expenses)	143,241	172,125
Change in Net Position	315,369	368,088
Net Position - Beginning of Year	1,088,302	720,214
Net Position - End of Year	1,403,671	1,088,302

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

Special District Association of Colorado
(A Colorado Non-Profit Corporation)
Statement of Cash Flows
For the Year Ended December 31, 2025
(With Comparative Totals for December 31, 2024)

	2025	2024
Cash Flows From Operating Activities:		
Cash received from members	1,685,644	1,635,136
Cash received from conferences and workshops	667,183	647,530
Cash received from program activities	1,372,223	1,255,465
Cash received from newsletter and directory advertisements	56,150	61,830
Cash received from other sources	1,114	1,444
Cash paid to employees	(1,825,002)	(1,869,254)
Cash paid for goods and services	(1,588,846)	(1,543,220)
Net Cash Provided (Used) by Operating Activities	368,466	188,931
Cash Flows From Capital and Related Financing Activities:		
Acquisition of property and equipment	(45,289)	(1,239)
Net Cash Provided (Used) by Capital and Related Financing Activities	(45,289)	(1,239)
Cash Flows From Investing Activities:		
Cash received from interest	142,901	172,125
Net Cash Provided (Used) by Investing Activities	142,901	172,125
Net Increase (Decrease) in Cash and Cash Equivalents	466,078	359,817
Cash and Cash Equivalents - Beginning	3,444,442	3,084,625
Cash and Cash Equivalents - Ending	3,910,520	3,444,442
Financial Statement Captions:		
Cash and cash equivalents	3,910,520	3,444,442
Cash and Cash Equivalents - Ending	3,910,520	3,444,442
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	172,128	195,963
Adjustments to reconcile:		
Depreciation and amortization	125,096	151,710
Pension liability adjustment expense	38,848	(19,438)
OPEB liability adjustment expense	(13,067)	(9,441)
(Increase) decrease in accounts receivables	(8,725)	57,873
(Increase) decrease in prepaids and deposits	-	(58,520)
Increase (decrease) in accounts payable	-	(7,350)
Increase (decrease) in compensated absences	135,967	2,545
Increase (decrease) in deferred revenue	19,375	(29,752)
Increase (decrease) in lease liability	(101,156)	(94,659)
Total Adjustments	196,338	(7,032)
Net Cash Provided (Used) by Operating Activities	368,466	188,931

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

Special District Association of Colorado
Notes to the Financial Statements
(A Colorado Non-Profit Corporation)
December 31, 2025

1. Organization

The Special District Association of Colorado (the "Association") was incorporated on September 4, 1975 pursuant to the provisions of the Colorado Non-profit Corporation Act. The Association's mission is to preserve and enhance the legal and political environment for the existence and successful operation of the special district form of government, and to assist special districts to operate efficiently and appropriately.

The Association programs include education, conferences and workshops, legislative input, and administrative support to Member Districts. The Association exists to help districts serve the public in the most efficient and economical manner possible. Member Districts are united to coordinate their interests and welfare through a cooperative effort, and to help special district officials fulfill their duties and responsibilities.

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

2. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Fund Accounting

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

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

Special District Association of Colorado
Notes to the Financial Statements
(A Colorado Non-Profit Corporation)
December 31, 2025
(continued)

2. Summary of Significant Accounting Policies (continued)

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

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

1. Long-term Economic Focus and Accrual Basis

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

2. Financial Statement Presentation

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

D. Cash Equivalents

For purposes of the statement of cash flows, the Association considers cash deposits and highly liquid investments with a maturity of three months or less when purchased, to be cash equivalents.

E. Investments

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

F. Property and Equipment

Property and equipment are stated at cost. Depreciation expense has been computed using the straight-line method over the estimated economic useful of the assets which range from 3 to 7 years.

G. Deferred Revenue

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

Special District Association of Colorado
Notes to the Financial Statements
(A Colorado Non-Profit Corporation)
December 31, 2025
(continued)

2. Summary of Significant Accounting Policies (continued)

H. Leases

Lessee – The Association is lessee for noncancellable leases of office space. The Association recognizes a lease liability and an intangible right-to-use lease asset. The Association recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the Association initially measures the lease liability at the present value of payments expected to be made during the lease term.

Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Association determines the following:

Discount Rate: The Association uses the interest rate charged by the lessor as the discount rate to discount the expected lease payments to present value. When the interest rate charged by the lessor is not provided, the Association uses its incremental rate of borrowing.

Lease Term: The lease term includes the noncancellable period of the lease and extended term(s) that the Association is reasonably certain to exercise.

Lease Payments: Lease payments included in the measurement of the lease liability are composed of fixed increasing payments, and purchase option price that the Association is reasonably certain to exercise.

The Association monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

I. Compensated Absences

The Association allows its employees to accumulate personal days off, based on the employee's length of service. Personal days off can be accrued up to a maximum of 444 hours. Personal days off are paid out upon termination up to the maximum accrual.

The Association also allows employees to accumulate sick leave. Sick leave is accrued at a rate of 8 to 12 hours per month based on employee's length of service. Sick leave can accumulate up to 360 hours. The Association estimates how much of the leave is more likely than not to be used as paid leave and recognizes that portion as a liability for compensated absences.

At December 31, 2025, the estimated value of accumulated personal days off and sick leave is \$333,507.

Special District Association of Colorado
Notes to the Financial Statements
(A Colorado Non-Profit Corporation)
December 31, 2025
(continued)

2. Summary of Significant Accounting Policies (continued)

J. Pensions

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

K. Other Post Employment Benefit (OPEB)

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

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of financial position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Association has pension and OPEB related deferred outflows, which are described in Note 6.A and 6.B. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of financial position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Association has pension and OPEB related deferred inflows, which are described in Note 6.A and 6.B.

M. Revenue Recognition

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

N. Income Taxes

The Association has been granted tax exempt status under Section 501(c)(6) of the Internal Revenue Code. Income tax may be payable on unrelated business income, if any, earned during the year. No income tax expense was incurred or paid in 2025.

The Association will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred. The Federal information returns of the Association are subject to examination by the Internal Revenue Service. The Association is no longer subject to examination for tax years prior to 2022.

Special District Association of Colorado
Notes to the Financial Statements
(A Colorado Non-Profit Corporation)
December 31, 2025
(continued)

2. Summary of Significant Accounting Policies (continued)

O. Budgets

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

P. Use of Estimates

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

Q. Subsequent Events

The Association has evaluated subsequent events through the date of the auditor’s report, which is the date the financial statements were available to be issued.

3. Cash Deposits and Investments

A. Cash Deposits

The Colorado Public Deposit Protection Act (“PDPA”) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by State regulators. Amounts on deposit in excess of Federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust.

The market value of the collateral must be at least equal to the aggregate uninsured deposits. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

As of December 31, 2025, the Association’s bank balances of \$551,392 were collateralized in accordance with PDPA.

B. Investments

As of December 31, 2025, the Association had the following recurring fair value measurements:

Investments Measured at Net Asset Value	Total
COLOTRUST PLUS+	1,835,949
COLOTRUST EDGE	1,503,427
Total	3,339,376

Special District Association of Colorado
Notes to the Financial Statements
(A Colorado Non-Profit Corporation)
December 31, 2025
(continued)

3. Cash Deposits and Investments (continued)

B. Investments (continued)

The Association had invested in the Colorado Local Government Liquid Asset Trust (“Colotrust”), an investment pool established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing Colotrust. Colotrust offers shares in three portfolios, COLOTRUST PRIME (“PRIME”), COLOTRUST PLUS+ (“PLUS+”) and COLOTRUST EDGE (“EDGE”) and operates similarly to a money market fund. PRIME and PLUS+ have a stable Net Asset Value (“NAV”) and each share is equal in value to \$1 whereas EDGE has a variable NAV and each share is equal in value to \$2 or \$10. COLOTRUST portfolios may invest in United States Treasury securities and repurchase agreements collateralized by United States Treasury Securities.

COLOTRUST portfolios may also invest in certain obligations of United States government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of United States government agencies. Designated custodial bank serves as custodian for Colotrust’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for Colotrust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by Colotrust. As of December 31, 2025, the Association was invested in PLUS+ and EDGE.

4. Capital Assets

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

	1/1/25 Beginning Balance	Additions	Deletions	12/31/25 Ending Balance
Capital assets, being depreciated and amortized:				
Building improvements	137,849	-	-	137,849
Equipment and vehicles	98,387	77,289	(56,990)	118,686
Furniture	68,574	-	-	68,574
Lease assets	791,911	-	-	791,911
Total capital assets, being depreciated and amortized	<u>1,096,721</u>	<u>77,289</u>	<u>(56,990)</u>	<u>1,117,020</u>
Less accumulated depreciation for:				
Building improvements	126,737	11,111	-	137,848
Equipment and vehicles	52,707	7,865	(25,330)	35,242
Furniture	51,308	6,376	-	57,684
Less accumulated amortization on lease	<u>364,711</u>	<u>99,744</u>	<u>-</u>	<u>464,455</u>
Total accumulated depreciation and amortization	<u>595,463</u>	<u>125,096</u>	<u>(25,330)</u>	<u>695,229</u>
Total capital assets, net	<u><u>501,258</u></u>	<u><u>(47,807)</u></u>	<u><u>(31,660)</u></u>	<u><u>421,791</u></u>

Special District Association of Colorado
Notes to the Financial Statements
(A Colorado Non-Profit Corporation)
December 31, 2025
(continued)

5. Long-term Obligations

A. Lease Liability

The Association leases office space under an agreement that expired on November 30, 2020. A new 87-month term was agreed commencing on December 1, 2020 and terminating on February 29, 2028. The lease includes interest at 3.88%. In accordance with relevant lease accounting standards, the Association has capitalized the lease at the present value of future certain payments and will be a) amortizing the lease asset straight-line over the lease term and b) allocating lease payments to interest expense and liability reduction. In addition to base rent, the Association is responsible to pay for its proportionate share of certain operating costs. Total office rent expense under the lease was \$83,380 for 2025. The lease requires future cash payments as follows.

Year(s)	Principal	Interest	Total
2026	107,905	13,527	121,432
2027	114,916	9,340	124,256
2028	125,815	1,264	127,079
	348,636	24,131	372,767

B. Changes in Long-Term Obligations

The following is a summary of changes in long-term obligations for the year ended December 31, 2025. The changes to accrued compensated absences are reported net.

	1/1/25 Beginning Balance	Additions	Deletions	12/31/25 Ending Balance	Due within one year
Accrued compensated absences	197,540	135,967	-	333,507	333,507
Lease liability	449,792	-	101,156	348,636	107,905
Net pension liability	2,798,647	-	422,649	2,375,998	-
Net OPEB liability	70,018	-	25,070	44,948	-
	3,515,997	135,967	548,875	3,103,089	441,412

*Accrued compensated absences reported as net change

6. Public Employees' Retirement Association of Colorado

Employees of the Association are eligible for benefits under PERA consistent with the benefits provided to member special districts.

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

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

Special District Association of Colorado
Notes to the Financial Statements
(A Colorado Non-Profit Corporation)
December 31, 2025
(continued)

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

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

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

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

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

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

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

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

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

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

Special District Association of Colorado
Notes to the Financial Statements
(A Colorado Non-Profit Corporation)
December 31, 2025
(continued)

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

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

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: Eligible employees of, the Association, and the State are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements for the SDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Employee contribution rates for the period of January 1, 2024 through December 31, 2025 are summarized in the table below:

	January 1, 2024 Through December 31, 2024	January 1, 2025 Through December 31, 2025
Employee contribution (all employees other than Safety Officers)	11.00%	11.00%
Safety Officers	13.00%	13.00%

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

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Special District Association of Colorado
Notes to the Financial Statements
(A Colorado Non-Profit Corporation)
December 31, 2025
(continued)

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

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

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

	January 1, 2024 Through December 31, 2024	January 1, 2025 Through December 31, 2025
Employer contribution rate	11.40%	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)	(1.02%)
Amount apportioned to the SDTF	10.38%	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.21%	0.23%
Total employer contribution rate to the SDTF	20.59%	20.61%

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

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the Association is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from the Association were \$214,100 for the year ended December 31, 2025.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute a \$225 million direct distribution each year to PERA starting on July 1, 2018. For 2024, a portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF, School Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund

Pension Liabilities. The net pension liability for the SDTF 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 Association's proportion of the net pension liability was based on the Association's contributions to the SDTF for the calendar year 2024 relative to the total contributions of participating employers and the State as a nonemployer contributing entity for participating employers of the SDTF that are outside of the State's financial reporting entity.

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

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

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

Pension Liabilities (continued)

At December 31, 2025, the Association reported a liability of \$2,375,998 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the Association as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the Association were as follows:

The Association's proportionate share of the net pension liability	2,375,998
The State's proportionate share of the pension liability as a nonemployer contributing entity associated with the Association	8,507
Total	<u><u>2,384,505</u></u>

At December 31, 2024, the Association proportion was 0.0250%, which was a decrease of 0.0027% from its proportion measured as of December 31, 2023.

Pension Expense. For the year ended December 31, 2025, the Association recognized pension expense/(credit) of \$38,736 and revenue of \$802 for support from the State as a nonemployer contributing entity. At December 31, 2025, the Association 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 expenses and actual experience	69,735	-
Change of assumptions or other inputs	-	18,424
Net difference between projected and actual earnings on plan investments	52,340	-
Changes in proportionate share of contributions	83,835	150,232
Contributions subsequent to measurement date	214,612	-
	<u>420,522</u>	<u>168,656</u>

Special District Association of Colorado
Notes to the Financial Statements
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December 31, 2025
(continued)

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

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

Pension Expense (continued)

\$214,612 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	Amortization
December 31,	
2026	68,139
2027	83,779
2028	(82,255)
2029	(32,409)
	37,254
	37,254

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:	
Members other than Safety Officers	3.30%–10.90%
Safety Officers	3.20%–12.40%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

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

Special District Association of Colorado
Notes to the Financial Statements
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December 31, 2025
(continued)

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

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

Pension Expense (continued)

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.

	<u>Mortality Table</u>	<u>Adjustments, As Applicable</u>
Pre-Retirement	PubG-2010 Employee	N/A
		Males: 94% of the rates prior to age 80/90% of the rates age 80 and older
Post-Retirement (Retiree), Non-Disabled	PubG-2010 Healthy Retiree	Females: 87% of the rates prior to age 80/107% of the rates age 80
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	Males: 97% of the rates for all ages. Females: 105% of the rates for all ages.
Disabled	PubNS-2010 Disabled Retiree	99% of the rates for all ages

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	2.70% - 13.30%
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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%.

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

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

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

Pension Expense (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.

	Mortality Table	Adjustments, As Applicable
Pre-Retirement	PubG-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubG-2010 Healthy Retiree	Males: 90% of the rates for all ages Females: 85% of the rates prior to age 85/105% of the rates age 85 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	Males: 92% of the rates for all ages. Females: 100% of the rates for all ages.
Disabled	PubNS-2010 Disabled Retiree	95% of the rates for all ages

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

**Special District Association of Colorado
Notes to the Financial Statements
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December 31, 2025
(continued)**

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

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

Pension Expense (continued)

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, 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 scheduled increases in SB 18-200, and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

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

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

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

Discount rate (continued).

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

Sensitivity of the Association's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, 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	Current Discount	1% Increase
	6.25%	7.25%	8.25%
Proportionate Share Net Pension Liability	3,165,848	2,375,998	1,710,659

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

Special District Association of Colorado
Notes to the Financial Statements
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December 31, 2025
(continued)

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

B. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

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

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

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

Special District Association of Colorado
Notes to the Financial Statements
(A Colorado Non-Profit Corporation)
December 31, 2025
(continued)

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

B. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Association is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Association were \$10,663 for the year ended December 31, 2025.

Liabilities. At December 31, 2025, the Association reported a liability of \$44,948 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 Association's proportion of the net OPEB liability was based on the Association's contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF.

At December 31, 2024, the Association proportion was 0.00940%, which was a decrease of 0.00041% from its proportion measured as of December 31, 2023.

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

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

B. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Liabilities (continued)

For the year ended December 31, 2025, the Association recognized OPEB expense/(credit) of 2027(\$13,067). At December 31, 2025, the Association reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expenses and actual experience	-	9,915
Change of assumptions or other inputs	514	-
Net difference between projected and actual earnings on plan investments	152	-
Changes in proportionate share of contributions	7,079	4,384
Change in actuarial assumptions or other inputs	-	14,367
Contributions subsequent to measurement date	10,543	-
	18,288	28,666

\$10,543 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 related expense as follows:

Year Ended December 31,	Amortization
2026	(3,690)
2027	(3,316)
2028	(5,239)
2029	(3,997)
2030	(3,064)
2031	(1,615)
	(20,921)

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

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

B. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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	
Members other than Safety Officers	2.80%-11.30% in aggregate
Safety Officers	3.20%-12.40% in aggregate
Long-term investment Rate of Return, net of OPEB	
plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	16.00% in 2024, then 6.75% 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.

Special District Association of Colorado
Notes to the Financial Statements
(A Colorado Non-Profit Corporation)
December 31, 2025
(continued)

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

B. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Actuarial assumptions (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, as discussed as follows.

Special District Association of Colorado
Notes to the Financial Statements
(A Colorado Non-Profit Corporation)
December 31, 2025
(continued)

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

B. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued)

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

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

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

Year	PERACare Medicare Plans¹	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.

Special District Association of Colorado
Notes to the Financial Statements
(A Colorado Non-Profit Corporation)
December 31, 2025
(continued)

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

B. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued)

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.

<u>Pre-Retirement</u>	<u>Mortality Table</u>	<u>Adjustments, As Applicable</u>
State and Local Government	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
<u>Post-Retirement (Beneficiary), Non-Disabled</u>	<u>Mortality Table</u>	<u>Adjustments, As Applicable</u>
All Beneficiaries	Pub-2010 Contingent Survivor	Males: 97% of the rates for all ages Females: 105% of the rates for all ages
<u>Disabled</u>	<u>Mortality Table</u>	<u>Adjustments, As Applicable</u>
Members other than Safety Officers	PubNS-2010 Disabled Retiree	99% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

**Special District Association of Colorado
Notes to the Financial Statements
(A Colorado Non-Profit Corporation)
December 31, 2025
(continued)**

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

B. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued)

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 Trust Fund:

- 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 have been updated to reflect costs for the 2024 plan year.
- The health care cost trend rates applicable to health care premiums were revised to reflect the current expectation of future increases in those premiums. A separate trend rate assumption set was added for MAPD PPO #2 as the first-year rate is still below the maximum subsidy and also the assumption set reflects the estimated impact of the Inflation Reduction Act for that plan option.
- The Medicare health care plan election rate assumptions were updated effective as of the December 31, 2023, valuation date based on an experience analysis of recent data.

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

**Special District Association of Colorado
Notes to the Financial Statements
(A Colorado Non-Profit Corporation)
December 31, 2025
(continued)**

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

B. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued)

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%

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

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

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

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

Special District Association of Colorado
Notes to the Financial Statements
(A Colorado Non-Profit Corporation)
December 31, 2025
(continued)

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

B. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued)

<u>Pre-Retirement</u>	<u>Mortality Table</u>	<u>Adjustments, As Applicable</u>
State and Local Government	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
<u>Post-Retirement (Retiree), Non-Disabled</u>	<u>Mortality Table</u>	<u>Adjustments, As Applicable</u>
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Healthy Retiree	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	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
<u>Post-Retirement (Beneficiary), Non-Disabled</u>	<u>Mortality Table</u>	<u>Adjustments, As Applicable</u>
All Beneficiaries	Pub-2010 Contingent Survivor	Males: 92% of the rates for all ages Females: 100% of the rates for all ages
<u>Disabled</u>	<u>Mortality Table</u>	<u>Adjustments, As Applicable</u>
Members other than Safety Officers	PubNS-2010 Disabled Retiree	95% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

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

Special District Association of Colorado
Notes to the Financial Statements
(A Colorado Non-Profit Corporation)
December 31, 2025
(continued)

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

B. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued)

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

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

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

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

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

Special District Association of Colorado
Notes to the Financial Statements
(A Colorado Non-Profit Corporation)
December 31, 2025
(continued)

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

B. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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

	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%
Proportionate Share OPEB Liability	43,735	44,948	46,317

¹For 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.
- 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.

**Special District Association of Colorado
Notes to the Financial Statements
(A Colorado Non-Profit Corporation)
December 31, 2025
(continued)**

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

B. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Discount rate (continued)

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

	1% Decrease	Current Discount	1% Increase
	6.25%	7.25%	8.25%
Proportionate Share OPEB Liability	55,082	44,948	36,208

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

C. Defined Contribution Pension Plan

Plan Description. Employees of the Association that are also members of the SDTF (see Note 5a) may voluntarily contribute to the Voluntary Investment Program (PERAPlus 401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the PERAPlus 401(k) Plan. That report can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Funding Policy. The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. In addition, the Association has agreed to match employee contributions up to 4% of covered salary as determined by the Internal Revenue Service. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended 2025, program members contributed \$129,738 and the Association recognized pension expense and a liability of \$124,488 and \$0, respectively, for the PERAPlus 401(k) Plan.

Special District Association of Colorado
Notes to the Financial Statements
(A Colorado Non-Profit Corporation)
December 31, 2025
(continued)

7. Related Entity

The Association has entered into an agreement with the Colorado Special Districts Property and Liability Pool (“the Pool”). The Pool provides insurance coverage to participating Special Districts throughout the State of Colorado. The Agreement allows the Association to appoint all of the nine board members of the Pool from among the participating districts, each from a different district, and also requires at least one appointment to the Pool’s board to be a member of the Association.

As of December 31, 2025, four of the eight Pool board members were also the Association board members. The Association provides certain administrative services to the Pool. The fee for these services is computed at 1.5% for 2025, of the gross annual premiums billed by the Pool. The agreements may be terminated at any time by mutual agreement of both parties. Fees earned by the Association for administrative services to the Pool were \$851,545 for the year ended December 31, 2025.

There were no amounts due between the Association and the Pool at December 31, 2025. Summarized financial information for the Pool as of and for the year ended December 31, 2024 is as follows:

Total Assets	86,648,039
Total Liabilities	57,746,885
Total Net Assets	28,901,154
	86,648,039
Total Revenue	32,245,532
Total Expenses	30,236,676
Underwriting Income (Loss)	2,008,856
Investment Income	4,542,569
Net Income (Loss)	6,551,425

8. Other Information

A. Risk Management

The Association is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or natural events. The Association maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Special District Association of Colorado
Schedule of Association's Proportionate Share of the Net Pension Liability
Colorado Public Employees' Retirement Association State Division Trust Fund
Last 10 Fiscal Years

For the measurement date of December 31,	2024	2023	2022	2021	2020
Proportion of the net pension liability	0.0250%	0.0277%	0.0228%	0.0243%	0.0260%
Association's proportionate share of the net pension liability	\$ 2,375,998	\$ 2,798,647	\$ 2,474,236	\$ 1,788,939	\$ 2,469,949
State's proportionate share of the net pension liability as a non-employer contributing entity associated with the Association	8,507	2,581	24,830	8,322	-
Total proportionate share of the net pension liability associated with the Association	<u>\$ 2,384,505</u>	<u>\$ 2,801,228</u>	<u>\$ 2,499,066</u>	<u>\$ 1,797,261</u>	<u>\$ 2,469,949</u>
Covered payroll	\$ 1,134,478	\$ 1,084,052	\$ 1,012,216	\$ 897,900	\$ 853,700
Proportionate share of the net pension liability as a percentage of its covered payroll	210.19%	258.40%	246.89%	200.16%	289.32%
Plan fiduciary net position as a percentage of the total pension liability	67.44%	64.37%	60.63%	73.05%	65.34%
 For the measurement date of December 31,	 2019	 2018	 2017	 2016	 2015
Proportion of the net pension liability	0.0202%	0.0205%	0.0215%	0.0211%	0.0221%
Association's proportionate share of the net pension liability	\$ 1,956,353	\$ 2,328,512	\$ 4,294,786	\$ 3,866,778	\$ 2,190,891
State's proportionate share of the net pension liability as a non-employer contributing entity associated with the Association	9,920	12,747	-	-	-
Total proportionate share of the net pension liability associated with the Association	<u>\$ 1,966,273</u>	<u>\$ 2,341,259</u>	<u>\$ 4,294,786</u>	<u>\$ 3,866,778</u>	<u>\$ 2,190,891</u>
Covered payroll	\$ 718,560	\$ 704,822	\$ 629,501	\$ 599,761	\$ 578,329
Proportionate share of the net pension liability as a percentage of its covered payroll	273.64%	332.18%	682.25%	644.72%	378.83%
Plan fiduciary net position as a percentage of the total pension liability	62.24%	55.11%	43.20%	42.59%	56.11%

See the accompanying notes to the Required Supplementary Information.

**Special District Association of Colorado
Schedule of Association Pension Contributions
Colorado Public Employees' Retirement Association State Division Trust Fund
Last 10 Fiscal Years**

Fiscal year-ended December 31,	2025	2024	2023	2022	2021
Contractually required contribution	\$ 214,100	\$ 233,660	\$ 223,236	\$ 204,599	\$ 178,930
Contributions in relation to the contractually required contribution	<u>\$ (214,100)</u>	<u>\$ (233,660)</u>	<u>\$ (223,236)</u>	<u>\$ (204,599)</u>	<u>\$ (178,930)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,045,409	\$ 1,036,186	\$ 1,077,030	\$ 1,029,169	\$ 900,051
Contributions as a percentage of covered payroll	20.48%	22.55%	20.73%	19.88%	19.88%
Fiscal year-ended December 31,	2020	2019	2018	2017	2016
Contractually required contribution	\$ 167,230	\$ 138,358	\$ 134,833	\$ 120,424	\$ 109,336
Contributions in relation to the contractually required contribution	<u>\$ (167,230)</u>	<u>\$ (138,358)</u>	<u>\$ (134,833)</u>	<u>\$ (120,424)</u>	<u>\$ (109,336)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 851,911	718,560	704,822	629,501	599,761
Contributions as a percentage of covered payroll	19.63%	19.25%	19.13%	19.13%	18.23%

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

For the measurement date of December 31,	2024	2023	2022	2021	2020
Proportion of the net Other Post-Employment Benefit liability	0.00940%	0.00981%	0.00997%	0.00938%	0.00923%
Proportionate share of the net Other Post-Employment Benefit liability	44,948	70,018	81,444	80,891	87,723
Covered payroll	1,134,478	1,084,052	1,012,216	897,900	853,700
Proportionate share of the net Other Post-Employment Benefit liability as a percentage of its covered payroll	4%	6%	8%	9%	10%
Plan fiduciary net position as a percentage of the total Other Post-Employment Benefit liability	59.83%	46.16%	38.57%	39.40%	32.78%
For the measurement date of December 31,	2019	2018	2017	2016	
Proportion of the net Other Post-Employment Benefit liability	0.00799%	0.00833%	0.00775%	0.00760%	
Proportionate share of the net Other Post-Employment Benefit liability	89,825	113,382	100,771	98,482	
Covered payroll	718,560	718,560	704,822	599,761	
Proportionate share of the net Other Post-Employment Benefit liability as a percentage of its covered payroll	13%	16%	14%	16%	
Plan fiduciary net position as a percentage of the total Other Post-Employment Benefit liability	24.49%	17.03%	17.53%	16.72%	

* The amounts presented are for the fiscal year end of the plan measurement date. Information is only available beginning in measurement year 2016.

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

Fiscal year-ended December 31,	2025	2024	2023	2022	2021
Contractually required contributions	\$ 10,663	\$ 11,501	\$ 10,986	\$ 10,498	\$ 9,181
Contributions in relation to the contractually required contribution	<u>\$ (10,663)</u>	<u>\$ (11,501)</u>	<u>\$ (10,986)</u>	<u>\$ (10,498)</u>	<u>\$ (9,181)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,045,409	\$ 1,036,186	\$ 1,077,030	\$ 1,029,169	\$ 900,051
Contributions as a percentage of covered payroll	1.02%	1.11%	1.02%	1.02%	1.02%
Fiscal year-ended December 31,	2020	2019	2018	2017	2016
Contractually required contributions	\$ 8,690	\$ 7,329	\$ 7,189	\$ 6,421	\$ 6,118
Contributions in relation to the contractually required contribution	<u>\$ (8,690)</u>	<u>\$ (7,329)</u>	<u>\$ (7,189)</u>	<u>\$ (6,421)</u>	<u>\$ (6,118)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 851,911	\$ 718,558	\$ 704,822	\$ 704,822	\$ 599,761
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	0.91%	1.02%

* Information is only available beginning in fiscal year 2016.

Special District Association of Colorado
(A Colorado Non-Profit Corporation)
Schedule of Revenues, Expenses, and Changes in Fund Net Position
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for 2024)

	2025			(Restated)
	Original & Final Budget	Actual	Variance Favorable (Unfavorable)	2024 Actual
Operating Revenues:				
Membership revenue				
Dues - voting members	1,555,000	1,610,744	55,744	1,546,515
Dues - associate members	54,000	64,250	10,250	60,500
Conferences and workshops revenue	625,000	667,183	42,183	647,530
Association program support revenue	1,300,000	1,372,223	72,223	1,255,465
Newsletter and directory advertisements	62,000	56,150	(5,850)	61,830
Other	-	275	275	1,238
Total Operating Revenues	3,596,000	3,770,825	174,825	3,573,078
Operating Expenses:				
Workshops and conferences	770,000	837,205	(67,205)	739,604
Legislative	67,000	62,087	4,913	63,724
Newsletter	73,000	72,316	684	74,113
CSD Property and Liability Pool	2,500	1,962	538	3,714
Special projects	172,500	154,613	17,887	124,378
Employee salaries and benefits	2,113,696	1,960,130	153,566	1,871,593
Audit	15,000	15,350	(350)	15,700
Automobile	5,000	3,220	1,780	4,194
Contract services	1,100	1,335	(235)	1,084
Capital outlay	-	77,289	(77,289)	1,239
Directors	23,000	19,849	3,151	14,737
Dues, subscriptions, and library	15,000	4,347	10,653	23,197
Equipment maintenance	11,000	8,271	2,729	7,603
General Association business	47,000	36,354	10,646	32,741
Information technology	82,000	85,696	(3,696)	86,221
Insurance	11,000	10,897	103	8,569
Legal and related	7,500	1,844	5,656	9,752
Marketing and communications	32,000	14,875	17,125	23,579
Office supplies	16,000	13,875	2,125	12,379
Postage	2,800	638	2,162	1,902
Printing	18,000	13,054	4,946	12,806
Rent and parking	245,000	205,878	39,122	259,483
Storage	-	2,640	(2,640)	2,640
Telephone	24,000	22,652	1,348	20,230
Total Operating Expenses	3,754,096	3,626,377	127,719	3,415,182
Operating Income (loss)	(158,096)	144,448	302,544	157,896
Non-operating Revenues (Expenses):				
Interest income	120,000	142,901	22,901	172,125
Total Non-operating Revenues (Expenses)	120,000	142,901	22,901	172,125
Change in net position - Budget Basis	(38,096)	287,349	325,445	330,021
Reconciliation to GAAP Basis:				
Gain (loss) on disposal of equipment		340		-
Change in deposits		-		65,000
Capital outlay		77,289		1,239
Depreciation and amortization		(125,096)		(151,710)
Net change in lease liability		101,156		94,659
Pension revenue - Special Funding		839		206
Pension expense - Special Funding		(839)		(206)
Pension liability adjustment expense		(38,736)		19,438
OPEB liability adjustment expense		13,067		9,441
Net GAAP Basis Adjustments		28,020		38,067
Change in Net Position - GAAP Basis		315,369		368,088

Special District Association of Colorado
Notes to the Required Supplementary Information
December 31, 2025

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

A. Changes to Plan Provisions

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

- There were no changes made to the plan provisions.

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

- Senate Bill (SB) 23-056, enacted and effective June 2, 2023, intended to recompense PERA for the remaining portion of the \$225 million direct distribution originally scheduled for receipt July 1, 2020, suspended due to the enactment of House Bill (HB) 20-1379, but not fully repaid through the provisions within HB 22-1029. Pursuant to SB 23-056, the State Treasurer issued a warrant consisting of the balance of the PERA Payment Cash Fund, created in §24-51-416, plus \$10 million from the General Fund, totaling \$14.561 million.
- As of the December 31, 2023, measurement date, the total pension liability (TPL) recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months (including, but not limited to positions in the School and DPS Divisions) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.

B. Changes to Significant Assumptions or Other Inputs

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

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

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

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

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

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

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

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

Special District Association of Colorado
Notes to the Required Supplementary Information
December 31, 2025
(continued)

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

B. Changes to Assumptions or Other Inputs (continued)

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

- The price inflation assumption was lowered from 2.4% to 2.30%.
 - The wage inflation assumption was lowered from 3.5% to 3.00%.
 - The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
 - Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
 - The pre-retirement mortality assumption for the School and DPS Divisions was changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
 - The post-retirement non-disabled mortality assumption for the School and DPS Divisions was changed to the PubT-2010 Healthy Retiree Table, adjusted as follow:
 - Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

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

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

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

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

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

- The SEIR was lowered from 5.26 percent to 4.78 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate.
- The municipal bond index rate used in the determination of the SEIR changed from 3.86 percent on the prior measurement date to 3.43 percent on the measurement date.

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

- The investment return assumption was lowered from 7.5 percent to 7.25 percent
- The wage inflation assumption was lowered from 3.90 percent to 3.50 percent
- The post-retirement mortality assumption for healthy lives for the School and DPS Divisions was changed to the RP-2014 White Collar Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 93 percent factor applied to ages below 80 and a 113 percent factor applied to age 80 and above, projected to 2018, or males, and a 68 percent factor applied to ages below 80 and a 106 percent factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90 percent of RP-2014 Disabled Retiree Mortality Table.

Special District Association of Colorado
Notes to the Required Supplementary Information
December 31, 2025
(continued)

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

B. Changes to Assumptions or Other Inputs (continued)

9. Changes Since the December 31, 2015 actuarial valuation (continued):

- The mortality assumption for active members was changed to RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.
- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.35 percent to 0.40 percent.
- The SEIRFDN for the SCHDTF was lowered from 7.50 percent to 5.26 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate

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

- Valuation of the full survivor benefit without any reduction for possible remarriage.
- Reflection of the employer match on separation benefits for all eligible years.
- Reflection of one year of service eligibility for survivor annuity benefit.
- Refinement of the 18-month annual increase timing.
- Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- Recognition of merit salary increases in the first projection year.
- Elimination of the assumption that 35% of future disabled members elect to receive a refund.
- Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
- Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

C. Changes of Benefit Terms

No changes during the years presented.

D. Changes of Size or Composition of Population Covered by Benefit Terms

No changes during the years presented.

II. Schedule of Association Pension Contributions

A. Changes to Assumptions or Other Inputs

No changes during the years presented.

Special District Association of Colorado
Notes to the Required Supplementary Information
December 31, 2025
(continued)

II. Schedule of Association Pension Contributions (continued)

B. Changes of Benefit Terms

No changes during the years presented.

C. Changes of Size or Composition of Population Covered by Benefit Terms

No changes during the years presented.

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

A. Changes to Assumptions or Other Inputs

No changes during the years presented.

B. Changes of Benefit Term

No changes during the years presented.

C. Changes of Size or Composition of Population Covered by Terms

No changes during the years presented.

IV. Schedule of Association Other Post-Employment Benefits Contributions

A. Changes to Plan Provisions

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

- 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.

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

- As of the December 31, 2023, measurement date, the fiduciary net position (FNP) and related disclosure components for the Health Care Trust Fund (HCTF) reflect payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

Special District Association of Colorado
Notes to the Required Supplementary Information
December 31, 2025
(continued)

IV. Schedule of Association Other Post-Employment Benefits Contributions (continued)

B. Changes to Assumptions or Other Inputs

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

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

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

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

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

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

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

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

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

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

C. Changes of Benefit Terms

No changes during the years presented.

D. Changes of Size or Composition of Population Covered by Benefit Terms

No changes during the years presented.