

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2022**



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YEAR ENDED DECEMBER 31, 2022**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Scientific and Cultural Facilities District  
Denver, Colorado

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities and each major fund of the Scientific and Cultural Facilities District (the District or SCFD), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Scientific and Cultural Facilities District as of December 31, 2022, and the respective changes in financial position and the respective budgetary comparison for the General Fund and Special Revenue fund 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Scientific and Cultural Facilities District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

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

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

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

In performing an audit in accordance with GAAS, we:

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

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

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension information and other postemployment benefits (OPEB) information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management, and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.



**CliftonLarsonAllen LLP**

Greenwood Village, Colorado  
May 17, 2023

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of Scientific and Cultural Facilities District's ("the District" or "SCFD") financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2022. This report should be read in conjunction with the financial statements.

**Financial Highlights**

In comparison to the 2021 financial statements:

- Sales and use tax revenues for 2022 increased by \$9,361,632, or 12.3%.
- Interest earnings and the related transfer from the Special Revenue Fund to the General Fund for 2022 increased by \$318,912 due to an increased rate of return from ColoTrust investments in 2022.
- Administrative expenses for 2022 were \$885,631, which is a decrease of \$45,307 or 4.9% from 2021. The decrease is due to a decrease in the District's net pension liability/asset partially offset by increases in salaries, consulting, and event costs.
- Total fund distributions for 2022 were \$84,469,644 up by \$9,221,209, or 12.3%.
- Total net position of governmental activities was \$1,818,536 in 2022 and \$1,080,510 in 2021, a change of \$738,026.

**Overview of the Financial Statements**

The District's financial statements report on government-wide activities which break down to:

- government-wide financial statements on page 10 - 11;
- fund financial statements on pages 12 - 17; and
- notes to the financial statements, pages 18 - 44.

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**Government-wide Financial Statements.** The government-wide financial statements present an overview of the District's finances in a manner similar to a private-sector business. These statements include the *statement of net position* and the *statement of activities*:

The *statement of net position* presents information on the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Net position equals the total assets and deferred outflows of resources less total liabilities and deferred inflows of resources. Changes to net position over time may indicate improvements or deterioration in the District's financial position. The District uses the accrual basis of accounting to record all assets and liabilities.

The *statement of activities* describes how the District's net position changed. When revenue and expense activities occur, a change is recorded to net position. Changes to cash flow do not necessarily occur at the same time as the change to net position. Some items affecting reported revenue and expenses may impact cash flows in future periods.

The District administers the distribution of a special sales and use tax to qualifying scientific and cultural entities.

**Fund Financial Statements.** A fund is an account grouping to control, record and track resources for segregated, specific activities. The District uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The District has two *Governmental* funds, the general fund and a special revenue fund.

**Governmental Funds.** These funds are used to account for the same functions reported in the government-wide financial statements. Unlike the government-wide financial statements, the governmental fund financial statements focus on *spendable resource inflows and outflows* during the fiscal year as well as fiscal year end *balances for spendable resources*. Governmental fund financial statements focus on the current flow of available resources and on their end of the year balances. This information may be useful in evaluating the District's present and near-future financing requirements.

In comparing the activities in government-wide financial statements with the governmental funds, the balance sheet and the statement of revenues, expenditures and changes in fund balance for governmental funds will show a reconciliation to the government-wide statement of net position and statement of activities. The government-wide statement of net position reflects the results of financial decisions that affect assets and liabilities and their future impact on available resources.

As required by state law, the District adopts an annual appropriated budget for its funds. Budgetary comparison statements have been provided for the general fund and special revenue fund to demonstrate compliance with this law.

**Notes to the Financial Statements.** The notes provide essential, additional information to understand the government-wide and fund financial statements.

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**Government-wide Financial Analysis**

The District's total net position increased by \$738,026 from 2021 to 2022. This was primarily the result of the change in fund balance for 2022 of \$523,349, as well as the net change of \$227,543 in the net pension liability/asset, net OPEB liability, and related deferred outflows of resources and deferred inflows of resources.

At December 31, 2022, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,818,536. Cash and investments increased by \$929,633 and the increase due to qualifying entities was \$1,512,537. The largest proportion of the District's net position is in cash and investments and taxes receivable, which are used to meet spending needs in the first quarter of the next year. Current liabilities consist primarily of amounts due to qualifying entities.

|                                | Year Ended December 31, |               |
|--------------------------------|-------------------------|---------------|
|                                | 2022                    | 2021          |
| <b>ASSETS</b>                  |                         |               |
| Current Assets                 | \$ 24,843,254           | \$ 22,790,865 |
| Capital Assets                 | 359,702                 | 7,802         |
| Net Pension Asset              | 52,005                  | -             |
| Total Assets                   | 25,254,961              | 22,798,667    |
| Deferred Outflows of Resources | 110,608                 | 182,523       |
| <b>LIABILITIES</b>             |                         |               |
| Current Liabilities            | 22,687,746              | 21,112,016    |
| Noncurrent Liabilities         | 358,736                 | 395,577       |
| Total Liabilities              | 23,046,482              | 21,507,593    |
| Deferred Inflows of Resources  | 500,551                 | 393,087       |
| <b>NET POSITION</b>            |                         |               |
| Investment in Capital Assets   | 359,702                 | 7,802         |
| Restricted for:                |                         |               |
| Emergency Reserves             | 48,485                  | 34,722        |
| Net Pension Asset              | 52,005                  | -             |
| Grants and Sponsors            | 5,508                   | 20,000        |
| Unrestricted                   | 1,352,836               | 1,017,986     |
| Total Net Position             | \$ 1,818,536            | \$ 1,080,510  |

The restricted net position for emergency reserves is based on TABOR requirements. The unrestricted net position is generally used to meet the operating expenses of the subsequent years and may consist of various balances that are committed for a specific purpose by action of the board of directors.

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**Governmental Activities**

Governmental activities increased the District's net position by 738,026 due to revenues of \$86,093,301 exceeding expenses of \$85,355,275 as a result of increased sales and use tax revenue offset by increased distributions to qualified entities, a decrease in the net pension liability, and increased net investment earnings.

|                                    | Year Ended December 31, |               |
|------------------------------------|-------------------------|---------------|
|                                    | 2022                    | 2021          |
| <b>REVENUES</b>                    |                         |               |
| General Revenue                    |                         |               |
| Sales Tax                          | \$ 80,092,761           | \$ 71,214,417 |
| Use Tax                            | 5,663,221               | 5,179,933     |
| Net Investment Earnings            | 325,594                 | 6,682         |
| Other Income                       | 11,725                  | 4,775         |
| Total Revenues                     | 86,093,301              | 76,405,807    |
| <b>EXPENSES</b>                    |                         |               |
| Administrative                     | 885,631                 | 930,938       |
| Special Revenue Fund Distributions | 84,469,644              | 75,248,435    |
| Total Expenses                     | 85,355,275              | 76,179,373    |
| <b>CHANGE IN NET POSITION</b>      | 738,026                 | 226,434       |
| Net Position - Beginning of Year   | 1,080,510               | 854,076       |
| <b>NET POSITION - END OF YEAR</b>  | \$ 1,818,536            | \$ 1,080,510  |

**Financial Analysis of the District's Funds**

As of December 31, 2022, the District's general fund reported a fund balance of \$2,222,503, which is an increase of \$523,349 in comparison to the prior year. The increase is primarily due to an increase in investment earnings transferred from the special revenue fund.

Sales and use tax collections in the special revenue fund increased by \$9,221,209 or 12.3% compared to 2021. The District's special revenue fund distributes all revenue received and has no fund balance at year-end.

**General Fund Budgetary Highlights**

The general or administrative portion of tax revenue per statute is 1.5%. For 2022, the administrative portion was \$1,286,338 of the total tax collections of \$85,755,982 leaving \$84,469,644 distributable to recipient organizations. The District amended the budgeted appropriations after year-end in order to match actual taxes received for 2022 with required disbursements to each of the Tiers and 2022 administrative expenditures. The final variance for general expenditures was \$186,032.

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**Economic Factors and Next Year's Budget**

During 2022, sales and use tax receipts increased by 18.8%, as compared to a decrease of 2.8% in 2021. The Metro Denver economy continues to see a decrease in unemployment claims; initial unemployment claims fell 74% in the first quarter of 2023 compared to the same quarter in 2022. The metro area's population continues to grow, however it has slowed since pre-pandemic levels. Migration to the region is driven in large part by job growth and perceived opportunities. Full time telework and a remote workforce will continue to be a question in the future and the next decade will be influenced by job growth in addition to the need to replace retiring workers. Concerns regarding inflation and interest rates continues to be monitored, as both have very really monetary implications for the District.

Other than the 1.5% statutory administrative percentage, the entity's only other potential supplemental revenue source to support operating costs is earnings from investments based on short-term balances waiting to be distributed to recipient organizations. While investments earnings are currently strong, it is not a reliable source of income. These factors and conditions were considered and addressed in preparing and adopting the District's conservative budget for 2023.

Management will continue to apply a fiscally conservative approach to budgeting, will closely monitor economic factors that may affect delivering the District's programs and continue to develop and update current forecasting models to assist with implementation of the statute.

**Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Deborah Jordy, Executive Director, 1047 Santa Fe Drive, Denver, CO 80204; 303-860-0588.

## **BASIC FINANCIAL STATEMENTS**

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2022**

**ASSETS**

|   |              |
|---|--------------|
| Cash and Investments                            | \$ 9,549,981 |
| Receivables:                                    |              |
| Taxes   | 15,265,553   |
| Deposits  | 7,500        |
| Prepaid Items                                   | 20,220       |
| Capital Assets, Net of Accumulated Depreciation | 359,702      |
| Net Pension Asset                               | 52,005       |
| Total Assets                                    | 25,254,961   |

**DEFERRED OUTFLOWS OF RESOURCES**

|                                      |         |
|--------------------------------------|---------|
| Pension Related Items                | 97,364  |
| OPEB Related Items                   | 13,244  |
| Total Deferred Outflows of Resources | 110,608 |

**LIABILITIES**

|                                   |            |
|-----------------------------------|------------|
| Accounts Payable                  | 44,592     |
| Due to Tier I Entities            | 12,640,053 |
| Due to Tier II Entities           | 5,765,638  |
| Due to Tier III Entities          | 4,170,468  |
| Compensated Absences              | 22,370     |
| Lease Payable Due Within One Year | 44,625     |
| Due in More Than One Year:        |            |
| Lease Payable                     | 318,076    |
| Net OPEB Liability                | 40,660     |
| Total Liabilities                 | 23,046,482 |

**DEFERRED INFLOWS OF RESOURCES**

|                                     |         |
|-------------------------------------|---------|
| Pension Related Items               | 481,962 |
| OPEB Related Items                  | 18,589  |
| Total Deferred Inflows of Resources | 500,551 |

**NET POSITION**

|                            |              |
|----------------------------|--------------|
| Invested in Capital Assets | 359,702      |
| Restricted for:            |              |
| Emergency Reserves         | 48,485       |
| Net Pension Asset          | 52,005       |
| Grants and Sponsors        | 5,508        |
| Unrestricted               | 1,352,836    |
| Total Net Position         | \$ 1,818,536 |

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2022**

**EXPENSES**

|                               |            |
|-------------------------------|------------|
| Administrative:               |            |
| Other                         | \$ 885,631 |
| Total Administrative Expenses | 885,631    |
| Tier Allocations:             |            |
| Tier I Allocation             | 50,767,797 |
| Tier II Allocation            | 20,464,908 |
| Tier III Allocation           | 13,236,939 |
| Total Tier Allocations        | 84,469,644 |
| Total Program Expenses        | 85,355,275 |

**GENERAL REVENUES**

|                         |            |
|-------------------------|------------|
| Sales Tax               | 80,092,761 |
| Use Tax                 | 5,663,221  |
| Net Investment Earnings | 325,594    |
| Other                   | 11,725     |
| Total General Revenues  | 86,093,301 |

**CHANGE IN NET POSITION**

738,026

Net Position - Beginning of Year

1,080,510

**NET POSITION - END OF YEAR**

\$ 1,818,536

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2022**

|                                      | General      | Special<br>Revenue | Total<br>Governmental<br>Funds |
|--------------------------------------|--------------|--------------------|--------------------------------|
| <b>ASSETS</b>                        |              |                    |                                |
| Cash and Investments                 | \$ 89,839    | \$ 9,460,142       | \$ 9,549,981                   |
| Taxes Receivable                     | 228,983      | 15,036,570         | 15,265,553                     |
| Due from Other Fund                  | 1,920,553    | -                  | 1,920,553                      |
| Deposits                             | 7,500        | -                  | 7,500                          |
| Prepaid Items                        | 20,220       | -                  | 20,220                         |
| Total Assets                         | \$ 2,267,095 | \$ 24,496,712      | \$ 26,763,807                  |
| <b>LIABILITIES AND FUND BALANCES</b> |              |                    |                                |
| <b>LIABILITIES</b>                   |              |                    |                                |
| Accounts Payable                     | \$ 44,592    | \$ -               | \$ 44,592                      |
| Due to Other Fund                    | -            | 1,920,553          | 1,920,553                      |
| Due to Tier I Entities               | -            | 12,640,053         | 12,640,053                     |
| Due to Tier II Entities              | -            | 5,765,638          | 5,765,638                      |
| Due to Tier III Entities             | -            | 4,170,468          | 4,170,468                      |
| Total Liabilities                    | 44,592       | 24,496,712         | 24,541,304                     |
| <b>FUND BALANCES</b>                 |              |                    |                                |
| Nonspendable                         | 27,720       | -                  | 27,720                         |
| Restricted for:                      |              |                    |                                |
| Emergency Reserves                   | 48,485       | -                  | 48,485                         |
| Grants and Sponsors                  | 5,508        | -                  | 5,508                          |
| Committed for:                       |              |                    |                                |
| Operating Reserves                   | 456,967      | -                  | 456,967                        |
| Election Cost Reserves               | 900,000      | -                  | 900,000                        |
| Unassigned                           | 783,823      | -                  | 783,823                        |
| Total Fund Balances                  | 2,222,503    | -                  | 2,222,503                      |
| Total Liabilities and Fund Balances  | \$ 2,267,095 | \$ 24,496,712      | \$ 26,763,807                  |

See accompanying Notes to Financial Statements.

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2022**

|   |    |  |
|---|----|--|
| Fund Balances - Total Governmental Funds  | \$ | 2,222,503                                  |
| Amounts Reported for Governmental Activities in the Statement of<br>Net Position are Different Because:   |    |  |
| Capital assets used in governmental activities are not financial resources and,<br>therefore, are not reported in the governmental funds  |    | 359,702                                    |
| Long-term liabilities, including compensated absences, and amounts related to<br>net pension liability and net OPEB liability, are not due and payable in the current<br>period and, therefore, are not reported in the fund balance sheet: |    |  |
| Compensated Absences  |    | (22,370)                                   |
| Lease Payable   |    | (362,701)                                  |
| Net Pension Asset   |    | 52,005                                     |
| Net OPEB Liability  |    | (40,660)                                   |
| Deferred Outflows of Resources for Pension  |    | 97,364                                     |
| Deferred Outflows of Resources for OPEB   |    | 13,244                                     |
| Deferred Inflows of Resources for Pension   |    | (481,962)                                  |
| Deferred Inflows of Resources for OPEB  |    | (18,589)                                   |
|   |    | <hr style="border-top: 1px solid black;"/> |
| Net Position of Governmental Activities   | \$ | <u><u>1,818,536</u></u>                    |

See accompanying Notes to Financial Statements.

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2022**

|  | General                    | Special<br>Revenue | Total<br>Governmental<br>Funds |
|--|----------------------------|--------------------|--------------------------------|
| <b>REVENUES</b>                                      |                            |                    |                                |
| Sales Tax  | \$ 1,201,390               | \$ 78,891,371      | \$ 80,092,761                  |
| Use Tax  | 84,948                     | 5,578,273          | 5,663,221                      |
| Net Investment Earnings                              | -                          | 325,594            | 325,594                        |
| Other  | 11,725                     | -                  | 11,725                         |
| Total Revenues                                       | <u>1,298,063</u>           | <u>84,795,238</u>  | <u>86,093,301</u>              |
| <b>EXPENDITURES</b>                                  |                            |                    |                                |
| Salaries and Related Costs                           | 741,121                    | -                  | 741,121                        |
| Accounting and Audit                                 | 59,626                     | -                  | 59,626                         |
| Travel and Mileage                                   | 2,402                      | -                  | 2,402                          |
| Consulting   | 127,468                    | -                  | 127,468                        |
| Insurance  | 5,232                      | -                  | 5,232                          |
| Legal  | 4,333                      | -                  | 4,333                          |
| Office Supplies                                      | 2,035                      | -                  | 2,035                          |
| Meeting  | 6,085                      | -                  | 6,085                          |
| Professional Development                             | 24,140                     | -                  | 24,140                         |
| Other  | 5,184                      | -                  | 5,184                          |
| Office Space Operating Costs                         | 22,059                     | -                  | 22,059                         |
| Memberships/Subscriptions                            | 10,226                     | -                  | 10,226                         |
| Telephone  | 11,152                     | -                  | 11,152                         |
| Office Equipment and Furniture                       | 3,658                      | -                  | 3,658                          |
| Event Costs  | 21,992                     | -                  | 21,992                         |
| Tier I Allocation                                    | -                          | 50,767,797         | 50,767,797                     |
| Tier II Allocation                                   | -                          | 20,464,908         | 20,464,908                     |
| Tier III Allocation                                  | -                          | 13,236,939         | 13,236,939                     |
| Debt Service   |                            |                    |                                |
| Principal  | 43,199                     | -                  | 43,199                         |
| Interest   | 10,396                     | -                  | 10,396                         |
| Total Expenditures                                   | <u>1,100,308</u>           | <u>84,469,644</u>  | <u>85,569,952</u>              |
| <b>EXCESS REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | 197,755                    | 325,594            | 523,349                        |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                            |                    |                                |
| Transfer In  | 325,594                    | -                  | 325,594                        |
| Transfer Out   | -                          | (325,594)          | (325,594)                      |
| Total Other Financing Sources (Uses)                 | <u>325,594</u>             | <u>(325,594)</u>   | <u>-</u>                       |
| <b>NET CHANGE IN FUND BALANCES</b>                   | 523,349                    | -                  | 523,349                        |
| Fund Balances - Beginning of Year                    | <u>1,699,154</u>           | -                  | <u>1,699,154</u>               |
| <b>FUND BALANCES - END OF YEAR</b>                   | <u><u>\$ 2,222,503</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 2,222,503</u></u>     |

See accompanying Notes to Financial Statements.

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2022**

|   |    |          |
|---|----|----------|
| Net Change in Fund Balances - Total Governmental Funds  | \$ | 523,349  |
| Amounts Reported for Governmental Activities in the Statement of<br>Activities are Different Because:   |    |          |
| Capital outlays to purchase or construct capital assets are reported in governmental<br>funds as expenditures. However, for governmental activities those costs are capitalized<br>in the statement of net position and are allocated over their estimated useful lives as<br>annual depreciation expenses in the statement of activities |    |          |
| Depreciation Expense  |    | (54,000) |
| Some expenses reported in the statement of activities do not<br>require the use of current financial resources and, therefore,<br>are not reported as expenditures in governmental funds:   |    |          |
| Compensated Absences  |    | (2,065)  |
| Lease Liability Principal   |    | 43,199   |
| Net Pension Expense   |    | 223,642  |
| Net OPEB Expense  |    | 3,901    |
|   |    | 3,901    |
| Change in Net Position of Governmental Activities   | \$ | 738,026  |

See accompanying Notes to Financial Statements.

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

|   | Original            | Original and<br>Final Budget | Actual<br>Amounts   | Variance with<br>Final Budget<br>- Positive<br>(Negative) |
|---|---------------------|------------------------------|---------------------|---|
| <b>REVENUES</b>   |                     |                              |                     |   |
| Sales Tax   | \$ 918,000          | \$ 1,169,260                 | \$ 1,201,390        | \$ 32,130   |
| Use Tax   | 102,000             | 102,000                      | 84,948              | (17,052)  |
| Other Income  | 15,080              | 15,080                       | 11,725              | (3,355)   |
| Total Revenues  | <u>1,035,080</u>    | <u>1,286,340</u>             | <u>1,298,063</u>    | <u>11,723</u>   |
| <b>EXPENDITURES</b>                                     |                     |                              |                     |   |
| Salaries and Related Costs                              | 653,431             | 847,736                      | 741,121             | 106,615   |
| Accounting and Audit                                    | 64,000              | 64,000                       | 59,626              | 4,374   |
| Travel and Mileage                                      | 6,500               | 6,500                        | 2,402               | 4,098   |
| Consulting  | 168,200             | 168,200                      | 127,468             | 40,732  |
| Insurance   | 6,000               | 6,000                        | 5,232               | 768   |
| Legal   | 10,150              | 10,150                       | 4,333               | 5,817   |
| Office Supplies   | 2,500               | 2,500                        | 2,035               | 465   |
| Meeting   | 6,000               | 7,000                        | 6,085               | 915   |
| Professional Development                                | 26,950              | 26,950                       | 24,140              | 2,810   |
| Other   | 5,000               | 6,000                        | 5,184               | 816   |
| Rent  | 79,324              | 79,324                       | 75,654              | 3,670   |
| Memberships/Subscriptions                               | 8,000               | 12,000                       | 10,226              | 1,774   |
| Telephone   | 7,980               | 12,980                       | 11,152              | 1,828   |
| Event Costs   | 32,500              | 32,500                       | 21,992              | 10,508  |
| Office Equipment and Furniture                          | 2,500               | 4,500                        | 3,658               | 842   |
| Total Expenditures                                      | <u>1,079,035</u>    | <u>1,286,340</u>             | <u>1,100,308</u>    | <u>186,032</u>  |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | (43,955)            | -                            | 197,755             | 197,755   |
| <b>OTHER FINANCING SOURCES</b>                          |                     |                              |                     |   |
| Transfer In   | 7,108               | 7,108                        | 325,594             | 318,486   |
| Total Other Financing Sources                           | <u>7,108</u>        | <u>7,108</u>                 | <u>325,594</u>      | <u>318,486</u>  |
| <b>NET CHANGE IN FUND BALANCE</b>                       | (36,847)            | 7,108                        | 523,349             | 516,241   |
| Fund Balance - Beginning of Year                        | <u>1,658,292</u>    | <u>1,699,154</u>             | <u>1,699,154</u>    | <u>-</u>  |
| <b>FUND BALANCE - END OF YEAR</b>                       | <u>\$ 1,621,445</u> | <u>\$ 1,706,262</u>          | <u>\$ 2,222,503</u> | <u>\$ 516,241</u>   |

See accompanying Notes to Financial Statements.

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

|  | Budgeted Amounts  |                   | Actual<br>Amounts | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|-------------------|-------------------|-------------------|--|
|  | Original          | Final             |                   |  |
| <b>REVENUES</b>                              |                   |                   |                   |  |
| Sales Tax                                    | \$ 60,282,000     | \$ 78,891,371     | \$ 78,891,371     | \$ -   |
| Use Tax                                      | 6,698,000         | 5,578,273         | 5,578,273         | -  |
| Net Investment Earnings                      | 7,108             | 325,594           | 325,594           | -  |
| Total Revenues                               | <u>66,987,108</u> | <u>84,795,238</u> | <u>84,795,238</u> | <u>-</u>   |
| <b>EXPENDITURES</b>                          |                   |                   |                   |  |
| Tier I Allocation                            | 40,798,700        | 50,767,797        | 50,767,797        | -  |
| Tier II Allocation                           | 15,917,600        | 20,464,908        | 20,464,908        | -  |
| Tier III Allocation                          | 10,263,700        | 13,236,939        | 13,236,939        | -  |
| Total Expenditures                           | <u>66,980,000</u> | <u>84,469,644</u> | <u>84,469,644</u> | <u>-</u>   |
| <b>EXCESS REVENUES OVER<br/>EXPENDITURES</b> | 7,108             | 325,594           | 325,594           | -  |
| <b>OTHER FINANCING (USES)</b>                |                   |                   |                   |  |
| Transfer Out                                 | (7,108)           | (325,594)         | (325,594)         | -  |
| Total Other Financing (Uses)                 | <u>(7,108)</u>    | <u>(325,594)</u>  | <u>(325,594)</u>  | <u>-</u>   |
| <b>NET CHANGE IN FUND BALANCE</b>            | -                 | -                 | -                 | -  |
| Fund Balance - Beginning of Year             | <u>-</u>          | <u>-</u>          | <u>-</u>          | <u>-</u>   |
| <b>FUND BALANCE - END OF YEAR</b>            | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>  |

See accompanying Notes to Financial Statements.

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Scientific and Cultural Facilities District (District) was established by a statute of the state of Colorado to assist in the preservation and development of scientific and cultural facilities. The area comprising the District consists of the City and County of Denver, the City and County of Broomfield, the Counties of Adams, Arapahoe, Boulder, and Jefferson, and portions of Douglas County. The District is governed by a board of 11 directors, seven members of which are appointed by the governing bodies of the seven counties in the District and four members of which are appointed by the Governor of the state of Colorado. Under the original statute, the District was authorized to exist through July 1, 1996. A question to extend the existence of the District to 2006 was approved by voters November 8, 1994, a question to extend the existence to 2018 was approved by voters November 2, 2004, and a question to extend the existence to 2030 was approved November 8, 2016.

A uniform sales and use tax of one tenth of 1% is collected within the District area and distributed to qualifying scientific and cultural facilities which are classified into tiers. The statute provides formulas for distribution of the taxes within each tier and allows an amount not to exceed one and one half percent of the tax revenue collected to be used for administration costs of the District.

After the allocation of taxes for administrative costs, the taxes are distributed to facilities as follows:

**Tier**

|  |       |
|--|-------|
| I - Denver Museum of Nature and Science, Denver Zoological Gardens, Denver Art Museum, Denver Botanical Gardens, and Denver Center for the Performing Arts | 64.0% |
| II - Scientific or cultural facilities in Colorado having annual operating income of more than \$1,250,000; as adjusted for inflation                      | 22.0% |
| III - Eligible scientific or cultural facilities approved by county cultural councils  | 14.0% |

If total annual revenues exceed \$38 million dollars, after the allocation of taxes for administrative costs, the excess taxes are distributed to facilities as follows:

**Tier**

|  |       |
|--|-------|
| I - Denver Museum of Nature and Science, Denver Zoological Gardens, Denver Art Museum, Denver Botanical Gardens, and Denver Center for the Performing Arts | 57.0% |
| II - Scientific or cultural facilities in Colorado having annual operating income of more than \$1,250,000; as adjusted for inflation                      | 26.0% |
| III - Eligible scientific or cultural facilities approved by county cultural councils  | 17.0% |

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)**

The District 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 District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the government. The effect of interfund activity has been removed from these statements.

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

Separate statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available.

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation  
(Continued)**

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. The major sources of revenues susceptible to accrual are sales and use taxes. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The *general fund* is the District's operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *special revenue fund* is used to record the collection of sales and use taxes and the distribution thereof to eligible governmental entities and 501(c)(3) organizations, as required by the statute creating the District (see Note 1).

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

**Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Expenditures/ expenses are recorded when the service underlying the prepaid item is provided (consumption method).

**Capital Assets**

Capital assets, which include equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Equipment of the District is depreciated using the straight-line method over a five-year life.

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Compensated Absences**

The District has a policy that allows employees to accumulate unused vacation benefits up to certain maximum hours. All such benefits are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**Leases**

The District determines if an arrangement is a lease at inception. Leases are included in capital assets and lease liabilities in the statement of net position.

Lease assets represent the District's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payment made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the District's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the District will exercise that option.

The District has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses are incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position. For individual lease contracts where information about the discount rate implicit in the lease is not included, the District has elected to use the incremental borrowing rate to calculate the present value of expected lease payments.

**Pensions**

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

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Postemployment Benefits Other Than Pensions (OPEB)**

The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position 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.

**Fund Equity**

The District's fund balances in the governmental funds are reported in classifications based on the extent to which the District is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. Fund balances are classified in one of five categories: 1) nonspendable, 2) restricted, 3) committed, 4) assigned, and 5) unassigned.

**Nonspendable**

Nonspendable fund balance represents amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The District has reported the amount equal to the reported deposits and prepaid items in the amount of \$27,720 as nonspendable as they do not constitute spendable resources even though they are a component of net position.

**Restricted**

Restricted fund balances reflect amounts for which constraints have been placed on the use of the resources because of state or federal laws or externally imposed conditions by grantors or creditors. Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 10). A portion of the General Fund balance in the amount of \$48,485 has been restricted in compliance with this requirement.

**Committed**

Committed fund balance is the amount that can be used only for specific purposes determined by a formal action of the Board of Directors. This amount cannot be used for any other purpose unless the board of directors removes or changes the specific use by taking formal board action. The District has committed \$456,967 of the General Fund balance as an operating reserve, to be drawn upon during periods of economic fluctuation.

The District has committed \$900,000 of the General Fund balance as an election cost reserve, to be drawn upon for costs related to reauthorization in future years.

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Equity (Continued)**

Assigned

Assigned fund balance includes amounts that are constrained by the board of director's intended use of these resources for a specific purpose but are neither restricted nor committed. The District did not have any assigned resources as of December 31, 2022.

Unassigned

Unassigned fund balance represents the net resources in excess of the other spendable classifications. The District's policy is to spend unassigned fund balance and then the funds committed for operating reserves. The District considers all unassigned fund balances to be "reserves" for future operations or capital replacement as defined within Article X, Section 20 of the Constitution of the State of Colorado (see Note 10).

**Budgetary Information**

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Supplementary appropriations approved by the District for the year ended December 31, 2022 modified the appropriation from \$66,980,000 to \$84,469,644 in the Special Revenue Fund.

Budgets for both funds of the District are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

**Interfund Balances**

Interfund balances at December 31, 2022 consisted of the following:

Due to General Fund from:

|                      |                     |
|----------------------|---------------------|
| Special Revenue Fund | \$ <u>1,920,553</u> |
|----------------------|---------------------|

This balance resulted from the time lag between the dates that payments between funds are made.

**Interfund Transfers**

Interfund transfers for the year ended December 31, 2022 consisted of the following:

Transfer to General Fund from:

|                      |                   |
|----------------------|-------------------|
| Special Revenue Fund | \$ <u>325,594</u> |
|----------------------|-------------------|

This transfer was used to move unrestricted interest revenues collected in the Special Revenue Fund to the General Fund in accordance with budgetary authorizations.

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2022 consisted of the following:

|                                      | Amount       |
|--------------------------------------|--------------|
| Deposits with Financial Institutions | \$ 1,901,246 |
| Investments                          | 7,648,735    |
| Total Cash and Investments           | \$ 9,549,981 |

**Cash Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. 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 December 31, 2022, the District's cash deposits had a carrying balance of \$1,901,246. The bank balance is fully covered by FDIC and PDPA.

**Investments**

**Credit Risk**

The District has adopted a formal investment policy in which the primary investment objectives shall be safety, liquidity, and yield.

The District has defined investment instruments meeting defined rating and risk criteria in which the District may invest, as follows:

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

The local government investment pool is the Colorado Local Government Liquid Asset Trust (ColoTrust) and is rated AAAM by Standard & Poor's.

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

**Interest Rate Risk**

The District will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

To the extent possible, the District attempts to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the District will not directly invest in securities maturing more than five years from the date of purchase.

**ColoTrust**

As of December 31, 2022, the District had invested \$7,648,735 in the Colorado Local Government Liquid Asset Trust Plus+ (ColoTrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing ColoTrust. ColoTrust operates similarly to a money market fund and each share is equal in value to \$1.00. ColoTrust Plus+ may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. treasury securities, in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under C.R.S. 24-75-601. A designated custodial bank serves as custodian for ColoTrust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for ColoTrust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by ColoTrust. ColoTrust records its investments at fair value and the District records its investment in ColoTrust using the net asset value method. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 4 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2022 was as follows:

|                                    | Balance at<br>December 31,<br>2021 | Additions          | Retirements | Balance at<br>December 31,<br>2022 |
|------------------------------------|------------------------------------|--------------------|-------------|------------------------------------|
| Capital Assets:                    |                                    |                    |             |                                    |
| Office Furniture and Equipment     | \$ 14,165                          | \$ -               | \$ -        | \$ 14,165                          |
| Lease Asset - Building             | 405,900                            | -                  | -           | 405,900                            |
| Less: Accumulated Depreciation for |                                    |                    |             |                                    |
| Office Furniture and Equipment     | 6,363                              | 1,962              | -           | 8,325                              |
| Lease Asset - Building             | -                                  | 52,038             | -           | 52,038                             |
| Total Capital Assets, Net          | <u>\$ 413,702</u>                  | <u>\$ (54,000)</u> | <u>\$ -</u> | <u>\$ 359,702</u>                  |

As a result of implementation of GASB Statement No. 87 (GASB 87), *Leases*, \$405,900 in lease assets has been added to the beginning balance presented above. As the adjustment to the beginning balance for these assets is offset by an equal amount of lease liabilities, the District does not report a restatement of beginning net position for the implementation of GASB 87.

**NOTE 5 LONG-TERM LIABILITIES**

Changes in long-term liabilities for the year ended December 31, 2022 were as follows:

|                      | Balance at<br>December 31,<br>2021 | Additions        | Retirements        | Balance at<br>December 31,<br>2022 | Current<br>Portion |
|----------------------|------------------------------------|------------------|--------------------|------------------------------------|--------------------|
| Lease Payable        | \$ 405,900                         | \$ -             | \$ (43,199)        | \$ 362,701                         | \$ 44,625          |
| Compensated Absences | 20,305                             | 52,115           | (50,050)           | 22,370                             | 22,370             |
| Total                | <u>\$ 426,205</u>                  | <u>\$ 52,115</u> | <u>\$ (93,249)</u> | <u>\$ 385,071</u>                  | <u>\$ 66,995</u>   |

Compensated absences are liquidated by the General Fund.

As a result of implementation of GASB Statement No. 87 (GASB 87), *Leases*, \$405,900 in lease liabilities has been added to the beginning balance presented above. As the adjustment to the beginning balance for these liabilities is offset by an equal amount of lease assets, the District does not report a restatement of beginning net position for the implementation of GASB 87.

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

**Lease Payable**

In August 2019, the District executed a lease agreement for office space which expires in December 2029. In addition to base rent, the District pays for the District's proportionate share of operating expenses which totaled \$20,059.

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

| <u>Year Ending December 31,</u> | <u>Principal</u>  | <u>Interest</u>  | <u>Total</u>      |
|---------------------------------|-------------------|------------------|-------------------|
| 2023                            | \$ 44,625         | \$ 10,133        | \$ 54,758         |
| 2024                            | 47,117            | 8,804            | 55,921            |
| 2025                            | 49,736            | 7,348            | 57,084            |
| 2026                            | 52,407            | 5,840            | 58,247            |
| 2027                            | 55,158            | 4,252            | 59,410            |
| 2028 - 2029                     | 113,658           | 3,417            | 117,075           |
| Total                           | <u>\$ 362,701</u> | <u>\$ 39,794</u> | <u>\$ 402,495</u> |

**NOTE 6 DEFINED BENEFIT PENSION PLAN**

**General Information about the Pension Plan**

*Plan description*

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

*Benefits provided as of December 31, 2021*

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.

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
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**NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**General Information about the Pension Plan (Continued)**

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

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

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

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

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

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

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

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**General Information about the Pension Plan (Continued)**

*Contributions provisions as of December 31, 2022*

Eligible employees of the District and the State are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements for the LGDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Employee contribution rates for the period of January 1, 2021, through December 31, 2022, were 8.5% as a percentage of salary as defined in C.R.S. § 24-51-101(42).

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

|  | January 1, 2021<br>Through<br>December 31, 2021 | January 1, 2022<br>Through<br>June 30, 2022 | July 1, 2022<br>Through<br>December 31, 2022 |
|--|---|---|--|
| Employer Contribution Rate   | 10.50 %   | 10.50 %                                     | 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)%                                     | (1.02)%                                      |
| Amount Apportioned to the LGDTF  | 9.48 %  | 9.48 %                                      | 9.98 %                                       |
| Amortization Equalization Disbursement (AED) as Specified in C.R.S. § 24-51-411                                    | 2.20 %  | 2.20 %                                      | 2.20 %                                       |
| Supplemental Amortization Equalization Disbursement (SAED) as Specified in C.R.S. § 24-51-411                      | 1.50 %  | 1.50 %                                      | 1.50 %                                       |
| Defined Contribution Supplement as specified in C.R.S. § 24-51-415   | 0.02 %  | 0.03 %                                      | 0.03 %                                       |
| Total Employer Contribution Rate to the LGDTF  | 13.20 %   | 13.21 %                                     | 13.71 %                                      |

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF the District were \$77,193 for the year ended December 31, 2022.

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

At December 31, 2022, the District reported an asset of \$52,005 for its proportionate share of the net pension asset. The net pension asset for the LGDTF was measured as of December 31, 2021, and the total pension liability (TPL) used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TPL to December 31, 2021. The District's proportion of the net pension asset was based on the District's contributions to the LGDTF for the calendar year 2021 relative to the total contributions of participating employers.

At December 31, 2021, the District's proportion was .0606567%, which was a decrease of 0.0059722% from its proportion measured as of December 31, 2020. For the year ended December 31, 2022, the District recognized pension expense of (\$146,449).

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
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**NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Difference between Expected and Actual Experience   | \$ 2,542                                  | \$ 869                                   |
| Changes of Assumptions or other Inputs  | 17,629                                    | -  |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments                                | -   | 449,856                                  |
| Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions | -   | 31,237                                   |
| Contributions Subsequent to the Measurement Date  | 77,193                                    | -  |
| Total   | <u>\$ 97,364</u>                          | <u>\$ 481,962</u>                        |

\$77,193 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ending December 31,</u> | <u>Amount</u> |
|---------------------------------|---------------|
| 2023                            | \$ (122,052)  |
| 2024                            | (176,610)     |
| 2025                            | (108,540)     |
| 2026                            | (54,589)      |

The TPL in the December 31, 2020, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

|   |   |
|---|---|
| Actuarial Cost Method   | Entry Age                               |
| Price Inflation   | 2.30%                                   |
| Real Wage Growth  | 0.70%                                   |
| Wage Inflation  | 3.00%                                   |
| Salary Increases, Including Wage Inflation  | 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%                                   |
| Future Postretirement Benefit Increases:  |   |
| PERA Benefit Structure Hired Prior to January 1, 2007; and DPS Benefit Structure (Automatic)            | 1.00% Compounded Annually               |
| PERA Benefit Structure hired after December 31, 2006 (Ad Hoc, Substantively Automatic)                  | Financed by the Annual Increase Reserve |

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

The TPL as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

Pre-retirement mortality assumptions for members other than State Troopers were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019. Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement nondisabled mortality assumptions for members other than State Troopers were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement nondisabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement nondisabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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, to be effective January 1, 2020. 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:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>30-Year Expected Geometric Real Rate of Return</u> |
|--------------------|--------------------------|---|
| Global Equity      | 54.00 %                  | 5.60 %  |
| Fixed Income       | 23.00                    | 1.30  |
| Private Equity     | 8.50                     | 7.10  |
| Real Estate        | 8.50                     | 4.40  |
| Alternatives       | 6.00                     | 4.70  |
| Total              | <u>100.00 %</u>          |   |

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%.

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

- 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 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective
- July 1, 2022. 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 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. 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.
- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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.

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate*

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

|   | 1% Decrease<br>(6.25%) | Current<br>Discount Rate<br>(7.25%) | 1% Increase<br>(8.25%) |
|---|------------------------|-------------------------------------|------------------------|
| Proportionate Share of the<br>Net Pension Liability/(Asset) | \$ 356,578             | \$ (52,005)                         | \$ (393,768)           |

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

**NOTE 7 DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN**

**General Information about the OPEB Plan**

*Plan Description*

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

*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.

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 7 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN  
(CONTINUED)**

**General Information about the OPEB Plan (Continued)**

*Benefits Provided (Continued)*

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

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

*PERA Benefit Structure*

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

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

*DPS Benefit Structure*

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

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 7 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN  
(CONTINUED)**

**General Information about the OPEB Plan (Continued)**

*DPS Benefit Structure (Continued)*

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

*Contributions*

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$5,852 for the year ended December 31, 2022.

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

At December 31, 2022, the District reported a liability of \$40,660 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TOL to December 31, 2021. The District's proportion of the net OPEB liability was based on District's contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the District's proportion was 0.0047153%, which was a decrease of 0.0003736% from its proportion measured as of December 31, 2020. For the year ended December 31, 2022, the District recognized OPEB expense of \$1,951.

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 7 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN  
(CONTINUED)**

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

At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Difference between Expected and Actual Experience   | \$ 62                             | \$ 9,641                         |
| Changes of Assumptions or other Inputs  | 842                               | 2,206                            |
| Net Difference between Projected and Actual<br>Earnings on OPEB Plan Investments  | -                                 | 2,517                            |
| Changes in Proportion and Differences between<br>Contributions Recognized and Proportionate Share<br>Share of Contributions | 6,488                             | 4,225                            |
| Contributions Subsequent to the Measurement Date  | 5,852                             | -                                |
| Total   | \$ 13,244                         | \$ 18,589                        |

\$5,852 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ending December 31, | Amount     |
|--------------------------|------------|
| 2023                     | \$ (1,600) |
| 2024                     | (2,311)    |
| 2025                     | (3,428)    |
| 2026                     | (2,551)    |
| 2027                     | (1,120)    |
| Thereafter               | (187)      |

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 7 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN  
(CONTINUED)**

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

*Actuarial Assumptions*

The TOL in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

|  | Trust Fund   |                    |                                 |                      |
|--|--|--------------------|---------------------------------|----------------------|
|  | State<br>Division  | School<br>Division | Local<br>Government<br>Division | Judicial<br>Division |
| Actuarial Cost Method  | Entry Age  |                    |                                 |                      |
| Price Inflation  | 2.30%  |                    |                                 |                      |
| Real Wage Growth   | 0.70%  |                    |                                 |                      |
| Wage Inflation   | 3.00%  |                    |                                 |                      |
| Salary Increases, Including Wage Inflation:  |  |                    |                                 |                      |
| Members other than State Troopers  | 3.30%-10.90%   | 3.40%-11.00%       | 3.20%-11.30%                    | 2.80%-5.30%          |
| State Troopers   | 3.20%-12.40%   | N/A                | 3.20%-12.40%                    | N/A                  |
| Long-Term Investment Rate of Return,<br>Net of OPEB Plan Investment Expenses,<br>Including Price Inflation | 7.25%  |                    |                                 |                      |
| Discount Rate  | 7.25%  |                    |                                 |                      |
| Health Care Cost Trend Rates   |  |                    |                                 |                      |
| Service-Based Premium Subsidy  | 0.00%  |                    |                                 |                      |
| PERACare Medicare Plans  | 4.50% in 2021, 6.00% in 2022,<br>gradually decreasing to 4.50% in 2029 |                    |                                 |                      |
| Medicare Part A Premiums   | 3.75% for 2021, gradually increasing to 4.50% in 2029                  |                    |                                 |                      |
| DPS benefit structure  |  |                    |                                 |                      |
| Service-based Premium Subsidy  | 0.00%  |                    |                                 |                      |
| PERACare Medicare Plans  | N/A  |                    |                                 |                      |
| Medicare Part A Premiums   | N/A  |                    |                                 |                      |

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2020, valuation, the following monthly costs/premiums are assumed for 2021 for the PERA Benefit Structure.

| Medicare Plan                                | Initial Costs for Members without Medicare Part A |                 |                                       |
|--|---|-----------------|---------------------------------------|
|  | Monthly Cost                                      | Monthly Premium | Monthly Cost<br>Adjusted to<br>Age 65 |
| Medicare Advantage/Self-Insured Prescription | \$ 633  | \$ 230          | \$ 591                                |
| Kaiser Permanente Medicare Advantage HMO     | 596   | 199             | 562                                   |

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

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

*Actuarial Assumptions (Continued)*

The 2021 Medicare Part A premium is \$471 per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2020, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Mortality assumptions used in the December 31, 2020, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

| Year  | PERACare Medicare<br>Plans | Medicare Part A<br>Premiums |
|-------|----------------------------|-----------------------------|
| 2021  | 4.50%                      | 3.75%                       |
| 2022  | 6.00%                      | 3.75%                       |
| 2023  | 5.80%                      | 4.00%                       |
| 2024  | 5.60%                      | 4.00%                       |
| 2025  | 5.40%                      | 4.00%                       |
| 2026  | 5.10%                      | 4.25%                       |
| 2027  | 4.90%                      | 4.25%                       |
| 2028  | 4.70%                      | 4.25%                       |
| 2029+ | 4.50%                      | 4.50%                       |

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

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

*Actuarial Assumptions (Continued)*

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

Post-retirement nondisabled mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement nondisabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement nondisabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement nondisabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

Post-retirement nondisabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105% of the rates for all ages, with generational projection using scale MP-2019.

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

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

*Actuarial Assumptions (Continued)*

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2021 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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.

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

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

*Actuarial Assumptions (Continued)*

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

| Asset Class    | Target Allocation | 30-Year Expected Geometric Real Rate of Return |
|----------------|-------------------|--|
| Global Equity  | 54.00 %           | 5.60 %   |
| Fixed Income   | 23.00             | 1.30   |
| Private Equity | 8.50              | 7.10   |
| Real Estate    | 8.50              | 4.40   |
| Alternatives   | 6.00              | 4.70   |
| Total          | 100.00 %          |  |

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

*Sensitivity of the District Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates*

The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

|   | 1% Decrease in Trend Rates | Current Trend Rates | 1% Increase in Trend Rates |
|---|----------------------------|---------------------|----------------------------|
| Initial PERACare Medicare Trend Rate          | 3.50%                      | 4.50%               | 5.50%                      |
| Ultimate PERACare Medicare Trend Rate         | 3.50%                      | 4.50%               | 5.50%                      |
| Initial Medicare Part A Trend Rate            | 2.75%                      | 3.75%               | 4.75%                      |
| Ultimate Medicare Part A Trend Rate           | 3.50%                      | 4.50%               | 5.50%                      |
| Proportionate Share of the Net OPEB Liability | \$ 39,493                  | \$ 40,660           | \$ 42,013                  |

*Discount Rate*

The discount rate used to measure the TOL 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:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021, measurement date.

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

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

*Discount Rate (Continued)*

- 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.

Based on the above assumptions and methods, the HCTF'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 OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

*Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate*

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

|   | 1% Decrease<br>(6.25%) | Current<br>Discount Rate<br>(7.25%) | 1% Increase<br>(8.25%) |
|---|------------------------|-------------------------------------|------------------------|
| Proportionate Share of the Net OPEB Liability | \$ 47,223              | \$ 40,660                           | \$ 35,055              |

*OPEB Plan Fiduciary Net Position*

Detailed information about the HCTF's FNP is available in PERA's ACFR which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 8 RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2022. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials' liability and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

**NOTE 9 TAX, REVENUE, 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. Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

On November 7, 1995, District voters approved retention of revenue in excess of the Fiscal Year Spending limit through June 30, 2006. On November 2, 2004, District voters approved retention of such revenue through June 30, 2018. On November 8, 2016, District voters approved retention of such revenue through June 30, 2030.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District, in consultation with legal counsel, has determined that Emergency Reserves should not accumulate in the Special Revenue Fund. All sales and use taxes collected in that fund will be distributed to the various tiers, pursuant to the statute, which created the District (see Note 1).

The District'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 will require judicial interpretation.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
DECEMBER 31, 2022**

| Fiscal Year  | <u>2022</u>        | <u>2021</u>       | <u>2020</u>       | <u>2019</u>       | <u>2018</u>       | <u>2017</u>       | <u>2016</u>       | <u>2015</u>       | <u>2014</u>       |
|--|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Plan Measurement Date<br>Ending December 31,   | 2021               | 2020              | 2019              | 2018              | 2017              | 2016              | 2015              | 2014              | 2013              |
| District's Proportion of the<br>Net Pension Liability/Asset  | 0.0606567%         | 0.0666289%        | 0.0669195%        | 0.0599024%        | 0.0516954%        | 0.0498088%        | 0.0497612%        | 0.0504090%        | 0.0499039%        |
| District's Proportionate Share of the<br>Net Pension Liability/(Asset)                                       | <u>\$ (52,005)</u> | <u>\$ 347,221</u> | <u>\$ 489,443</u> | <u>\$ 753,101</u> | <u>\$ 575,592</u> | <u>\$ 672,589</u> | <u>\$ 548,160</u> | <u>\$ 451,820</u> | <u>\$ 410,670</u> |
| District's Covered Payroll   | \$ 451,341         | \$ 470,598        | \$ 460,840        | \$ 392,568        | \$ 326,116        | \$ 302,132        | \$ 282,605        | \$ 276,219        | \$ 266,242        |
| District's Proportionate Share of the<br>Net Pension Liability/(Asset) as<br>a Percentage of Covered Payroll | (11.5%)            | 73.8%             | 106.2%            | 191.8%            | 176.5%            | 222.6%            | 194.0%            | 163.6%            | 154.2%            |
| Plan Fiduciary Net Position as a<br>Percentage of the Total<br>Pension Liability                             | 101.5%             | 90.9%             | 86.3%             | 76.0%             | 79.4%             | 73.6%             | 76.9%             | 80.7%             | 77.7%             |

Note: The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Information earlier than 2014 was not available.

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS  
DECEMBER 31, 2022**

|  | <u>2022</u>   | <u>2021</u>   | <u>2020</u>   | <u>2019</u>   | <u>2018</u>   | <u>2017</u>   | <u>2016</u>   | <u>2015</u>   | <u>2014</u>   | <u>2013</u>   |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Contractually Required Contribution                                  | \$ 77,193     | \$ 59,577     | \$ 60,822     | \$ 58,434     | \$ 49,819     | \$ 41,352     | \$ 38,310     | \$ 35,834     | \$ 35,025     | \$ 33,760     |
| Contributions in Relation to the Contractually Required Contribution | <u>77,193</u> | <u>59,577</u> | <u>60,822</u> | <u>58,434</u> | <u>49,819</u> | <u>41,352</u> | <u>38,310</u> | <u>35,834</u> | <u>35,025</u> | <u>33,760</u> |
| Contribution Deficiency (Excess)                                     | <u>\$ -</u>   |
| District's Covered Payroll   | \$ 572,204    | \$ 451,341    | \$ 470,598    | \$ 460,840    | \$ 392,568    | \$ 326,116    | \$ 302,132    | \$ 282,605    | \$ 276,219    | \$ 266,242    |
| Contributions as a Percentage of Covered Payroll                     | 13.49%        | 13.20%        | 12.92%        | 12.68%        | 12.69%        | 12.68%        | 12.68%        | 12.68%        | 12.68%        | 12.68%        |

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

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
DECEMBER 31, 2022**

| Fiscal Year  | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Plan Measurement Date<br>Ending December 31,   | 2021        | 2020        | 2019        | 2018        | 2017        | 2016        |
| District's Proportion (Percentage) of the<br>Collective Net OPEB Liability                         | 0.0047153%  | 0.0050889%  | 0.0051252%  | 0.0046454%  | 0.0040170%  | 0.0038235%  |
| District's Proportionate Share of the<br>Collective Net OPEB Liability                             | \$ 40,660   | \$ 48,356   | \$ 57,607   | \$ 63,203   | \$ 52,205   | \$ 49,573   |
| Covered Payroll  | \$ 451,341  | \$ 470,598  | \$ 460,840  | \$ 392,568  | \$ 326,116  | \$ 302,132  |
| District's Proportionate Share of the Net OPEB<br>Liability as a Percentage of its Covered Payroll | 9.01%       | 10.28%      | 12.50%      | 16.10%      | 16.01%      | 16.41%      |
| Plan Fiduciary Net Position as a Percentage<br>of the Total OPEB Liability                         | 39.40%      | 32.78%      | 24.49%      | 17.03%      | 17.53%      | 16.72%      |

Note: The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Information earlier than 2017 was not available.

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS  
DECEMBER 31, 2022**

|  | <u>2021</u>  | <u>2021</u>  | <u>2020</u>  | <u>2019</u>  | <u>2018</u>  | <u>2017</u>  | <u>2016</u>  | <u>2015</u>  | <u>2014</u>  | <u>2013</u>  |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually Required Contribution                                  | \$ 5,852     | \$ 4,604     | \$ 4,798     | \$ 4,701     | \$ 4,008     | \$ 3,326     | \$ 3,082     | \$ 2,883     | \$ 2,817     | \$ 2,716     |
| Contributions in Relation to the Contractually Required Contribution | <u>5,852</u> | <u>4,604</u> | <u>4,798</u> | <u>4,701</u> | <u>4,008</u> | <u>3,326</u> | <u>3,082</u> | <u>2,883</u> | <u>2,817</u> | <u>2,716</u> |
| Contribution Deficiency (Excess)                                     | <u>\$ -</u>  |
| District's Covered Payroll   | \$ 572,204   | \$ 451,341   | \$ 470,598   | \$ 460,840   | \$ 392,568   | \$ 326,116   | \$ 302,132   | \$ 282,605   | \$ 276,219   | \$ 266,242   |
| Contributions as a Percentage of Covered Payroll                     | 1.02%        | 1.02%        | 1.02%        | 1.02%        | 1.02%        | 1.02%        | 1.02%        | 1.02%        | 1.02%        | 1.02%        |

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

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2022**

**NOTE 1 CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS– PENSION**

**Changes in assumptions or other input effective for the December 31, 2021 measurement period are as follows:**

- The projected benefit payments reflect the lowered annual increase cap from 1.25 percent to 1.00 percent, resulting from the 2020 AAP assessment, effective July 1, 2022.
- Assumptions on employer and employee contributions were updated to include the additional 0.50% resulting from the 2020 AAP assessment, effective July 1, 2022.

**Changes in assumptions or other input effective for the December 31, 2020 measurement period are as follows:**

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, and the wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table with generational projection using scale MP-2019.
- The post-retirement nondisabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2022**

**NOTE 1 CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS – PENSION  
(CONTINUED)**

- Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement nondisabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

**Changes in assumptions or other input effective for the December 31, 2019 measurement period are as follows:**

- The assumption used to value the annual increase (AI) cap benefit provision was changed from 1.50% to 1.25%.

**Changes in assumptions or other inputs effective for the December 31, 2018 measurement period are as follows:**

- The assumed investment rate of return of 7.25% was used as the discount rate, rather than using the blended rate of 4.72%

**Changes in assumptions or other inputs effective for the December 31, 2017 measurement period are as follows:**

- The discount rate was lowered from 5.26% to 4.72%.

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2022**

**NOTE 1 CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS  
(CONTINUED)**

**Changes in assumptions or other inputs effective for the December 31, 2016 measurement period are as follows:**

- The investment return assumption was lowered from 7.50% to 7.25%.
- The price inflation assumption was lowered from 2.80% to 2.40%.
- The real rate of investment return assumption increased from 4.70% per year, net of investment expenses, to 4.85% per year, net of investment expenses.
- The wage inflation assumption was lowered from 3.90% to 3.50%.
- The mortality tables were changed from RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection scale of Scale AA to 2020 to RP-2014 White Collar Employee Mortality for active employees, RP2014 Healthy Annuitant Mortality tables projected to 2020 using the MP-2015 projection scale for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.
- The discount rate was lowered from 7.50% to 5.26%.

**There were no changes in terms or assumptions for the December 31, 2015 measurement period for pension compared to the prior year.**

**There were no changes in terms or assumptions for the December 31, 2014 measurement period for pension compared to the prior year.**

**Changes in assumptions or other input effective for the December 31, 2013 measurement period are as follows:**

- The investment return assumption was lowered from 8.00% to 7.50%
- The price inflation assumption was lowered from 3.50% to 2.80%
- The wage inflation assumption was lowered from 4.25% to 3.90%

**NOTE 2 CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS – OPEB**

**Notes to Required Supplementary Information (Other Post-Employment Benefits) – Fiscal Year 2022 Changes in benefit terms and actuarial assumptions**

**There were no changes in assumptions or other inputs effective for the December 31, 2021 measurement period for OPEB.**

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2022**

**NOTE 2 CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS – OPEB  
(CONTINUED)**

**Changes in assumptions or other input effective for the December 31, 2020 measurement period are as follows:**

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, and the wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table with generational projection using scale MP-2019.
- The post-retirement nondisabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:
  - Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
  - Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement nondisabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

**SCIENTIFIC AND CULTURAL FACILITIES DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2022**

**NOTE 2 CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS – OPEB  
(CONTINUED)**

- The post-retirement nondisabled mortality assumption for the Judicial Division was changed to the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019. The post-retirement nondisability beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
  - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
  - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

**There were no changes in assumptions or other inputs effective for the December 31, 2019 measurement period for OPEB.**

**There were no changes in assumptions or other inputs effective for the December 31, 2018 measurement period for OPEB compared to the prior year.**

**There were no changes in assumptions or other inputs effective for the December 31, 2017 measurement period for OPEB.**



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