



**Colorado Public Employees' Retirement Association**

**State Division Trust Fund**

**Schedule of Employer Allocations and Schedule of Collective Pension Amounts**

**As of and For the Year Ended December 31, 2013**



KPMG LLP  
Suite 800  
1225 17th Street  
Denver, CO 80202-5598

## **Independent Auditors' Report**

The Board of Trustees  
Colorado Public Employees' Retirement Association:

We have audited the accompanying schedule of employer allocations of the State Division Trust Fund of Colorado Public Employees' Retirement Association (the SDTF) as of and for the year ended December 31, 2013, and the related notes. We have also audited the column titled net pension liability included in the accompanying schedule of collective pension amounts of the SDTF as of December 31, 2013, and the related notes.

### **Management's Responsibility for the Schedules**

Management is responsible for the preparation and fair presentation of these schedules in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedules that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions on the schedule of employer allocations and the column titled net pension liability included in the schedule of collective pension amounts based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of employer allocations and column titled net pension liability included in the schedule of collective pension amounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule of employer allocations and column titled net pension liability included in the schedule of collective pension amounts. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the schedule of employer allocations and column titled net pension liability included in the schedule of collective pension amounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedule of employer allocations and column titled net pension liability included in the schedule of collective pension amounts 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule of employer allocations and column titled net pension liability included in the schedule of collective pension amounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



### **Opinions**

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations and net pension liability for the SDTF as of and for the year ended December 31, 2013, in accordance with U.S. generally accepted accounting principles.

### **Other Matter**

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Colorado Public Employees' Retirement Association as of and for the year ended December 31, 2013, and our report thereon, dated June 24, 2014, expressed an unmodified opinion on those financial statements.

### **Restriction on Use**

Our report is intended solely for the information and use of Colorado Public Employees' Retirement Association management, the audit committee of Colorado Public Employees' Retirement Association, SDTF employers and their auditors, and is not intended to be and should not be used by anyone other than these specified parties.

*KPMG LLP*

Denver, Colorado  
July 8, 2015

**Colorado Public Employees' Retirement Association**  
**State Division Trust Fund**  
**Schedule of Employer Allocations**  
**As of and for the year ended December 31, 2013**  
(In Actual Dollars)

<b>Affiliated Employer Number</b>	<b>Affiliated Employer Name</b>	<b>2013 Employer Pension Contributions (Annualized)</b>	<b>Employer Allocation Percentage</b>
1	Department of Transportation	\$26,974,221.81	6.7464058624%
3	Colorado Water Resources & Power Development Authority	142,854.32	0.0357286762%
5	Department of Treasury	223,476.83	0.0558928239%
9	Department of Law/Attorney General	4,593,297.23	1.1488096887%
10	Attorney Regulations Counsel	782,162.30	0.1956232272%
13	Department of Public Health and Environment	12,404,004.08	3.1023117709%
14	Department of Regulatory Agencies	5,116,547.57	1.2796775669%
17	State Historical Society	905,151.60	0.2263835479%
18	Department of Health Care Policy and Financing	3,200,327.32	0.8004200140%
20	Colorado State Veterans Nursing Home -- Rifle	678,739.81	0.1697566762%
22	Colorado School of Mines	10,801,201.61	2.7014417840%
23	Colorado State Veterans Center	490,978.03	0.1227963912%
24	Office of the State Auditor	546,535.72	0.1366916837%
25	Colorado State Veterans Nursing Home -- Florence	808,655.92	0.2022494309%
30	Office of the Governor & Executive Mansion	415,121.12	0.1038241454%
31	Department of Planning & Budgeting	166,581.59	0.0416630006%
32	Department of Human Services	10,446,554.79	2.6127426027%
33	Office of the Lt. Governor	97,315.23	0.0243390899%
34	Department of Education	4,214,712.58	1.0541235208%
38	Office of the Secretary of State	1,039,100.98	0.2598850493%
39	Office of Economic Development & International Trade	411,968.62	0.1030356885%
40	Wheatridge Regional Center	2,462,697.84	0.6159346965%
41	Grand Junction Regional Center	1,831,858.71	0.4581582532%
42	University of Northern Colorado	5,403,117.70	1.3513503804%
43	Office of Energy Management and Conservation	186,508.08	0.0466467288%
46	Department of Revenue, Division of Gaming	792,940.27	0.1983188581%
47	Northeastern Junior College	1,001,582.11	0.2505013672%
49	School for the Deaf and the Blind	1,236,967.73	0.3093726460%
54	University of Colorado	45,569,041.38	11.3970757002%
56	Colorado Association of School Boards	210,801.60	0.0527226768%
59	Colorado State University	20,652,644.15	5.1653434371%
60	Fort Lewis College	1,362,111.48	0.3406718059%
62	Department of Military and Veterans Affairs	1,072,506.28	0.2682399042%
63	State Board for Community Colleges and Occupational Education	3,016,338.89	0.7544034638%
65	Department of Public Safety	11,325,745.98	2.8326333065%
66	Colorado Northwestern Community College	848,255.01	0.2121533897%
67	Aims Community College	3,102,280.11	0.7758978511%
68	Pinnacol Assurance	6,734,219.73	1.6842665481%
69	Colorado Mental Health Institute at Pueblo	7,557,167.80	1.8900905287%
71	College Assist	182,084.18	0.0455402870%
72	Pueblo Regional Center	1,044,822.50	0.2613160337%
73	Colorado Lottery	1,013,561.01	0.2534973563%
74	Department of Labor and Employment	9,084,356.98	2.2720492035%
75	Colorado Mountain College	3,887,746.43	0.9723474320%
76	CoverColorado	82,295.88	0.0205826666%
79	CSU System/CSU Global Campus	172,252.73	0.0430813839%
81	Department of Agriculture	2,376,215.68	0.5943050196%
85	Department of Natural Resources	14,595,614.60	3.6504459936%
86	Department of Personnel and Administration	3,244,507.93	0.8114698340%
89	Office of Information Technology	9,060,467.86	2.2660743997%
91	Western State Colorado University	814,340.35	0.2036711400%
92	Department of Revenue	7,387,277.91	1.8476001022%

**Colorado Public Employees' Retirement Association**  
**State Division Trust Fund**  
**Schedule of Employer Allocations**  
**As of and for the year ended December 31, 2013**  
(In Actual Dollars)

<b>Affiliated Employer Number</b>	<b>Affiliated Employer Name</b>	<b>2013 Employer Pension Contributions (Annualized)</b>	<b>Employer Allocation Percentage</b>
93	Special District Association of Colorado	89,723.71	0.0224404096%
95	Adams State College	1,784,294.30	0.4462621248%
102	Colorado House of Representatives	177,424.77	0.0443749414%
103	Colorado Senate	160,319.75	0.0400968798%
104	Charter School Institute	182,003.17	0.0455200242%
108	Department of Corrections	47,543,857.16	11.8909883268%
115	Legislative Council	938,856.62	0.2348133661%
118	State Veterans Nursing Home at Fitzsimmons	1,564,844.72	0.3913765394%
123	Colorado Mental Health Institute at Ft. Logan	2,572,452.14	0.6433848694%
124	Joint Budget Committee	166,206.02	0.0415690687%
127	Colorado State University at Pueblo	1,624,142.18	0.4062071720%
128	Commission on Higher Education	514,380.32	0.1286494365%
129	Auraria Higher Education Center	2,140,001.29	0.5352264601%
130	Metropolitan State University of Denver	6,464,434.95	1.6167918453%
131	Pueblo Community College	3,027,473.55	0.7571883059%
132	Division of Youth Services	7,100,924.27	1.7759814341%
134	Department of Local Affairs	1,327,817.27	0.3320946294%
137	Office of Legislative Legal Services	558,432.36	0.1396671005%
138	Denver Community College	3,454,428.70	0.8639722092%
139	Lamar Community College	513,889.85	0.1285267671%
140	Otero Junior College	1,510,459.63	0.3777745208%
141	Trinidad State Junior College	1,401,885.81	0.3506195925%
142	Pikes Peak Community College	5,569,397.38	1.3929378733%
143	Colorado High School Activities Association	170,688.32	0.0426901181%
144	District Courts - Judicial Department	24,418,633.88	6.1072388282%
145	Public Defender - Judicial Department	5,921,761.19	1.4810660608%
147	Arapahoe Community College	3,125,941.60	0.7818157225%
148	Morgan Community College	776,753.54	0.1942704653%
149	Colorado Mesa University	1,994,453.45	0.4988241208%
150	Aurora Community College	2,375,055.16	0.5940147649%
151	Red Rocks Community College	3,673,190.26	0.9186857173%
153	Front Range Community College	7,196,729.42	1.7999428443%
155	Fire and Police Pension Association	587,735.06	0.1469958711%
156	CollegelInvest	218,921.71	0.0547535615%
157	Colorado Association of School Executives	101,611.07	0.0254135051%
165	Department of Public Safety	5,667,106.62	1.4173755079%
171	1st Judicial District Attorney	32,033.21	0.0080116887%
172	2nd Judicial District Attorney	30,425.78	0.0076096597%
173	3rd Judicial District Attorney	20,189.04	0.0050493932%
174	4th Judicial District Attorney	27,775.37	0.0069467773%
175	5th Judicial District Attorney	155,963.86	0.0390074460%
176	6th Judicial District Attorney	20,189.00	0.0050493834%
177	7th Judicial District Attorney	20,189.04	0.0050493935%
178	8th Judicial District Attorney	30,580.41	0.0076483333%
179	9th Judicial District Attorney	119,839.13	0.0299724472%
180	10th Judicial District Attorney	23,676.48	0.0059216226%
181	11th Judicial District Attorney	20,189.04	0.0050493935%
182	12th Judicial District Attorney	20,189.04	0.0050493935%
183	13th Judicial District Attorney	21,871.45	0.0054701738%
184	14th Judicial District Attorney	20,189.04	0.0050493932%
185	15th Judicial District Attorney	20,189.04	0.0050493932%
186	16th Judicial District Attorney	20,080.49	0.0050222443%

**Colorado Public Employees' Retirement Association**  
**State Division Trust Fund**  
**Schedule of Employer Allocations**  
**As of and for the year ended December 31, 2013**  
(In Actual Dollars)

Affiliated Employer Number	Affiliated Employer Name	2013 Employer Pension Contributions (Annualized)	Employer Allocation Percentage
187	17th Judicial District Attorney	31,877.47	0.0079727351%
188	18th Judicial District Attorney	20,238.45	0.0050617518%
189	19th Judicial District Attorney	22,518.48	0.0056319997%
190	20th Judicial District Attorney	719,342.59	0.1799116612%
191	21st Judicial District Attorney	25,192.16	0.0063007013%
192	22nd Judicial District Attorney	20,189.04	0.0050493938%
<b>Total</b>		<b>\$399,830,996.79</b>	<b>100%</b>

*The accompanying notes are an integral part of the Schedule of Employer Allocations.*

**Colorado Public Employees' Retirement Association**  
**State Division Trust Fund**  
**Schedule of Collective Pension Amounts**  
**As of December, 31 2013**  
**(\$ in Thousands)**

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Net Pension  
Liability  
(NPL) at  
7.50%

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<b>Total</b>	<u>\$ 8,907,971</u>
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*The accompanying notes are an integral part of the Schedule of Collective Pension Amounts.*

**Colorado Public Employees' Retirement Association**  
**State Division Trust Fund**  
**Notes to the Schedule of Employer Allocations and Schedule of Collective Pension Amounts**  
**December 31, 2013**  
**(In Thousands of Dollars)**

**Note 1 - Plan Description**

The State Division Trust Fund (SDTF) is a cost-sharing multiple-employer defined benefit pension plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 67 and is administered by the Colorado Public Employees' Retirement Association (PERA). PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Note 2 – Brief Description of Benefits**

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.

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

In addition to retirement benefits, the SDTF provides refund opportunities with matching employer dollars, if eligible, when leaving covered employment, and disability retirement and survivor benefits for those meeting certain criteria.

**Colorado Public Employees' Retirement Association**  
**State Division Trust Fund**  
**Notes to the Schedule of Employer Allocations and Schedule of Collective Pension Amounts**  
**December 31, 2013**  
**(In Thousands of Dollars)**

**Note 3 - Basis of Presentation**

The Schedule of Employer Allocations and Schedule of Collective Pension Amounts (the Schedules) present amounts that are elements of the financial statements of the SDTF or its participating employers. Accordingly, they do not purport to be a complete presentation of the fiduciary net position or changes in fiduciary net position of the SDTF or its participating employers. The Schedules are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Such preparation requires management of PERA to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ.

The Schedule of Collective Pension Amounts represents collective amounts for the SDTF. This schedule excludes employer-specific deferral amounts that may need to be recognized to comply with GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Specifically, this schedule excludes deferral amounts arising from employer contributions subsequent to the measurement date as defined in paragraph 3 of GASB Statement No. 71.

**Note 4 – Employer Contributions**

Employers are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. Employer contribution requirements, as a percentage of salary, are summarized on the following tables:

**All members except State Troopers**

<b>January 1<sup>st</sup> through December 31<sup>st</sup></b>	<b>2013<sup>1</sup></b>
Employer Contribution Rate	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)
Amount Apportioned to the SDTF	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	3.40%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	3.00%
<b>Total Employer Contribution Rate to the SDTF</b>	<b>15.53%</b>

<sup>1</sup>Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

**Colorado Public Employees' Retirement Association**  
**State Division Trust Fund**  
**Notes to the Schedule of Employer Allocations and Schedule of Collective Pension Amounts**  
**December 31, 2013**  
**(In Thousands of Dollars)**

**Note 4 – Employer Contributions (Continued)**

**State Troopers**

<b>January 1<sup>st</sup> through December 31st</b>	<b>2013<sup>1</sup></b>
Employer Contribution Rate	12.85%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)
Amount Apportioned to the SDTF	11.83%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	3.40%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	3.00%
<b>Total Employer Contribution Rate to the SDTF</b>	<b>18.23%</b>

<sup>1</sup>Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

**Note 5 – Employer Allocation Percentages**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in the SDTF to recognize their proportionate share of the collective net pension liability in their financial statements. The Schedule of Employer Allocations is prepared to provide employers with their calculated proportion. The proportions presented in this schedule are based on employer contributions as a percentage of total employer contributions during the measurement period or reporting months January 1, 2013 through December 31, 2013. This schedule reports contributions and allocations for each reporting agency affiliated with PERA in the SDTF. Employer contributions are recognized in the period in which the compensation becomes payable to the member and the employer is statutorily committed to pay the contributions to the SDTF. Contributions are reduced by the allocation to the Health Care Trust Fund for all reporting agencies; and if applicable, for refunds of contributions or transfers resulting from a member's PERAChoice election. Also, contributions have been annualized for employers who did not participate in the SDTF for the twelve month period.

As reported in the SDTF's Statement of Changes in Net Position in the December 31, 2013 PERA CAFR, employer contributions were \$401,658 compared to the total employer contributions of \$399,831 on the Schedule of Employer Allocations. The difference is due to the annualization of contributions and other adjustments to better represent the long-term contribution effort of the employers in the SDTF.

**Colorado Public Employees' Retirement Association**  
**State Division Trust Fund**  
**Notes to the Schedule of Employer Allocations and Schedule of Collective Pension Amounts**  
**December 31, 2013**  
**(In Thousands of Dollars)**

**Note 6 – Actuarial Valuation Date**

The collective total pension liability is based upon the December 31, 2013 actuarial valuation.

**Note 7 – Collective Net Pension Liability**

The components of the collective net pension liability of the SDTF at December 31, 2013 were as follows:

Total Pension Liability (TPL)	\$22,888,431
Plan Fiduciary Net Position (FNP)	<u>13,980,460</u>
Net Pension Liability (NPL)	<u><u>\$8,907,971</u></u>

**Note 8 – Actuarial Assumptions**

The December 31, 2013 actuarial valuation used the following actuarial assumptions and other inputs:

Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 9.57 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.50 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	2.00 percent
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

**Colorado Public Employees' Retirement Association**  
**State Division Trust Fund**  
**Notes to the Schedule of Employer Allocations and Schedule of Collective Pension Amounts**  
**December 31, 2013**  
**(In Thousands of Dollars)**

**Note 8 – Actuarial Assumptions (Continued)**

The SDTF's long-term expected rate of return on pension plan investments was determined using 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 percentage and then adding expected inflation.

As of the most recent analysis of the long-term expected rate of return presented to the PERA Board on November 15, 2013, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>10 Year Expected Geometric Real Rate of Return</b>
U.S. Equity – Large Cap	26.76%	5.00%
U.S. Equity – Small Cap	4.40%	5.19%
Non U.S. Equity – Developed	22.06%	5.29%
Non U.S. Equity – Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
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 rate of return assumption of 7.50 percent.

**Colorado Public Employees' Retirement Association**  
**State Division Trust Fund**  
**Notes to the Schedule of Employer Allocations and Schedule of Collective Pension Amounts**  
**December 31, 2013**  
**(In Thousands of Dollars)**

**Note 9 – Discount Rate**

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Based on those assumptions, the SDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate.