

# **Financial Statements**

June 30, 2025

Statewide Internet Portal Authority

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## Independent Auditor's Report

Board of Directors of  
Statewide Internet Portal Authority  
Denver, Colorado

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the business-type activities and fiduciary activities of Statewide Internet Portal Authority, (the Authority) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Authority as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Authority 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.

#### *Adoption of a New Accounting Standard*

As discussed in Note 2 to the financial statements, the Authority has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, for the year ended June 30, 2025. As a result of implementing the standard, there was no effect on the beginning net position as of July 1, 2024. Our opinions are not modified with respect to this matter.

### ***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 Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority'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 Authority's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Schedules of Authority's Proportionate Share of the Net Pension and Net OPEB Liabilities, Schedules of Contributions and Related Ratios, and Notes to Required Supplementary Information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 Authority's basic financial statements. The budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Eide Bailly LLP*

Denver, Colorado

October 7, 2025

# **Management's Discussion and Analysis**

The Management's Discussion and Analysis for the Statewide Internet Portal Authority (Authority) offers readers an overview of the Authority's financial activities for the fiscal year ended June 30, 2025. Readers are encouraged to consider this information in conjunction with the Authority's financial statements, and notes to the basic financial statements.

## **Financial Highlights**

### **Analysis of Net Position and Changes in Net Position**

#### *Net Position*

- The assets and deferred outflows of resources of the Statewide Internet Portal Authority exceeded its liabilities and deferred inflows of resources at June 30, 2025 by \$61,010,099. \$42,354,670 of that amount is restricted for GovGrants program. The unrestricted net position, which represents the amount available to meet the Authority's ongoing obligations and mission, is \$18,596,294. The remaining balance in net position is the Authority's net investment in its capital assets of \$59,135.

#### *Changes in Net Position*

- The Authority's total net position increased by \$29,285,929 broken down as follows:

Restricted for GovGrants	\$ 26,232,337
Unrestricted	<u>3,053,592</u>
Total Increase in Net Position	<u>\$ 29,285,929</u>

- The amount restricted for the GovGrants program is from Net Bulk Records revenue.
- The Authority increased its operating leverage through an increase operating revenue as well as reduced operating expenses, leading to an increase of \$3,053,592 in the unrestricted net position. Several factors contributed to this growth:
  - An increase of 43.89% in revenues coming from its joint program with Tyler Colorado (See Note 2 for a description of the joint program with Tyler Colorado).
  - A slight decrease of (1.00)% in operating expenses.
- The Authority had 1,105 active customers as of June 30, 2025

## **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The Authority maintains two types of funds, Proprietary Funds and Fiduciary Funds.

Required statements for proprietary funds are: 1) Statement of Net Position, 2) Statement of Revenues, Expenses and Changes in Fund Net Position, and 3) Statement of Cash Flows. These financial statements are prepared similarly to a business entity using the accrual basis of accounting and economic resource measurement focus.

Required statements for Fiduciary Funds are: 1) Statement of Fiduciary Net Position, and 2) Statement of Changes in Fiduciary Net Position. These financial statements are used to account for resources held for the benefit of other entities, including other governments. The Authority cannot use these assets to finance its operations.

### **Statement of Net Position**

The Statement of Net Position presents information on all the Authority's assets and liabilities with the difference between the two reported as net position. Over time, increases and decreases in net position serve as a useful indicator of whether the financial condition of the Authority is improving or deteriorating.

### **Statement of Revenues, Expenses and Changes in Fund Net Position**

The Statement of Revenues, Expenses, and Changes in Fund Net Position report the changes that have occurred during the year to the Authority's net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Revenues and expenses are reported for some items that will only have cash flows in subsequent years.

### **Statement of Cash Flows**

The Statement of Cash Flows are concerned solely with flows of cash and cash equivalents. Only transactions that affect the Authority's cash position are reflected in this statement. Transactions are segregated into four sections on the statement: 1) cash flows from operating activities, 2) cash flows from noncapital financing activities, 3) cash flows from capital and related financing activities, and 4) cash flows from investing activities.

### **Statement of Fiduciary Net Position**

The Statement of Fiduciary Net Position reports the assets, and liabilities and the net position of the Authority's fiduciary fund. The net position will always have a \$0 balance as all funds are considered payables to Tyler Colorado or disbursements to other government entities.

### **Statement of Changes in Fiduciary Net Position**

The Statement of Changes in Fiduciary Net Position reports the inflows and outflows of resources in fiduciary funds during a specific accounting period. It shows how the fiduciary net position changed from the beginning to the end of the period.

### **Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes can be found on pages 18 – 54.

## **Summary and Financial Analysis of Net Position**

### **Statement of Net Position Enterprise Funds**

	Operating Fund		GovGrants Fund		Total Enterprise	
	2025	2024	2025	2024	2025	2024
<b>Assets</b>						
<b>Current Assets</b>						
Total Current Assets	\$ 40,209,698	\$ 34,248,061	\$ 42,722,268	\$ 16,170,278	\$ 82,931,966	\$ 50,418,339
Total Noncurrent Assets	713,719	773,228	-	-	713,719	773,228
Total Assets	40,923,417	35,021,289	42,722,268	16,170,278	83,645,685	51,191,567
Total Deferred Outflows	379,167	538,235	-	-	379,167	538,235
Total Assets and Deferred- Outflows	41,302,584	35,559,524	42,722,268	16,170,278	84,024,852	51,729,802
<b>Liabilities</b>						
Total Current liabilities	20,938,685	17,998,196	367,598	47,945	21,306,283	18,046,141
Total Noncurrent Liabilities	1,673,811	1,909,844	-	-	1,673,811	1,909,844
Total Liabilities	22,612,496	19,908,040	367,598	47,945	22,980,094	19,955,985
Total Deferred Inflows	34,659	49,647	-	-	34,659	49,647
Total Liabilities and Deferred- Inflows	22,647,155	19,957,687	367,598	47,945	23,014,753	20,005,632
<b>Net Position</b>						
Net investment in capital assets Restricted for digital government services	59,135	23,199	-	-	59,135	23,199
Unrestricted	18,596,294	15,578,638	-	-	18,596,294	15,578,638
Total Net Position	\$ 18,655,429	\$ 15,601,837	\$ 42,354,670	\$ 16,122,333	\$ 61,010,099	\$ 31,724,170

#### *Operating Fund*

Total Operating Fund net position on June 30, 2025 is \$18,655,429 of which \$18,596,294 is available for payment of future outlays funded by operations as well as sustaining current operations. Cash Reserves of \$5,000,000 as shown in the Summary and Financial Analysis of Net Position above are established as part of the Authority's Financial Policies and are included in unrestricted net position in the Statements of Net Position as of June 30, 2025. Capital Assets acquisitions amounted to \$151,719 due mainly to the acquisition and build out of the GovGrants software platform. Accounts receivable increased by \$395,268 or 6.76% from the prior fiscal year mainly due to the year-end renewal of accessibility licensing.

Deferred Licenses decreased by \$(1,148,534) or (12.18)% primarily because the Authority did not renew a larger contract during the fiscal year. Unearned Revenue decreased by \$(2,092,021) or (17.20)% from the prior fiscal year also primarily because the Authority did not renew a larger contract during the fiscal year.

*GovGrants Fund*

Total GovGrants Fund net position on June 30, 2025 is \$42,354,670. This balance is restricted for the use of SIPA GovGrants. Cash of \$38,471,289 is only available for the distribution of future grants and grant related expenses as authorized by the Authority's Board of Directors. It is included in the Total Enterprise restricted net position in the Statements of Net Position as of June 30, 2025. Accounts Receivable decreased by \$(2,531,212) due to the timing of year end net bulk records revenue receipts. The Due to Other Funds account increased by \$319,653 or 666.71% due to the timing of grants paid out of cash from the operating fund at the end of the fiscal year.

**Statement of Revenues, Expenses and Changes in Fund Net Position, Enterprise Funds**

	Operating Fund		GovGrants Fund		Total Enterprise	
	2025	2024	2025	2024	2025	2024
Operating Revenues						
Charges for services	\$ 6,867,831	\$ 5,852,030	\$ 26,908,556	\$ 17,622,333	\$ 33,776,387	\$ 23,474,363
Cost reimbursement revenue	27,601,289	20,966,094	-	-	27,601,289	20,966,094
License revenue	26,640,558	37,644,933	-	-	26,640,558	37,644,933
Total Operating Revenues	<u>61,109,678</u>	<u>64,463,057</u>	<u>26,908,556</u>	<u>17,622,333</u>	<u>88,018,234</u>	<u>82,085,390</u>
Non-Operating Revenue						
Interest Income	949,913	968,389	1,106,616	168,450	2,056,529	1,136,839
Total Revenues	62,059,591	65,431,446	28,015,172	17,790,783	90,074,763	83,222,229
Operating Expenses						
General and administrative expenses	56,595,489	59,868,180	4,176,219	1,500,000	60,771,708	61,368,180
Non-Operating Expenses	17,126	9,124	-	-	17,126	9,124
Total Expenses	<u>56,612,615</u>	<u>59,877,304</u>	<u>4,176,219</u>	<u>1,500,000</u>	<u>60,788,834</u>	<u>61,377,304</u>
Transfers In	1,106,616	168,450	3,500,000	-	4,606,616	168,450
Transfers Out	(3,500,000)	-	(1,106,616)	(168,450)	(4,606,616)	(168,450)
Net Income and Changes in Net Position	3,053,592	5,722,592	26,232,337	16,122,333	29,285,929	21,844,925
Total Net Position - Beginning of Year	<u>15,601,837</u>	<u>9,879,245</u>	<u>16,122,333</u>	<u>-</u>	<u>31,724,170</u>	<u>9,879,245</u>
Total Net Position - End of Year	<u>\$ 18,655,429</u>	<u>\$ 15,601,837</u>	<u>\$ 42,354,670</u>	<u>\$ 16,122,333</u>	<u>\$ 61,010,099</u>	<u>\$ 31,724,170</u>

*Operating Fund*

*2025 Operating Fund Revenue*

For the fiscal year ending June 30, 2025, Operating Fund revenues totaled \$61,109,678, reflecting a (5.20)% or \$(3,353,379) decrease compared to fiscal year 2024. This decrease was driven by a decrease in SaaS Licensing sales, \$(11,004,375) or (29.23)%, due to the loss of one large SaaS license contract. Professional Services sales saw an increase of \$6,635,194 or 31.65% due to the increase in contracts across state and local governments.

#### *2025 Operating Fund Expenses*

Operating Fund expenses for 2025, which include direct (cost of licenses and services) and general and administrative expenses, were \$56,595,489 a decrease of \$(3,272,691), or (5.45)% compared to 2024. The decrease was attributable to the decrease in cost for and SaaS licensing sales.

#### *Capital Assets*

The Authority saw a decrease in net capital assets by \$(66,327). This decrease was attributable to an increase of accumulated depreciation by \$193,227 which was offset by a net increase in capital assets of \$126,900. This increase was mainly due to the building out of a GovGrants platform which allows grantees to submit and monitor the status of their respective grants. See the "Note 4 – Capital Assets" for additional information.

#### *Leases*

The Authority signed a lease agreement that began on January 1, 2024 and runs through June 30, 2029. There was a net lease liability of \$750,029 due to the recording of this lease. The Authority made principal payments totaling \$95,445 in fiscal year 2025 bringing the lease liability to \$654,445 at June 30, 2025. See "Note 5 – Leases and Subscriptions" for additional information.

#### *Subscription-based Information Technology Arrangements*

The Authority entered into an agreement on March 2, 2024 for its licensing related to managing electronic agreements. As of June 30, 2025 the agreement had a zero-dollar balance as the payment for the final year was made in March of 2025. See Note 5 for additional information.

#### *GovGrants Fund*

##### *2025 GovGrant Fund Revenue*

Revenues in the GovGrants fund increased by \$9,286,223 or 52.70%. This was driven primarily by an increase in the per transaction cost of bulk records revenues as determined by the Department of Revenue.

##### *2025 GovGrant Fund Expenses*

In 2025, the Authority began distributing grants from the GovGrants Fund, resulting in an expense increase of \$2,676,219, or 178.41%.

#### *Transfers*

The Authority transferred \$3,500,000 to the GovGrants Fund to disperse in fiscal year 2026 as internal grant awards.

## **Economic Environment**

In June 2025 the Legislative Council Staff provided the "Economic & Revenue Forecast June 2025" report to the Colorado Joint Budget Committee. A copy of the report can be found at: <https://leg.colorado.gov/publications/forecast-june-2025>. The findings relevant to SIPA revolve around the weakening of several economic indicators including business and consumer sentiment, labor market activity, and GDP growth. The economic environment was volatile and heavily influenced by a rapidly changing federal policy environment, including the implementation of higher tariffs. Some of the Authority's largest customers had to reduce their budgets due to the uncertainty of federal and state funding sources that

will impact state and local governments. This could have a material impact on the Authority's SaaS licensing and professional services sales.

In fiscal year 2026, the Authority will distribute multiple rounds of grant awards from the GovGrants fund, resulting in a decrease in the amount of funds available at ColoTrust to earn interest. Furthermore, the Federal Reserve's anticipated rate cuts to address easing inflation concerns and support economic growth will likely lead to lower interest rates in the upcoming fiscal year. This expected decrease in interest rates will further reduce the interest returns generated by ColoTrust.

### **Request for Information**

This financial report is designed to provide its readers with a general overview of the Authority's finances. Questions regarding any information contained in this report or requests for additional information should be addressed to the Executive Director, 950 S. Cherry Street, Suite 900, Denver, CO 80246.

# **Basic Financial Statements**

Statewide Internet Portal Authority  
Statement of Net Position  
June 30, 2025

	<b>SIPA Operating</b>	<b>GovGrants</b>	<b>Total Enterprise</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	\$ 19,462,435	\$ 38,471,289	\$ 57,933,724
Board Designated Cash Reserve	5,000,000	-	5,000,000
Accounts Receivable, net	6,240,905	2,117,598	8,358,503
Prepaid Expenses	860,428	-	860,428
Due from Other Funds	367,598	2,133,381	2,500,979
Deferred Licenses	8,278,332	-	8,278,332
<b>Total Current Assets</b>	<b>40,209,698</b>	<b>42,722,268</b>	<b>82,931,966</b>
<b>NONCURRENT ASSETS</b>			
Capital Assets - Net	713,719	-	713,719
<b>Total Noncurrent Assets</b>	<b>713,719</b>	<b>-</b>	<b>713,719</b>
<b>TOTAL ASSETS</b>	<b>40,923,417</b>	<b>42,722,268</b>	<b>83,645,685</b>
<b>DEFERRED OUTFLOWS</b>			
PERA Pension-related	335,412	-	335,412
PERA OPEB-related	43,755	-	43,755
<b>TOTAL DEFERRED OUTFLOWS</b>	<b>379,167</b>	<b>-</b>	<b>379,167</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>41,302,584</b>	<b>42,722,268</b>	<b>84,024,852</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	8,551,251	-	8,551,251
Due to Other Funds	2,133,381	367,598	2,500,979
Accrued Expenses and Other Liabilities	50,294	-	50,294
Unearned Revenue	10,068,063	-	10,068,063
<b>Total Current Liabilities</b>	<b>20,802,989</b>	<b>367,598</b>	<b>21,170,587</b>
<b>NONCURRENT LIABILITIES</b>			
Due within one year:			
Leases	142,970	-	142,970
Compensated Absences	34,206	-	34,206
Due in more than one year:			
Net Pension Liability	961,731	-	961,731
Net OPEB liability	57,496	-	57,496
Leases	511,614	-	511,614
Compensated Absences	101,490	-	101,490
<b>Total Noncurrent Liabilities</b>	<b>1,809,507</b>	<b>-</b>	<b>1,809,507</b>
<b>TOTAL LIABILITIES</b>	<b>22,612,496</b>	<b>367,598</b>	<b>22,980,094</b>
<b>DEFERRED INFLOWS</b>			
PERA Pension-related	-	-	-
PERA OPEB-related	34,659	-	34,659
<b>Total Deferred Inflows</b>	<b>34,659</b>	<b>-</b>	<b>34,659</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b>22,647,155</b>	<b>367,598</b>	<b>23,014,753</b>
<b>NET POSITION</b>			
Net investments in capital assets	59,135	-	59,135
Restricted	-	42,354,670	42,354,670
Unrestricted	18,596,294	-	18,596,294
<b>TOTAL NET POSITION</b>	<b>\$ 18,655,429</b>	<b>\$ 42,354,670</b>	<b>\$ 61,010,099</b>

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

Statewide Internet Portal Authority  
Statement of Revenues, Expenses and Changes in Fund Net Position  
For the Year Ended June 30, 2025

	<b>SIPA Operating</b>	<b>GovGrants</b>	<b>Total Enterprise</b>
<b>OPERATING REVENUES</b>			
Charges for Service	\$ 6,867,831	\$ 26,908,556	\$ 33,776,387
Cost Reimbursement Revenue	27,601,289	-	27,601,289
License Revenue	26,640,558	-	26,640,558
<b>TOTAL OPERATING REVENUES</b>	<b>61,109,678</b>	<b>26,908,556</b>	<b>88,018,234</b>
<b>OPERATING EXPENSES</b>			
General and administrative expenses	56,595,489	4,176,219	60,771,708
<b>OPERATING INCOME (LOSS)</b>	<b>4,514,189</b>	<b>22,732,337</b>	<b>27,246,526</b>
<b>NON-OPERATING REVENUE (EXPENSE)</b>			
Interest Income	949,913	1,106,616	2,056,529
Interest Expense	(17,126)	-	(17,126)
<b>TOTAL NON-OPERATING REVENUES (EXPENSE)</b>	<b>932,787</b>	<b>1,106,616</b>	<b>2,039,403</b>
Income before transfers	5,446,976	23,838,953	29,285,929
Transfers In	1,106,616	3,500,000	4,606,616
Transfers Out	(3,500,000)	(1,106,616)	(4,606,616)
<b>NET INCOME AND CHANGE IN NET POSITION</b>	<b>3,053,592</b>	<b>26,232,337</b>	<b>29,285,929</b>
NET POSITION, Beginning	15,601,837	16,122,333	31,724,170
NET POSITION, Ending	<b>\$ 18,655,429</b>	<b>\$ 42,354,670</b>	<b>\$ 61,010,099</b>

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

Statewide Internet Portal Authority  
Statement of Cashflows  
For the Year Ended June 30, 2025

	<b>SIPA Operating</b>	<b>GovGrants</b>	<b>Total Enterprise</b>
<b>Cashflows from Operating Activities</b>			
Cash Received from Customers	\$ 58,302,736	\$ 27,306,387	\$ 85,609,123
Cash Paid to Suppliers for Goods and Services	<u>50,315,947</u>	<u>3,856,566</u>	<u>54,172,513</u>
Net Cash Provided by Operating Activities	<u>7,986,789</u>	<u>23,449,821</u>	<u>31,436,610</u>
<b>Cashflows from Noncapital Financing Activities</b>			
Transfers From Other Funds	1,106,616	3,500,000	4,606,616
Transfers To Other Funds	<u>(3,500,000)</u>	<u>(1,106,616)</u>	<u>(4,606,616)</u>
Net Cash (Used by) Provided for Noncapital Financing Activities	<u>(2,393,384)</u>	<u>2,393,384</u>	<u>-</u>
<b>Cashflows (used) Capital and Related Financing Activities</b>			
Cash Paid for Acquisition of Capital Assets	(151,719)	-	(151,719)
Principal paid on Capital Debt	(104,395)	-	(104,395)
Interest paid on Capital Debt	<u>(17,126)</u>	<u>-</u>	<u>(17,126)</u>
Net Cash (Used for) capital and related Financing Activities	<u>(273,240)</u>	<u>-</u>	<u>(273,240)</u>
<b>Cashflows from Investing Activities</b>			
Interest Received	<u>949,915</u>	<u>1,106,616</u>	<u>2,056,531</u>
Net Increase in Cash and Cash Equivalents	6,270,080	26,949,821	33,219,901
Cash and Cash Equivalents - Beginning	<u>18,192,355</u>	<u>11,521,468</u>	<u>29,713,823</u>
Cash and Cash Equivalents - Ending	<u>\$ 24,462,435</u>	<u>\$ 38,471,289</u>	<u>\$ 62,933,724</u>
Cash and cash equivalents	\$ 19,462,435	\$ 38,471,289	\$ 57,933,724
Board Designated Cash Reserve	<u>5,000,000</u>	<u>-</u>	<u>5,000,000</u>
Total	<u>\$ 24,462,435</u>	<u>\$ 38,471,289</u>	<u>\$ 62,933,724</u>
<b>Reconciliation of Operating Income to net Cash Provided (Used) by Operating Activities:</b>			
Operating Income:	<u>\$ 4,514,189</u>	<u>\$ 22,732,337</u>	<u>\$ 27,246,526</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization Expense	211,227	-	211,227
PERA Contribution Expense	12,441	-	12,441
Changes in Assets and Liabilities Related to Operations:			
(Increase) Decrease in Accounts Receivable	(395,268)	2,531,212	2,135,944
(Increase) Decrease in Due From Other Funds	(319,653)	(2,133,381)	(2,453,034)
(Increase) Decrease in Prepaid Expenses	(125,170)	-	(125,170)
(Increase) Decrease in Deferred Licenses	1,148,534	-	1,148,534
Increase (Decrease) in Accounts Payable	2,878,671	-	2,878,671
Increase (Decrease) in Accrued Expenses and Other Liabilities	20,458	-	20,458
Increase (Decrease) in Due To Other Funds	2,133,381	319,653	2,453,034
Increase (Decrease) in Unearned Revenue	<u>(2,092,021)</u>	<u>-</u>	<u>(2,092,021)</u>
Total Adjustments	<u>3,472,600</u>	<u>717,484</u>	<u>4,190,084</u>
Net Cash Provided by Operating Activities	<u>\$ 7,986,789</u>	<u>\$ 23,449,821</u>	<u>\$ 31,436,610</u>

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

Statewide Internet Portal Authority  
Statement of Fiduciary Net Position  
June 30, 2025

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	<u><b>2025</b></u>
<b>ASSETS</b>	
Cash	\$ 4,551,246
Collections Receivable	26,298,498
Total Assets	<u>30,849,744</u>
<b>LIABILITIES</b>	
Payables to Governments	28,002,338
Payables to Other Entities	2,847,406
Total Liabilities	<u>30,849,744</u>
<b>NET POSITION</b>	
Restricted:	
For Governments	<u>-</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ -</u></u>

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

Statewide Internet Portal Authority  
Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2025

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	<b>2025</b>
ADDITIONS	
Collections for Governments	\$ 3,348,788,168
Collections for Other Entities	31,313,648
TOTAL ADDITIONS	3,380,101,816
DEDUCTIONS	
Payments to Governments	3,348,788,168
Payments to Other Entities	31,313,648
TOTAL DEDUCTIONS	3,380,101,816
NET INCREASE IN FIDUCIARY NET POSTION	-
NET POSITION, Beginning	-
NET POSITION, Ending	\$ -

# **Notes to the Financial Statements**

## **Note 1 - Definition of Reporting Entity**

Statewide Internet Portal Authority (Authority) is a special purpose authority and political sub-division of the State of Colorado. Formed in 2004, the Authority was created by Colorado Senate Bill 04-244 to provide a single point of access to electronic government information, giving citizens an alternate way to transact business with state and local governments, to allow for the integration of specific applications that have been developed or may be developed by state and local agencies, to solicit the input, leadership, and technical expertise of the various state and local agencies across the state of Colorado (State) and to provide appropriate administration and oversight for a successful statewide internet portal. The portal is administered and managed by the Statewide Internet Portal Authority Board of Directors (the Board) and the Board has appointed an Executive Director. Pursuant to C.R.S. 24-37.7-102, there are fifteen appointed members serving on the Board of Directors. The appointees consist of:

- a) The Secretary of State;
- b) The head of one of the offices in the Office of the Governor appointed by the Governor;
- c) The Executive Directors of three principal departments of the state appointed by the Governor or the appointed Executive Director's designee. An appointed Executive Director of a principal department shall give written notice to the Executive Director of the Authority of his or her designee.
- d) Private sector members:
  - (I) Three members from the private sector who exhibit a background in information management and technology and who are users of electronic information, products, and services or information technology services that are offered through the private sector appointed by the Governor with the consent of the Senate.
  - (II) The members from the private sector shall serve for terms of four years each; except that, of those members first appointed to the Board, the terms of office shall be as follows:
    - (A) One shall be appointed for two years; and
    - (B) One shall be appointed for three years.
- e) One member representing the judicial department of the state appointed by the Chief Justice of the Supreme Court. If the appointee of the Chief Justice is not able to attend a meeting of the Board, a designee of the person appointed by the Chief Justice may serve on the Board if designated in writing by the Chief Justice's appointee. The appointee of the Chief Justice shall give written notice to the Executive Director of his or her designee.
- f) Two members of the Senate, one of whom is appointed by the President of the Senate and one of whom is appointed by the Minority Leader of the Senate, and two members of the House of Representatives, one of whom is appointed by the Speaker of the House of Representatives and one of whom is appointed by the Minority Leader of the House of Representatives. Each of these four members shall exhibit a background in information management and technology or have experience as members of an oversight committee for information management and technology. The appointment of the members to the Board by the Minority Leaders of the Senate and House of Representatives shall be made as soon as practicable after May 28, 2013.
- g) One member representing local government appointed by the Governor with the consent of the Senate; and

- h) The Chief Information Officer of the Office of Information Technology created in section C.R.S. 24-37.5-103, or the Chief Information Officer's designee. The Chief Information Officer shall give written notice to the Executive Director of his or her designee.

The Authority has partnered with Tyler Colorado, a subsidiary of Tyler Technologies. Tyler Colorado designs, implements, and maintains the statewide portal. The Authority follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The Authority is not financially accountable for any other organization.

## **Note 2 – Summary of Significant Accounting Policies**

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America (US GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant accounting policies of the Authority are described as follows:

### **Enterprise Funds**

#### *Enterprise Funds Descriptions*

The Authority maintains two enterprise funds, the SIPA Operating Fund and the GovGrants Fund. The GovGrants funds is a restricted fund and is only to be used to provide grants to state and local governments as authorized by the Authority's Board Committee. The Operating fund supports the Authority's operations and receives revenues as described below under "Operating Revenues and Expenses" section of the MD&A. All expenses excluding the aforementioned GovGrants expenses are considered unrestricted resources and are to be spent out of the Authority's Operating Fund.

#### *Basis of Accounting*

The Authority's records are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation and amortization is computed and recorded as an operating expense. Expenditures giving SIPA the right to use leased assets, subscription-based information technology arrangements and capital assets are shown as increases in assets.

#### *Operating Revenues and Expenses*

The Authority distinguishes between operating revenues and expenses and non-operating items in the Statements of Revenues, Expenses and Changes in Net Position. Operating revenues and expenses generally result from providing services in connection with the Authority's purpose of providing one-stop access to electronic information, products, and services.

Operating revenues are derived from fees charged to customers for services provided through the portal. These fees include a fixed monthly payment from Tyler Colorado, plus a portion of the total revenues received from portal customers. In the case of the GovGrants fund, revenues are derived from the sales of bulk driver and motor vehicle records for the Department of Revenue. Non-operating revenues are all other revenues received but is primarily related to interest. Expenses are associated with the provision of grants and grant related activities. Expenses include the cost of service, administrative expenses, grants given to governments, and depreciation and amortization of assets.

#### *Budgets*

Budgets are prepared in accordance with the requirements of Colorado Revised Statutes and accordingly include "anticipated income and other means of financing proposed expenditures", and expenditures include, in addition to those shown in the operating statements, capital expenditures. Accordingly, budget comparisons are of the legally adopted budget. The level of budget control is determined by the resolution appropriating sums of monies. The resolution appropriates the level of budget control by total expenditures. Appropriations lapse at year-end.

Actual Revenue and Expenditures exceeded budgeted amounts for the Fiscal Year-ended June 30, 2025 due to an increase in Cost Reimbursement activities.

#### *Cash Equivalents*

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

#### *Accounts Receivable*

Accounts receivable consist primarily of amounts owed from state and local governments and other entities. They are reported at their gross value, and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The allowance for uncollectible accounts is based on an analysis of historical collection data and specific account reviews.

#### *Prepaid Expenses*

Certain payments to vendors reflect expenses applicable to future accounting periods and are recorded as prepaid expenses.

#### *Deferred Licenses*

The total costs to purchase software licenses for sale to Eligible Governmental Entities (EGE's) are recorded as Deferred License when the Authority enters into a contract/purchase order for the purchase of the license. The expense is recognized monthly on a straight-line basis during the term of the license and are included in Operating Expenses

#### *Capital Assets*

Capital assets, which include furniture and equipment, hardware and software, right-to-use lease assets and subscription-based information technology arrangements are reported by the Authority. The Authority's policy is to generally capitalize individual capital asset purchases over \$5,000. Such assets are recorded at historical cost (except for intangible

right-to-use assets, the measurement of which is discussed in the Leases and Subscription Based Information Technology Arrangements sections of this note below).

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Depreciation/amortization expense has been computed using the straight-line method over the estimated economic useful lives for furniture and equipment, hardware and software. The Right-to-use leased asset has been computed using the straight-line method over the lease term:

Furniture and equipment	3 - 7 years
Hardware	5 years
Software	3 years
Right-to-use leased assets	1 - 10 years
Right-to-use subscription assets	1 - 10 years

*Unearned Revenue*

Unearned Revenue includes Software license agreements greater than \$2,400 with a term of 2 or more months. Unearned Revenue is recognized upon acceptance of customer purchase order or contract. Revenue is recognized monthly on a straight-line basis during the term of the license and is included in license revenue on the Statement of Revenues, Expenses, and Changes in Fund Net Position.

*Accrued Expenses and Other Liabilities*

Accrued expenses and other liabilities are payroll liabilities and include compensated absences. The Authority’s policy for compensated absences is as follows:

- “Paid Time Off” (PTO) starts to accrue immediately upon hire and employees may use their PTO time as it accrues.
- Employees may accrue and carry over 150% of their annual PTO hours earned.
- When an employee’s accrual reaches the maximum hours allowed, PTO stops accruing until the accrued balance is reduced.
- Once reduced, PTO will start to accrue again up to the maximum allowable hours.
- It is the employee’s responsibility to report PTO as it is used. The maximum accrual for any employee is 228 hours.

*Deferred Outflows/Inflows of Resources*

Deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The deferred outflows and inflows are for amounts that are either; pension-related that includes items related to the Authority’s portion of the LGDTF-PERA benefit plan, or, Other Post-Employment Benefits (OPEB), which includes the Health Care Trust Fund (HCTF). These balances include the difference between expected and actual experience, any changes of assumptions or other inputs, the net difference between projected and actual investment earnings on pension plan investments, and the related contributions subsequent to the measurement date, but before the end of the fiscal year and changes in proportion since the prior measurement date (see Note 6).

*Net Pension Asset/Liability*

The Authority has reported a net pension liability as of June 30, 2025. The Authority is required to report its proportionate share of PERA's unfunded pension liability. See Note 6.

*Net OPEB Liability*

The Authority has reported a net other post-employment benefit (OPEB) liability as of June 30, 2025. The Authority is required to report a net OPEB related Liability. See Note 6 for additional information.

*Leases*

The Authority has recorded an office lease and recognizes a lease liability in the Statement of Net Position. The Authority recognizes lease liabilities with an initial value of \$5,000 or more. At the commencement of a lease, the Authority 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 lease term. Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Authority uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its lease 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 as "Right-to-use lease assets" and lease liabilities are reported as long-term debt under "Leases" on the statement of net position. Right-to-use leased assets are amortized over the shorter of the lease term or useful live of the underlying asset using the straight-line method. The amortization period varies from 3 to 5 years.

*Subscription Based Information Technology Arrangements*

The Authority did not have a subscription liability as of June 30, 2025. However the Authority does record a subscription liability and intangible right-to-use assets in the Statement of Net Position when required. The Authority recognizes subscriptions with an initial value of \$5,000 or more.

At the commencement of a subscription, the Authority initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made.

The subscription asset is initially measured one of two ways:

- As the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its subscription term.
- As the amount of the payment made, if the payment is made in advance.

Key estimates and judgments related to subscription include how the Authority determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The Authority uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the non-cancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments that the Authority is reasonably certain to exercise.

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

Subscription assets are reported with other capital assets as "Right-to-use subscription assets" and subscription liabilities are reported as long-term debt under "Subscriptions" on the statement of net position.

Right to use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period varies from 2 to 10 Years.

## **Fiduciary Activities**

### *Basis of Accounting*

The Authority maintains one Custodial fund. These resources are held by the authority in a trustee capacity for the benefit of parties outside the Authority. Assets of the fiduciary fund are not available to the Authority and are therefore not reported on the Statement of Net Position, Statement of Revenues Expenses and Changes in Fund Net Position, or the Statement of Cashflows. The Authority's records are reported using the economic resource measurement focus and the accrual basis of accounting. Additions to the fund are recognized when earned and deductions are recognized when the liability is incurred.

### *Additions and Deductions*

This fund receives payments for credit card and electronic funds transfer processing transactions for state and local governments and subsequently disburses the funds to the governments. Funds held and subsequently disbursed can be found in "Collections for Governments" and "Payments to Governments" on the Statement of Changes in Fiduciary Net Position.

The Authority partners with Tyler Colorado who maintains these activities, and shares the revenues generated from these services. For the most part the fees associated with these transactions are simple and posted to SIPA's website,

<https://sipa.colorado.gov/paymentprocessing>. Agencies can choose to absorb these fees or pass them down to the end user as a convenience fee for transacting online. The latter is the most common choice. The fees to maintain these services can be found in "Collections for Other Entities" and "Payments to Other Entities" on the Statement of Changes in Fiduciary Net Position.

*Assets and Liabilities*

The Fiduciary Fund maintains a \$0 Net Position. Residual cash in the fund is due to the timing of receipts for payment processing services and its subsequent disbursement to governments or other entities.

**Use of Estimates in Preparation of Financial Statements**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimate and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

**Adoption of a New Standard**

As of June 30, 2025, the Authority adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. There was not a significant effect on the Authority's financial statements as a result of the implementation of this standard. Therefore, there has not been a restatement for the prior period in these financial statements. The liability for compensated absences has been recorded in the Statement of Net Position.

**Note 3 – Cash and Investments**

Cash is classified in the accompanying financial statements as of June 30, 2025 as follows:

	<u>SIPA Operating</u>	<u>GovGrants</u>	<u>Total Enterprise</u>
Statements of net position			
Cash and cash equivalents	\$ 19,462,435	\$ 38,471,289	\$ 57,933,724
Board designated cash reserve	5,000,000	-	5,000,000
	<u>\$ 24,462,435</u>	<u>\$ 38,471,289</u>	<u>\$ 62,933,724</u>

The Authority's cash and investment balances are comprised of the following:

	<u>SIPA Operating</u>	<u>GovGrants</u>	<u>Total Enterprise</u>
Cash			
Deposits	\$ 3,927,881	\$ -	\$ 3,927,881
Investments	20,534,554	38,471,289	59,005,843
Total Cash and Investments	<u>\$ 24,462,435</u>	<u>\$ 38,471,289</u>	<u>\$ 62,933,724</u>

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. 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 Commissioners 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. At June 30, 2025, bank balances totaled \$3,970,376. \$500,000 of those balances were covered by FDIC and \$3,470,376 were covered by PDPA.

**Investments**

Credit Risk - The Authority invests excess funds under the prudent investor rule. The criteria for selection of investments and order of priority are:

- a) Safety,
- b) Liquidity, and
- c) Yield.

The Director of Financial Operations is responsible for all of the investments of the Authority. Eligible investments shall conform to state law and may include any of the following:

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

ColoTrust is Reported at its Net Asset Value. As of June 30, 2025, the Authority's Investments consist of the following:

	<u>Rating</u>	<u>Net Asset Value</u>	<u>Weighted Avg. Maturity (Yrs)</u>
Local Govt Pool - Colotrust	AAAm	\$ 59,005,843	N/A

**Interest Rate Risk**

The Authority manages its interest rate risk through the use of active management to react to changes in the yield curve, economic forecasts and the Authority's liquidity needs.

**Concentration of Credit Risk**

The Authority places no limit on the amount that may be invested in any one issuer.

**Custodial Credit Risk – Investments**

Custodial Credit Risk - The State Securities Commissioner administers and enforces the requirements of creating and operating the local government investment pools. The pools operate similarly to a money market fund and each share is equal in value to \$1.00. The ColoTrust pool is rated AAAM and has a weighted average maturity of 44 to 54 days

dependent on which type of account funds are deposited into. Investments of the pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian’s internal records identify the investments owned by the participating governments.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2025 the Authority did not have any securities requiring safekeeping.

**Restricted Cash and Investments**

The Authority has restricted cash and investments as follows:

	<u>SIPA Operating</u>	<u>GovGrants</u>	<u>Total Enterprise</u>
Restricted - Operation and Maintenance Reserve	\$ 2,000,000	\$ -	\$ 2,000,000
Restricted - Extraordinary Future Expenditures	3,000,000	-	3,000,000
Restricted - Digital Governmental Services	-	38,471,289	38,471,289
Total Restricted Cash	<u>\$ 5,000,000</u>	<u>\$ 38,471,289</u>	<u>\$ 43,471,289</u>
Unrestricted	19,462,435	-	19,462,435
Total Cash	<u><u>\$ 24,462,435</u></u>	<u><u>\$ 38,471,289</u></u>	<u><u>\$ 62,933,724</u></u>

**Note 4 – Capital Assets**

*Right-to-use Assets*

The Authority has recorded a new subscription right-to-use asset and a new right-to-use lease asset. These assets are right-to-use-assets for leased office space and subscription based information technology arrangements. The assets are capitalized as discussed in Note 2. The related liabilities to the other right-to-use assets are discussed in Note 5. The right-to-use assets are amortized on a straight-line basis over the term of their respective contracts.

*Capital Assets*

An analysis of the changes in capital assets for the years ended June 30, 2025 is as follows:

	Balance at June 30, 2024	Additions	Deletions	Balance at June 30, 2025
Capital assets, not being depreciated/amortized:				
Construction in progress	\$ -	\$ 6,819	\$ -	\$ 6,819
Total capital assets, not being depreciated/amortized	-	6,819	-	6,819
Capital assets, being depreciated/amortized:				
Office furniture	19,478	-	-	19,478
Office hardware	45,296	-	-	45,296
Software	-	144,900	-	144,900
Right-to-use lease assets	781,512	-	-	781,512
Right-to-use subscription assets	36,171	-	(18,000)	18,171
Total capital assets, being depreciated/amortized	882,457	144,900	(18,000)	1,009,357
Less accumulated depreciation/amortization for:				
Office furniture	16,409	1,230	-	17,639
Office hardware	3,001	9,053	-	12,054
Software	-	48,267	-	48,267
Right-to-use lease assets	71,048	142,092	-	213,140
Right-to-use subscription assets	18,771	10,586	(18,000)	11,357
Total accumulated depreciation/amortization	109,229	211,228	(18,000)	302,457
Total capital assets being depreciated/amortized, net	773,228	(66,328)	-	706,900
Total capital assets	\$773,228	\$ (59,509)	-	\$ 713,719

**Note 5 – Leases and Subscriptions**

**Leases**

The Authority has entered into a lease for office space necessary for Authority Operations. Beginning January 1, 2024, the Authority entered into a long-term lease agreement for office space through June 30, 2029. Lease payments started at \$6,759 a month and adjust annually at the beginning of each calendar year. The lease agreements qualified as other than short-term leases under GASB 87 and, therefore, has been recorded at the present value of the future minimum lease payments. The lease liability was measured at a discount rate of 2.36%, which is the Authority's estimated incremental borrowing rate. As a result of the lease, the Authority has recorded a right-to-use asset with a book value of \$781,512 on January 1, 2024.

The following is a schedule by year of payments under the leases as of June 30, 2025:

Fiscal Year	Principal	Interest	Amount Owed
2026	\$ 142,970	\$ 13,988	\$ 156,958
2027	162,206	10,340	172,546
2028	170,436	6,423	176,859
2029	178,972	2,309	181,281
Total	<u>\$ 654,584</u>	<u>\$ 33,060</u>	<u>\$ 687,644</u>

**Subscription-Based Information Technology Arrangements**

Beginning March 3, 2024, the Authority entered into a long-term subscription-based information technology arrangement to assist in managing electronic devices. The agreement runs through March 3, 2026. Subscription payments are made annually. The subscription-based information technology arrangement qualifies as an other than short-term subscription under GASB 96 and, therefore, has been recorded at the present value of the future minimum lease payments. The subscription liability was measured at a discount rate of 3.010%, which is the Authority’s estimated incremental borrowing rate. As a result of the arrangement, the Authority has recorded a Right-to-use Subscription IT asset. As of June 30, 2025 asset has a net book value of \$6,814.

**Changes in the Authority’s Long-Term Liabilities**

Changes in the Authority’s long-term liabilities for the year ended June 30, 2025 are as follows:

	Balance as of July 1, 2024	Additions	Deletions	Balance as of June 30, 2025	Due within One Year
Office Lease	\$ 750,029	\$ -	\$ 95,445	\$ 654,584	\$ 142,970
Subscriptions	8,951	-	8,951	-	-
Compensated Absences*	112,576	23,120	-	135,696	34,206
Total Activities	<u>\$ 871,556</u>	<u>\$ 23,120</u>	<u>\$ 104,396</u>	<u>\$ 790,280</u>	<u>\$ 177,176</u>

\*The change in compensated absences above is a net change for the year.

## **Note 6 – Public Employees’ Retirement Association of Colorado**

### **Defined Benefit Pension Plan**

#### *Summary of Significant Accounting Policies*

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

#### *General Information about the Pension Plan*

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

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

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

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

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

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

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

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

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

*Contributions provisions as of June 30, 2025:* Eligible employees of the Authority and the State are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements for the LGDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Employee contribution rates for the period of July 1, 2025, through June 30, 2025 are summarized in the table below:

	July 1, 2024 Through June 30, 2025
Employee contribution*	9.0%

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

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

	July 1, 2024 Through December 31, 2024	January 1, 2025 Through June 30, 2025
Employer contribution rate	11.00%	11.00%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)	(1.02%)
Amount apportioned to the LGDTF	9.98%	9.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	1.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.08%	0.11%
<b>Total employer contribution rate to the LGDTF</b>	<b>13.76%</b>	<b>13.78%</b>

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Authority were \$206,958 for the year ended June 30, 2025.

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

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

At June 30, 2025, the Authority reported a liability of \$961,731 for its proportionate share of the net pension liability.

At June 30, 2025, the Authority's proportion was 0.157% which is an increase of 0.00% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the Authority recognized pension expense of \$27,505. At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2025	
	Deferred Outflows of Resources	Deferred Inflows of resources
Difference between expected and actual experience	\$ 72,570	\$ -
Changes of assumptions or other inputs	28,383	-
Net Difference between projected and actual earnings on pension plan investments	90,501	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	27,666	-
Contributions subsequent to the measurement date	<u>116,292</u>	<u>-</u>
	<u>\$ 335,412</u>	<u>\$ -</u>

\$116,293 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 June 30, 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:

Fiscal Year Ended June 30,	Amount
2026	201,842
2027	231,109
2028	(153,186)
2029	<u>(60,645)</u>
	<u>\$ 219,120</u>

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	3.20%-11.30%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07	1.00%
PERA benefit structure hired after 12/31/06 <sup>1</sup>	Financed by the AIR

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

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

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

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

<b>Post-Retirement (Beneficiary), Non-Disabled</b>	<b>Mortality Table</b>	<b>Adjustments, as Applicable</b>
All Beneficiaries	Pub-2010 Contingent Survivor	<p><b>Males:</b> 97% of the rates for all ages</p> <p><b>Females:</b> 105% of the rates for all ages</p>
<b>Disabled</b>	<b>Mortality Table</b>	<b>Adjustments, as Applicable</b>
Members other than Safety Officers	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	3.40%-13.00%
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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%.

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.

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

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

<b>Disabled</b>	<b>Mortality Table</b>	<b>Adjustments, as Applicable</b>
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Members other than Safety Officers	PubNS-2010 Disabled Retiree	95% of the rates for all ages
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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 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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>30 Year Expected Geometric Real Rate of Return</b>
Global Equity	54.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	4.20%
<b>Total</b>	<b>100.00%</b>	

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero.

Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- As of the December 31, 2024, measurement date, the FNP and related disclosure components for the Local Government Division reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional disaffiliation payment allocations to the Local Government Division Trust Fund and HCTF were \$0.486 million and \$0.020 million, respectively.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 2,105,035	\$ 961,731	\$ 1,224

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

## Notes to the Required Supplementary Information

### *Note 1—Significant Changes in Plan Provisions Affecting Trends in Actuarial Information* 2024 Changes in Plan Provisions Since 2023

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

### *Note 2—Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information* 2024 Changes in Assumptions or Other Inputs Since 2023

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

## Defined Contribution Pension Plans

### *Voluntary Investment Program (PERAPlus 401(k) Plan)*

*Plan Description* - Employees of the Authority that are also members of the LGDTF may voluntarily contribute to the Voluntary Investment Program (PERAPlus 401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the PERAPlus 401(k) Plan. That report can be obtained at [www.copera.org/forms-resources/financial-reports-and-studies](http://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 Authority has agreed to match employee contributions up to 5% 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 June 30, 2025 program members contributed \$134,089 and Authority recognized pension expense and a liability of \$77,960 and \$3,356, respectively, for the PERAPlus 401(k) Plan.

**Defined Contribution Retirement Plan (PERA DC Plan)**

Plan Description – Eligible employees of the LGDTF hired on or after January 1, 2019, have the option to participate in the LGDTF, a cost-sharing multiple-employer defined benefit pension plan, or the Defined Contribution Retirement Plan (PERA DC Plan).

The PERA DC Plan is an Internal Revenue Code Section 401(a) governmental profit-sharing defined contribution plan. Title 24, Article 51, Part 15 of the C.R.S., as amended, assigns the authority to establish Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the PERA DC Plan. That report can be obtained at [www.copera.org/forms-resources/financial-reports-and-studies](http://www.copera.org/forms-resources/financial-reports-and-studies).

Funding Policy – All participating employees in the PERA DC Plan and the Authority are required to contribute a percentage of the participating employees’ PERA-includable salary to the PERA DC Plan. The employee and employer contribution rates for the period July 1, 2023, through June 30, 2024 are summarized in the following tables:

	July 1, 2024 Through June 30, 2025
Employee Contribution Rates:	
All employees other than Safety Officers	9.00%
Employer Contribution Rates:	
On behalf of all employees other than Safety Officer	10.00%

Additionally, the employers are required to contribute AED, SAED, and other statutory amounts for employees other than Safety Officers to the LGDTF, as follows:

	July 1, 2024 Through December 31, 2024	January 1, 2025 Through June 30, 2025
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	1.50%
Automatic Adjustment Provision (AAP) as specified in C.R.S. § 24-51-413	1.00%	1.00%
Additional Contribution Supplement as specified in C.R.S. § 24-51-401 and § 24-51-415	0.08%	0.11%
<b>Total employer contribution rate to the LGDTF</b>	<b>4.78%</b>	<b>4.81%</b>

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

Additionally, the employers are required to contribute AED, SAED, and other statutory amounts for Safety Officers to the LGDTF, as follows:

	January 1, 2024 Through December 31, 2024	January 1, 2024 Through December 31, 2024
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	1.50%
Automatic Adjustment Provision (AAP), as specified in C.R.S. § 24-51-413	1.00%	1.00%
Additional Contribution Supplement as specified in C.R.S. § 24-51-401 and § 24-51-415	0.25%	0.25%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.08%	11%
<b>Total employer contribution rate to the LGDTF</b>	<b>5.03%</b>	<b>5.06%</b>

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

Contribution requirements are established under Title 24, Article 51, Section 1505 of the C.R.S., as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings and are immediately 50% vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10%. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.80 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the C.R.S. As a result, forfeitures do not reduce pension expense. Participating employees in the PERA DC Plan contributed \$13,719 and the Authority recognized pension expense and a liability of \$22,546 and \$211 respectively.

**Defined Benefit Other Post Employment Benefit (OPEB) Plan**

*Summary of Significant Accounting Policies*

*OPEB.* The Authority 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.

*General Information about the OPEB Plan*

*Plan description.* Eligible employees of the Authority 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](http://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 are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

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

### *PERA Benefit Structure*

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

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

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 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 Local Government 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 Authority is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Authority were \$14,803 for the year ended June 30, 2025.

At June 30, 2025 the Authority reported a liability of \$57,496 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 Authority's proportion of the net OPEB liability was based on the Authority'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 Authority's proportion was .012%, with no increase or decrease from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025 the Authority recognized OPEB expense of \$6,288. At June 30, 2025 the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 12,682
Changes of assumptions or other inputs	659	18,378
Net difference between projected and actual earnings on pension plan investments	195	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	34,572	3,599
Contributions subsequent to the measurement date	8,329	-
	\$ 43,755	\$ 34,659

\$7,747 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 June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30,	Amount
2026	\$ (707)
2027	5,307
2028	767
2029	(1,807)
2030	(1,871)
2031	(922)
	\$ 767

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

	Local Government Division
Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	
Members other than Safety Officers	3.20%-11.30%
Safety Officers	3.20%-12.40%
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

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.

**Age-Related Morbidity Assumptions**

<b>Participant Age</b>	<b>Annual Increase (Male)</b>	<b>Annual Increase (Female)</b>
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%

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

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

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

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

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

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 #@ 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 following table:

<b>Year</b>	<b>PERACare Medicare Plans</b>	<b>Medicare Part A Premiums</b>
2024	16.00%	3.50%
2025	6.75%	3.75%
2026	6.50%	3.75%
2027	6.25%	4.00%
2028	6.00%	4.00%
2029	5.75%	4.25%
2030	5.50%	4.25%
2031	5.25%	4.25%
2032	5.00%	4.25%
2033	4.75%	4.50%
2034+	4.50%	4.50%

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.

<b>Pre-Retirement</b>	<b>Mortality Table</b>	<b>Adjustments, as Applicable</b>
State and Local Government Divisions	PubG-2010 Employee	N/A
<hr/>		
<b>Post-Retirement (Retiree), Non-Disabled</b>	<b>Mortality Table</b>	<b>Adjustments, as Applicable</b>
State and Local Government Divisions	PubG-2010 Healthy Retiree	<p><b>Males:</b> 94% of the rates prior to age 80/ 90% of the rates age 80 and older</p> <p><b>Females:</b> 87% of the rates prior to age 80/ 107% of the rates age 80 and older</p>
<hr/>		
<b>Post-Retirement (Beneficiary), Non-Disabled</b>	<b>Mortality Table</b>	<b>Adjustments, as Applicable</b>
All Beneficiaries	Pub-2010 Contingent Survivor	<p><b>Males:</b> 97% of the rates for all ages</p> <p><b>Females:</b> 105% of the rates for all ages</p>
<hr/>		
<b>Disabled</b>	<b>Mortality Table</b>	<b>Adjustments, as Applicable</b>
Members other than Safety Officers	PubNS-2010 Disabled Retiree	99% of the rates for all ages

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

- Per capita health care costs in effect as of the December 31, 2023, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits were updated to reflect costs for the 2024 plan year.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums. . A separate trend rate assumption set was added for MAPD PPO #2 as the first-year rate is still below the maximum subsidy and also the assumption set reflects the estimated impact of the Inflation Reduction Act for that plan option.
- The Medicare health care plan election rate assumptions were updated effective as of the December 31, 2023, valuation date based on an experience analysis of recent data.

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

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

Local Government  
Division

Salary increases, including wage inflation:

Members other than Safety Officers                      3.40%-13.00%

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

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

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.

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

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

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

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

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>30 Year Expected Geometric Real Rate of</b>
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 %
<b>Total</b>	<b>100.00%</b>	

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate <sup>1</sup>	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial MAPD PPO#2 trend rate <sup>1</sup>	7.55%	8.55%	9.55%
Ultimate MAPD PPO#2 trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate <sup>1</sup>	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$465,284	\$478,167	\$492,747

<sup>1</sup>For the January 1, 2025, plan year.

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2024, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- 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 \$.020 million and \$.0486 million, respectively.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 70,462	\$ 57,496	\$ 46,317

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

Notes to the Required Supplementary Information

*Note 1—Significant Changes in Plan Provisions Affecting Trends in Actuarial Information*  
2024 Changes in Plan Provisions Since 2023

- 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 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 \$.020 million and \$0.486 million, respectively.

*Note 2—Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information*  
2024 Changes in Assumptions or Other Inputs Since 2023

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

**Note 7 – Interfund Activity**

The composition of interfund transfers for the year ended June 30, 2025 is as follows:

	Transfers in:	Transfers Out
Operating Fund	\$ 1,106,616	\$ 3,500,000
GovGrants Fund	3,500,000	1,106,616
<b>Total</b>	<b>\$ 4,606,616</b>	<b>\$ 4,606,616</b>

During the year, transfers are used to move interest earned from cash in the GovGrants fund to the SIPA Operating Fund.

The activities due between funds for the year ended June 30, 2025 are as follows:

	Due to Other Funds:	Due from Other Funds:
Operating Fund	\$ 2,133,381	\$ 367,598
GovGrants Fund	367,598	2,133,381
<b>Total</b>	<b>\$ 2,500,979</b>	<b>\$ 2,500,979</b>

This activity is related to funds owed for interest related transactions.

**Note 8 – Tax, Spending and Debt Limitations**

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer’s Bill of Rights (TABOR) contains tax, spending, revenue, and debt limitations which apply to the state of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The Authority’s management believes a significant portion of its operations qualify for this exclusion therefore no reserve has been recorded.

The Authority’s management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate fiscal year spending limits and qualification as an enterprise will require judicial interpretation.

**Note 9 – Risk Management**

The Authority is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The Authority maintains commercial insurance for all risks of loss. There have been no claims in the past three fiscal years, and accordingly, there were no settled claims that would have exceeded this commercial coverage in any of the past three fiscal years.

# **Required Supplementary Information**

Statewide Internet Portal Authority  
Schedules of Authority's Proportionate Share of the Net Pension and Net OPEB Liabilities  
The Year Ended June 30, 2025

<b>Pension Related Contributions</b>	<b><u>2025</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Authority's proportion (percentage) of the collective net pension liability (asset)	0.1567363%	0.1459568%	0.1454106%	0.1103028%	0.0879384%	0.0978472%	0.0993602%	0.0960655%	0.0976206%	0.0814317%
Authority's proportionate share of the collective pension liability (asset)	\$961,731	\$1,071,383	\$1,457,833	(\$94,570)	\$458,271	\$715,646	\$1,249,169	\$1,069,623	\$1,318,211	\$897,036
Pension covered-employee payroll	1,447,728	1,117,794	1,298,978	1,001,650	618,120	759,243	749,570	718,854	675,267	531,146
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	66.430%	95.848%	112.229%	-9.441%	74.139%	94.258%	166.651%	148.796%	195.213%	168.887%
Plan fiduciary net pension as a percentage of the total pension liability	90.45%	88.03%	82.99%	101.49%	90.88%	86.26%	75.96%	79.37%	73.60%	76.90%

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

<b>OPEB Related Contributions</b>	<b><u>2025</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Authority's proportion (percentage) of the collective net OPEB liability (asset)	0.0120241%	0.0111363%	0.0112003%	0.0078500%	0.0060788%	0.0073716%	0.0077054%	0.0074647%	0.0074937%
Authority's proportionate share of the collective OPEB liability (asset)	\$57,496	\$79,482	\$91,448	\$67,691	\$57,763	\$82,856	\$104,835	\$97,012	
OPEB covered-employee payroll	1,523,771	1,392,478	1,298,978	1,001,650	618,120	759,243	740,570	718,854	
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	3.773%	5.708%	7.040%	6.758%	9.345%	10.913%	14.156%	13.495%	
Plan fiduciary net OPEB as a percentage of the total OPEB liability	59.83%	46.16%	38.57%	39.40%	32.78%	17.03%	17.03%	17.53%	

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

Statewide Internet Portal Authority  
Schedules of Contributions and Related Ratios  
The Year Ended June 30, 2024

<b>Pension Related Contributions</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Statutorily required contributions	\$ 206,958	\$ 143,960	\$ 141,949	\$ 103,318	\$ 83,069	\$ 96,806	\$ 84,214	\$ 79,920	\$ 73,909	\$ 67,343
Contributions in relation to the statutorily required contribution	206,958	143,960	141,949	103,318	83,069	96,806	84,214	79,920	73,909	67,343
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	1,447,728	1,117,794	1,298,978	1,001,650	618,120	759,243	749,570	718,854	675,267	531,146
Contribution as a percentage of covered-employee payroll	14.30%	12.88%	10.93%	10.31%	13.44%	12.75%	11.23%	11.12%	10.95%	12.68%

\*The amounts presented for each fiscal year were determined as of June 30.  
The Authority began participation in PERA beginning in January 2013.

<b>OPEB Related Contributions</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Statutorily required contributions	\$ 14,803	\$ 12,552	\$ 11,593	\$ 7,664	\$ 6,066	\$ 7,379	\$ 6,774	\$ 6,429	\$ 5,946	\$ 5,417
Contributions in relation to the statutorily required contribution	14,803	12,552	11,593	7,664	6,066	7,379	6,774	6,429	5,946	5,417
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	1,523,771	1,392,478	1,298,978	1,001,650	618,120	759,243	749,570	718,854	675,267	531,146
Contribution as a percentage of covered-employee payroll	0.97%	0.90%	0.89%	0.77%	0.98%	0.97%	0.90%	0.89%	0.88%	1.02%

**Changes of benefit terms:** There have been no changes in benefit terms since the last valuation.

**Changes of assumptions:** There have been no changes in actuarial assumptions or methods since the last valuation.

# **Supplementary Information**

Statewide Internet Portal Authority  
Schedule of Revenues, Expenditures and Changes in Funds Available – Operating Fund  
Budget and Actual (Budgetary Basis)  
The Year Ended June 30, 2025

	<b>Budgeted Amounts Original</b>	<b>Budgeted Amounts Final</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 6,606,942	\$ 6,807,231	\$ 6,789,331	\$ (17,900)
Cost reimbursement revenue	5,000,000	26,089,665	27,601,289	1,511,624
License revenue	13,000,000	26,670,256	26,640,558	(29,698)
Other revenue	570,000	1,866,208	1,028,413	(837,795)
<b>TOTAL OPERATING REVENUES</b>	<b>25,176,942</b>	<b>61,433,360</b>	<b>62,059,591</b>	<b>626,231</b>
<b>OPERATING EXPENDITURES</b>				
Employee costs	2,543,837	2,654,848	2,520,024	134,824
Office functions	970,000	907,501	725,921	181,580
Occupancy	641,108	562,103	548,444	13,659
Licenses and cost reimbursement expenses	18,133,905	50,831,721	52,066,267	(1,234,546)
Legal	300,000	300,000	132,748	167,252
Professional fees	870,000	802,420	606,772	195,648
<b>TOTAL OPERATING EXPENDITURES</b>	<b>23,458,850</b>	<b>56,058,593</b>	<b>56,600,176</b>	<b>(541,583)</b>
<b>TRANSFERS TO THE GOVGRANTS FUND</b>				
Transfers Out	-	3,500,000	3,500,000	-
<b>EXCESS REVENUE OVER EXPENDITURES</b>	<b>1,718,092</b>	<b>1,874,767</b>	<b>1,959,415</b>	<b>84,648</b>
<b>FUNDS AVAILABLE - BEGINNING OF YEAR</b>	<b>13,576,950</b>	<b>13,576,950</b>	<b>13,576,950</b>	<b>-</b>
<b>FUNDS AVAILABLE - END OF YEAR</b>	<b>\$ 15,295,042</b>	<b>\$ 15,451,717</b>	<b>\$ 15,536,365</b>	<b>\$ 84,648</b>

Statewide Internet Portal Authority  
 Reconciliation of Budgetary Basis (Actual) to Statement of Revenues,  
 Expenses and Changes in Net Position – Operating Fund  
 The Year Ended June 30, 2025

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Reconciliation of budgetary basis (Actual) to Statement of Revenues, Expenses and Changes in Net Position:	
Revenue (budgetary basis)	\$ 62,059,591
Total revenue per Statement of Revenues, Expenses and Changes in Net Position	<u>62,059,591</u>
Transfers In (budgetary basis)	-
Transfers In	1,106,616
Transfers Out (budgetary basis)	(3,500,000)
Total transfers per Statement of Revenues, Expenses and Changes in Net Position	<u>(2,393,384)</u>
Expenditures (budgetary basis)	56,600,176
PERA Contribution Expense (Benefit)	<u>12,439</u>
Total expenses per Statement of Revenues, Expenses and Changes in Net Position	<u>56,612,615</u>
Change in Net Position per Statement of Revenues, Expenses and Changes in Net Position	<u><u>\$ 3,053,592</u></u>