

Clearview Library District

Financial Statements
with Independent Auditor's Report

December 31, 2021



Clearview Library District

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December 31, 2021

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**HINKLE &
COMPANY**
Strategic ^{PC}
Business Advisors

Independent Auditor's Report

Board of Trustees
Clearview Library District
Windsor, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Clearview Library District (the District), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the District, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

The District's 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 District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Office Locations:

Colorado Springs, CO
Denver, CO
Tulsa, OK

Denver Office:

750 W. Hampden Avenue
Suite 400
Englewood,
Colorado 80110
TEL: 303.796.1000
FAX: 303.796.1001
www.HinkleCPAs.com

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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



Required Supplementary Information

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

Hick & Company, PC

Englewood, Colorado
July 26, 2022



Clearview Library District
Management's Discussion and Analysis
December 31, 2021

As management of the Clearview Library District (the "District"), we offer readers of the District's financial statement this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2021. The District's financial performance is discussed and analyzed within the context of the accompanying financial statement and disclosures following this section.

Overview of the Financial Statements

This Management's Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include: (1) district-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements. Comparative data are presented when available.

Government-wide Financial Statements

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

- *The Statement of Net Position.* This is the government-wide statement of financial position presenting information that includes all of the District's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of District infrastructure, in addition to the financial information provided in this report.
- *The Statement of Activities* reports how the District's net position changed during the current year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by the District's taxpayers.

Both government-wide financial statements distinguish governmental activities of the District that are principally supported by property taxes and from business-type activities that are intended to recover a portion of their costs through user fees and charges. Governmental activities include general library operations. The District has no business-type activities.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's significant funds. Each major fund is separately reported.

Clearview Library District
Management's Discussion and Analysis
December 31, 2021

The District has one fund type. *Governmental funds* are reported in the fund financial statement and encompass the same functions reported as governmental activities in the government-wide financial statements.

However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financial requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental funds balance sheet and the governmental funds operating statement provide a reconciliation to assist in understanding the difference between these two perspectives.

Notes to Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's detailed budget presentations. This statement demonstrates compliance with the District's adopted and final revised budget.

As discussed, the district reports major funds in the basic financial statements. The District report one such fund – The General Fund.

Government-wide Financial Analysis

The following represents condensed financial information taken from the government-wide (accrual basis) financial statement for the year ended December 31, 2021.

Clearview Library District
Management's Discussion and Analysis
December 31, 2021

Financial Analysis of the Funds

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Statement of Net Position		
	2021	Percent of Total
Assets		
Cash and Investments	\$ 7,093,197	44.65%
Accounts Receivable	590	0.00%
Property Tax Receivable	4,652,026	29.28%
Prepaid Expenses	30,064	0.19%
Capital Assets, Not Being Depreciated	1,037,824	6.53%
Capital Assets, Being Depreciated	3,074,212	19.53%
Total Assets	15,887,913	100.00%
Deferred Outflows of Resources		
Pension, Net of Accumulated Amortization	281,575	93.80%
OPEB, Net of Accumulated Amortization	18,624	6.20%
Total Deferred Outflows of Resources	300,199	100.00%
Liabilities		
Accounts Payable	55,123	3.92%
Accrued Liabilities	37,718	2.69%
Noncurrent Liabilities		
Due Within One Year	63,758	4.55%
Due in More Than One Year	39,077	2.79%
Net Pension Liability	1,059,746	75.54%
Net OPEB Liability	147,374	10.51%
Total Liabilities	1,402,796	100.00%
Deferred Inflows of Resources		
Property Taxes	4,652,026	85.08%
Deferred Inflows – Pension	776,118	14.20%
Deferred Inflows - OPEB	39,178	0.72%
Total Deferred Inflows of Resources	5,467,322	100.00%
Net Position		
Net Investment in Capital Assets	4,112,036	44.13%
Restricted	173,000	1.86%
Unrestricted	5,032,958	54.01%
Total Net Position	\$ 9,317,994	100.00%

Clearview Library District
Management's Discussion and Analysis
December 31, 2021

Statement of Activities		
	2021	Percent of Total
Revenues		
Property Taxes	\$ 5,513,891	95.39%
Specific Ownership Taxes	233,582	4.04%
Charges for Services	8,122	0.14%
Grant	17,573	0.30%
Investment Income	3,753	0.06%
Miscellaneous	3,900	0.07%
Total Revenue	5,780,821	100.00%
Expenditures		
Library Services	3,273,168	56.62%
Loss on Disposal of Assets	21,334	0.37%
Total Expenditures	3,294,502	56.99%
Change in Net Position	\$ 2,486,319	43.01%

Financial Highlights

- As of December 31, 2021 the District's net pension liability was \$1,059,746 which is a decrease from 2020 of \$358,529. \$4,112,036 of the District's net position is reflected in the net investment in capital assets. \$173,000 is restricted for emergencies.
- The District is reliant on property tax revenue to support operations. During 2021, taxes provided 95.39% of the District's total revenue.
- Beginning with tax collection year 2002, the annual authorized combined operating and debt service mill levy is 3.546. Since 2001, the voters allowed the District to collect, keep and expend all revenues related to this levy. It was also exempted from the old law 5.5% property tax revenue limitation. This has prevented the "ratchet-down" effect that the Taxpayer's Bill of Rights used to have on the District's property tax revenue.
- During 2011, the District retired the remaining \$110,000 of its general obligation bonds, leaving it with no long-term debt.
- The District maintains a current ratio of 60.1 to 1 which is current assets of \$11,775,877 and current liabilities of \$195,676.
- The District had governmental revenues exceed expenses for 2021 in the amount of \$2,486,319 with ending Net Position totaling \$9,317,994. Excess revenues over expenses of the General Fund of \$2,194,909, was less than the amount shown in the Governmental-Wide statements by \$291,410 due to the depreciation of \$191,706; capital outlays of \$(948,850); Loss on Disposal of Assets of \$21,334; compensated absences of an increase of \$1,901; and net effect of pension liability of an increase of \$437,499.

Clearview Library District
Management's Discussion and Analysis
December 31, 2021

- In 2021, the library Board adopted a facilities plan, *A Plan for the Future*, which outlined a path forward for the district to cope with an increased need for more physical space in order to continue to provide high quality service to a rapidly growing population. The three solutions in the plan are as follows: 1. Purchase an office building and move administrative and support staff to that facility. 2. Remodel the library on 3rd St. providing more spaces for the public and better spaces for the staff. 3. Build a 10,000 sq. ft. branch in the Town of Severance. To that end, the district purchased an existing office building located at Ash St. in Windsor for \$750,000 which once renovated will become the central services hub housing the administrative, technical services and IT staff. The district hired an owner's representative, Wember, Inc., an architectural design firm, Ratio Design, and a Construction Manager at Risk, Fransen Pittman to assist in the renovation of the office building and the 3rd St. library and to design and build the branch library.
- The library district started out the year with the library building and bookmobile closed to the public due to high Covid-19 rates in Weld County and Windsor. The library resumed being open to the public on January 21, 2021 and remained open throughout the rest of the year. Programming remained virtual until summer when staff were able to hold programs outdoors. Programming staff was not at full capacity due to the reduction in in-person programs which lower overall staffing costs.
- Extraction Oil and Gas paid their 2020 back taxes as they had promised to do bringing in \$843,581 additional revenue for 2021 including the interest on the late payment of taxes due the previous year.

Request for Information

This financial report is designed to provide a general overview of the District's finances for anyone who is interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Clearview Library District, 720 3rd St., Windsor, CO 80550, or you may call the library director at (970)-686-9955.

Basic Financial Statements

Clearview Library District
Statement of Net Position
December 31, 2021

	Primary Governmental Activities
Assets	
Cash and Investments	\$ 7,093,197
Accounts Receivable	590
Property Taxes Receivable	4,652,026
Prepaid Expenses	30,064
Capital Assets, Not Being Depreciated	1,037,824
Capital Assets, Net of Accumulated Depreciation	3,074,212
Total Assets	15,887,913
Deferred Outflows of Resources	
Pensions, Net of Accumulated Amortization	281,575
OPEB, Net of Accumulated Amortization	18,624
Total Deferred Outflows of Resources	300,199
Liabilities	
Accounts Payable	55,123
Accrued Liabilities	37,718
Noncurrent Liabilities:	
Due Within One Year	63,758
Due in More Than One Year	39,077
Net Pension Liability	1,059,746
Net OPEB Liability	147,374
Total Liabilities	1,402,796
Deferred Inflows of Resources	
Property Taxes	4,652,026
Pensions, Net of Accumulated Amortization	776,118
OPEB, Net of Accumulated Amortization	39,178
Total Deferred Inflows of Resources	5,467,322
Net Position	
Net Investment in Capital Assets	4,112,036
Restricted	173,000
Unrestricted	5,032,958
Total Net Position	\$ 9,317,994

See Notes to the Financial Statements.

Clearview Library District
Statement of Activities
For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position Governmental Activities
		Charges for Services	Operating Grant and Contributions	
Primary Government				
<i>Governmental Activities</i>				
Library Services	\$ 3,273,168	\$ 8,122	\$ 17,573	\$ (3,247,473)
Total Primary Government	<u>\$ 3,273,168</u>	<u>\$ 8,122</u>	<u>\$ 17,573</u>	<u>\$ (3,247,473)</u>
General Revenues				
				5,747,473
				3,753
				3,900
				<u>(21,334)</u>
				<u>5,733,792</u>
				2,486,319
				<u>6,831,675</u>
				<u>\$ 9,317,994</u>

Clearview Library District
 Balance Sheet
 Governmental Funds
 December 31, 2021

	General
Assets	
Cash and Investments	\$ 7,093,197
Accounts Receivable	590
Property Taxes Receivable	4,652,026
Prepaid Items	30,064
 Total Assets	 11,775,877
Liabilities	
Accounts Payable	55,123
Accrued Liabilities	37,718
 Total Liabilities	 92,841
Deferred Inflows of Resources	
Property Taxes	4,652,026
Fund Balance	
Nonspendable:	
Prepaid Items	30,064
Restricted for:	
Emergencies	173,000
Committed:	
Operating Reserve	1,000,307
Capital Reserve	1,129,474
Long-term Building	3,350,698
Unrestricted, Unassigned	1,347,467
 Total Fund Balance	 7,031,010
 Total Liabilities, Deferred Inflows of Resources and Fund Balance	 \$ 11,775,877
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
 Total Fund Balance of Governmental Funds	 \$ 7,031,010
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	4,112,036
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds.	
Accrued Compensated Absences	(102,835)
Net Pension Liability	(1,059,746)
OPEB Liability	(147,374)
Deferred Outflows - Pension	281,575
Deferred Outflows - OPEB	18,624
Deferred Inflows - Pension	(776,118)
Deferred Inflows - OPEB	(39,178)
 Total Net Position of Governmental Activities	 \$ 9,317,994

See Notes to the Financial Statements.

Clearview Library District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2021

	General
Revenues	
Property Taxes	\$ 5,513,891
Specific Ownership Taxes	233,582
Charges for Services	8,122
Grants	17,573
Investment Income	3,753
Miscellaneous	3,900
Total Revenues	5,780,821
Expenditures	
Current	
Library Services	2,775,350
Capital Outlay	810,562
Total Expenditures	3,585,912
Net Change in Fund Balance	2,194,909
Fund Balance, Beginning of Year	4,836,101
Fund Balance, End of Year	\$ 7,031,010
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
Net Change in Fund Balance of Governmental Funds	\$ 2,194,909
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.	
Depreciation Expense	(191,706)
Loss on Disposal of Assets	(21,334)
Capital Outlays	943,850
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued Compensated Absences	(1,901)
Net Pension Liability	358,529
OPEB Liability	53,727
Deferred Outflows - Pension	(35,416)
Deferred Outflows - OPEB	(3,178)
Deferred Inflows - Pension	(776,118)
Deferred Inflows - OPEB	(35,043)
Change in Net Position of Governmental Activities	\$ 2,486,319

See Notes to the Financial Statements.

Clearview Library District
Notes to Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies

The Clearview Library District (the District) was formed on August 25, 1985, by the Town of Windsor and the Weld RE4 School District. The District is governed by a five-member Board of Trustees appointed in accordance with the by-laws of District.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Reporting Entity

The financial reporting entity consists of the District, organizations for which the District is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the District. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the District. Legally separate organizations for which the District is financially accountable are considered part of the reporting entity. Financial accountability exists if the District appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if there is a potential for the organization to provide benefits to, or impose financial burdens on, the District.

The District Friends and Foundation (the Foundation) is a non-profit organization with the purpose to assist in the promotion, development and enhancement of the facilities and educational programs of the District. The Foundation is reported as a discretely presented component unit in the District's financial statements. Separate financial statements for the Foundation may be obtained by writing to 720 3rd Street, Windsor, Colorado 80550.

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 activities of the District. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported in a single column. The *primary government* is reported separately from the legally separate *component unit* for which the District is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of the 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 and other items not properly included among program revenues are reported instead as *general revenues*. Internally dedicated resources are reported as general revenues rather than as program revenues.

Clearview Library District
Notes to Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements (Continued)

Separate financial statements are provided for the 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 the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. 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. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current year. Taxes, intergovernmental revenues, and investment income associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the District. 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, are recorded only when payment is due.

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

In the fund financial statements, the District reports the following major governmental fund:

The *General Fund* is the District's primary operating fund. It is used to account for all financial activities of the District, except those accounted for in another fund.

Assets, Liabilities and Net Position/Fund Balance

Receivables - Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future years and are reported as prepaid expenses.

Clearview Library District
Notes to Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position/Fund Balance (Continued)

Capital Assets - Capital assets, which include buildings and improvements, furniture and equipment, and books and audio-visual materials, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$3,000 or more and an estimated useful life in excess of one year, except for library books and audio-visual materials, which are capitalized regardless of cost. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives. Library books and audio-visual materials are depreciated using a composite rate on a first-in, first-out basis.

Buildings and Improvements	15 - 40 years
Furniture and Equipment	5 - 15 years
Library Books and Audio-Visual Materials	10 years

Compensated Absences - Employees of the District are allowed to accumulate unused vacation time. Upon termination of employment from the District, an employee will be compensated for all accrued vacation time at their current pay rate.

These compensated absences are recognized as expenditures when due in the governmental funds. A long-term liability has been reported in the government-wide financial statements for the accrued compensated absences, which are expected to be liquidated with revenues of the General Fund.

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 and deductions from the LGDTF's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the LGDTF. 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.

Deferred Inflows of Resources - Deferred inflows of resources include property taxes earned but levied for a subsequent fiscal year.

Net Position/Fund Balance - In the government-wide and fund financial statements, net position and fund balance are restricted when constraints placed on the use of resources are externally imposed. The Board of Trustees is authorized to commit fund balance through passage of a resolution and has assigned fund balances to specific purposes using the budget message.

Clearview Library District
Notes to Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position/Fund Balance (Continued)

The District has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available for a specific purpose, the District uses restricted fund balance first, followed by committed, assigned and unassigned fund balances.

Property Taxes

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and collected in the subsequent calendar year. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the District on a monthly basis.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District purchases commercial insurance for these risks of loss.

Note 2: Cash and Investments

A summary of cash and investments at December 31, 2021, follows:

Petty Cash	\$ 574
Deposits	178,378
Investment	<u>6,914,245</u>
Total	<u>\$ 7,093,197</u>

Deposits

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

Clearview Library District
Notes to Financial Statements
December 31, 2021

Note 2: Cash and Investments (Continued)

Investments

The District is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

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

Interest Rate Risk - State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk - State statutes limit certain investments to those with specified ratings from nationally recognized statistical rating organizations, depending on the type of investment.

Concentration of Credit Risk - State statutes do not limit the amount the District may invest in one issuer, except for corporate securities.

Local Government Investment Pool - At December 31, 2021, the District had \$6,914,245 invested in the Colorado Local Government Liquid Asset Trust (ColoTrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating Colotrust. ColoTrust operates in conformity with the Securities and Exchange Commission's Rule 2a-7, with each share valued at \$1. Colotrust is rated AAAM by Standard and Poor's. Investments of ColoTrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Fair Value Measurements - The District reports its investments using the fair value measurements established by generally accepted accounting principles. As such, a fair value hierarchy categorizes the inputs used to measure the fair value of the investments into three levels. Level 1) inputs are quoted prices in active markets for identical investments; Level 2) inputs include quoted prices in active markets for similar investments, or other observable inputs; and Level 3) inputs are unobservable inputs. At December 31, 2021, the District's investment in ColoTrust was reported at the net asset value per share, measured utilizing quoted prices in active markets for similar investments (Level 2 inputs).

Clearview Library District
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Note 3: Capital Assets

Capital asset activity for the year ended December 31, 2021, is summarized below.

	Balance 12/31/20	Additions	Deletions	Balance 12/31/21
<i>Capital Assets, not being depreciated</i>				
Land	\$ 1,037,824	\$ -	\$ -	\$ 1,037,824
Total Capital Assets, <i>not being depreciated</i>	<u>1,037,824</u>	<u>-</u>	<u>-</u>	<u>1,037,824</u>
<i>Capital Assets, being depreciation</i>				
Buildings and Improvement	\$ 3,166,664	\$ 810,562	\$ -	\$ 3,977,226
Land Improvements	146,656	-	-	146,656
Books	637,856	124,444	(42,668)	719,632
Furniture and Equipment	829,671	8,844	-	838,515
Total Capital Assets, <i>being depreciation</i>	<u>4,780,847</u>	<u>943,850</u>	<u>(42,668)</u>	<u>5,682,029</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvement	(1,387,764)	(123,331)	-	(1,511,095)
Land Improvements	(119,300)	(1,630)	-	(120,930)
Books	(194,391)	(23,914)	21,334	(196,971)
Furniture and Equipment	(735,990)	(42,831)	-	(778,821)
Total Accumulated Depreciation	<u>(2,437,445)</u>	<u>(191,706)</u>	<u>21,334</u>	<u>(2,607,817)</u>
Total Capital Assets, <i>being depreciated</i>	<u>2,343,402</u>	<u>752,144</u>	<u>(21,334)</u>	<u>3,074,212</u>
Capital Assets, Net	<u>\$ 3,381,226</u>	<u>\$ 752,144</u>	<u>\$ (21,334)</u>	<u>\$ 4,112,036</u>

Note 4: Defined Benefit Pension Plan

General Information

Plan Description - The District contributes to the LGDTF, a cost-sharing multiple-employer defined benefit pension plan administered by PERA. All employees of the District participate in the LGDTF. 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 financial report (CAFR) that includes information on the LGDTF that may be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided - The LGDTF provides retirement, disability, and survivor benefits to plan participants or their beneficiaries. Retirement benefits are determined by the amount of service credit earned or purchased, highest average salary, the benefit structure 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.

Clearview Library District
Notes to Financial Statements
December 31, 2021

Note 4: Defined Benefit Pension Plan (Continued)

General Information (Continued)

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

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

- Highest average salary multiplied by 2.5 percent 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 percent 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 percent or 100 percent 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.

As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007, and all benefit recipients of the DPS benefit structure will receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year.

Clearview Library District
Notes to Financial Statements
December 31, 2021

Note 4: Defined Benefit Pension Plan (Continued)

General Information (Continued)

Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007, will receive the lesser of an annual increase of 1.5 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF. The automatic adjustment provision may raise or lower the aforementioned AIR for a given year up to one-quarter of 1 percent based on the parameter's specified 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 a disability. The disability benefit amount is based on the lifetime retirement benefit formula described previously, considering a minimum of twenty 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 in place under which service credit was obtained, and the qualified survivor who will receive the benefits.

Contributions - The District and eligible employees 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. The contribution rate for eligible employees is 8% of covered salaries during the period of January 1, 2020 through December 31, 2021. The District's contribution rate for calendar year 2021 was 13.70% of covered salaries, respectively. However, a portion of the Authority's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 5). Contribution rates for the LGDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

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. The District's contributions to the LGDTF for the year ended December 31, 2021, were \$171,736, equal to the required contributions.

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

The net pension liability for the LGDTF was measured at December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll forward the total pension liability to December 31, 2020.

The District's proportion of the net pension liability was based on District's contributions to the LGDTF for the calendar year ended December 31, 2020, relative to the total contributions of participating employers to the LGDTF. At December 31, 2020 the District's proportion was 0.2033565142%, which was a decrease of 0.0094417089% from its proportion measured at December 31, 2019.

Clearview Library District
Notes to Financial Statements
December 31, 2021

Note 4: 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, 2021, the District reported a net pension liability of \$1,059,746, representing its proportionate share of the net pension liability of the LGDTF.

For the year ended June 30, 2021, the District recognized pension expense of \$136,465. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,522	\$ -
Changes of assumptions and other inputs	59,099	-
Net difference between projected and actual earnings on plan investments	-	776,118
Changes in proportion	12,103	-
Contributions subsequent to the measurement date	<u>185,628</u>	<u>-</u>
Total	<u>\$ 265,352</u>	<u>\$ 776,118</u>

District contributions subsequent to the measurement date of \$185,628 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended December 31,</u>	
2022	\$ (127,023)
2023	(388,496)
2024	(180,875)
2025	<u>-</u>
Total	<u>\$ (696,394)</u>

Clearview Library District
Notes to Financial Statements
December 31, 2021

Note 4: Defined Benefit Pension Plan (Continued)

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

Actuarial Assumptions - The actuarial valuation as of December 31, 2020, determined the total pension liability using the following actuarial assumptions and other inputs.

	Assumptions
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.5% - 10.45%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
Hired prior to 1/1/2007	0% through 2019 and 1.5% compounded annually thereafter
Hired after 12/31/2006	Financed by the Annual Increase Reserve (AIR)

¹The discount rate reflected in the roll-forward calculation of the total pension liability to the measurement date was 7.25%.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions were based on the RP-2014 Healthy Annuitant Mortality Table, with certain adjustments, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016 Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Clearview Library District
Notes to Financial Statements
December 31, 2021

Note 4: Defined Benefit Pension Plan (Continued)

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

Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, 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 percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation, and best estimates of geometric real rates of return for each major asset class, 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 Estae	8.50%	4.40%
Alternative	6.00%	4.70%
Total	<u>100%</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 rate of return assumption of 7.25%.

Discount Rate - The discount rate used to measure the total pension liability 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 3.50%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

Clearview Library District
Notes to Financial Statements
December 31, 2021

Note 4: Defined Benefit Pension Plan (Continued)

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the 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 included 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 fiduciary net position, 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 fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the LGDTF'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 of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount determination does not use the municipal bond rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the District's 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, as follows:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 2,441,232	\$ 1,059,746	\$ (93,615)

Pension Plan Fiduciary Net Position - Detailed information about the LGDTF's fiduciary net position is available in PERA's separately issued financial report, which may be obtained at www.copera.org/investments/pera-financial-reports.

Clearview Library District
Notes to Financial Statements
December 31, 2021

Note 5: Postemployment Healthcare Benefits

General Information

Plan Description - All employees of the District are eligible to receive postemployment benefits other than pensions (OPEB) through the HCTF, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (CRS), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, 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. PERA issues a publicly available financial report that includes information on the HCTF. That report may be obtained at www.copera.org/investments/pera-financial-reports.

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

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

Enrollment in the PERACare 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.

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, and \$115 per month for benefit recipients who are over 65 years of age or who are under 65 years of age and entitled to Medicare. The basis for 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 percent 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.

Clearview Library District
Notes to Financial Statements
December 31, 2021

Note 5: Postemployment Healthcare Benefits (Continued)

General Information (Continued)

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

Contributions - As established by Title 24, Article 51, Section 208 of the CRS, 1.02% of the District's contributions to the LGDTF (see Note 4) is apportioned to the HCTF. No employee contributions are required. These contribution requirements are established and may be amended by the State Legislature. Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Clearview Library District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District for the year ended December 31, 2021, was \$13,621, equal to the required amount.

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

At December 31, 2021, the District reported a net OPEB liability of \$147,374 representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2020.

The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year ended December 31, 2020, relative to the contributions of all participating employers. At December 31, 2020, the District's proportion was 0.0155093452%, which was an decrease of 0.0002738786% from its proportion measured at December 31, 2019.

Clearview Library District
Notes to Financial Statements
December 31, 2021

Note 5: Postemployment Healthcare Benefits (Continued)

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

For the year ended December 31, 2021, the District recognized OPEB expense of \$3,514. At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 206	\$ 24,841
Changes in assumptions and other inputs	756	7,255
Net difference between projected and actual earnings on plan investments	-	4,100
Changes in proportion	2,064	2,982
Contributions subsequent to the measurement date	<u>14,629</u>	<u>-</u>
Total	<u>\$ 17,655</u>	<u>\$ 39,178</u>

District contributions subsequent to the measurement date of \$14,629 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ended December 31,</u>	
2022	\$ (10,358)
2023	(11,458)
2024	(10,691)
2025	(3,430)
2026	(215)
Thereafter	<u>-</u>
Total	<u>\$ (36,152)</u>

Clearview Library District
Notes to Financial Statements
December 31, 2021

Note 5: Postemployment Healthcare Benefits (Continued)

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

Actuarial Assumptions - The actuarial valuation as of December 31, 2020, determined the total OPEB liability using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

	Assumptions
Price inflation	2.40%
Real wage growth	1.1%
Wage inflation	3.5%
Salary increases, including wage inflation	3.5%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
PERA Benefit Structure:	0.0%
PERACare Medicare plans	8.10% in 2020, gradually rising to 4.50% in 2029
Medicare Part A premiums	3.5% in 2020, gradually rising to 4.50% in 2029

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.

The actuarial assumptions used in the December 31, 2019, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, and were adopted by PERA's governing board on November 18, 2016. In addition, certain actuarial assumptions pertaining to per capita health care costs and the related trends are analyzed and reviewed by PERA's actuary as needed.

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.

Clearview Library District

Notes to Financial Statements

December 31, 2021

Note 5: Postemployment Healthcare Benefits (Continued)

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2018, 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.

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table. The mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- 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 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.

Clearview Library District

Notes to Financial Statements

December 31, 2021

Note 5: Postemployment Healthcare Benefits (Continued)

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

- 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.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, 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 percentage and then adding expected inflation.

Discount Rate - The discount rate used to measure the total OPEB liability 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, 2019, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- 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.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as the District's proportionate share of the net OPEB liability 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, as follows:

Clearview Library District
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Note 5: Postemployment Healthcare Benefits (Continued)

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

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected 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 total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as the District's proportionate share of the net OPEB liability 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, as follows:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ <u>168,819</u>	\$ <u>147,374</u>	\$ <u>129,050</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the District's proportionate share of the net OPEB liability calculated using the current healthcare cost trend rates, ranging from 3% to 5%, as well as the District's proportionate share of the net OPEB liability if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as follows:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Proportionate share of the net OPEB liability	\$ <u>188,819</u>	\$ <u>147,374</u>	\$ <u>129,050</u>

OPEB Plan Fiduciary Net Position - Detailed information about the HCTF's fiduciary net position is available in PERA's separately issued financial report, which may be obtained at www.copera.org/investments/pera-financial-reports.

TABOR Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation, but the District believes it is in substantial compliance with the Amendment.

Clearview Library District
Notes to Financial Statements
December 31, 2021

Note 6: Commitments and Contingencies

In November 2001, electors within the District authorized the District to collect and keep and expend all revenues received and to continue to levy its operating mill levy of 3.546 mills in 2002, and each year thereafter.

The District has established a reserve for emergencies, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2021, the emergency reserve of \$173,000 was reported as restricted fund balance in the General Fund.

Required Supplementary Information

Clearview Library District
Schedules of Proportionate Share of Net Pension Liability and Contributions
(And Related Statistics)
For the Years Ended December 31, 2021, 2020, 2019 and 2018

	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
Proportionate Share of the Net Pension Liability				
District's Proportion of the Net Pension Liability	0.2033565142%	0.1939148053%	0.1905991238%	0.1960687538%
District's Proportionate Share of the Net Pension Liability	\$ 1,059,746	\$ 1,418,275	\$ 2,396,237	\$ 2,183,094
District's Covered Payroll	\$ 1,433,942	\$ 1,335,391	\$ 1,314,385	\$ 1,235,566
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	74%	106%	182%	177%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	91%	86%	76%	79%
	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>
District Contributions				
Statutorily Required Contribution	\$ 201,851	\$ 171,736	\$ 169,328	\$ 158,517
Contributions in Relation to the Statutorily Required Contribution	<u>(201,851)</u>	<u>(171,736)</u>	<u>(169,328)</u>	<u>(158,517)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	<u>\$ 1,529,214</u>	<u>\$ 1,433,942</u>	<u>\$ 1,335,391</u>	<u>\$ 1,314,385</u>
Contributions as a Percentage of Covered Payroll	13.20%	11.98%	12.68%	12.06%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

(Continued)

Clearview Library District
Schedules of Proportionate Share of Net Pension Liability and Contributions
(And Related Statistics)
For the Years Ended December 31, 2017, 2016 and 2015
(Continued)

	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Proportionate Share of the Net Pension Liability			
District's Proportion of the Net Pension Liability	0.1847000000%	0.1720000000%	0.1718000000%
District's Proportionate Share of the Net Pension Liability	\$ 2,494,489	\$ 1,895,070	\$ 1,540,151
District's Covered Payroll	\$ 1,119,697	\$ 977,063	\$ 941,566
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	223%	194%	164%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74%	77%	81%
	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>
District Contributions			
Statutorily Required Contribution	\$ 156,838	\$ 141,978	\$ 123,885
Contributions in Relation to the Statutorily Required Contribution	<u>(156,838)</u>	<u>(141,978)</u>	<u>(123,885)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	<u>\$ 1,235,566</u>	<u>\$ 1,119,697</u>	<u>\$ 977,063</u>
Contributions as a Percentage of Covered Payroll	12.69%	12.68%	12.68%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

Clearview Library District
Schedules of Proportionate Share of Net OPEB Liability and Contributions
(And Related Statistics)
For the Years Ended December 31, 2021, 2020, 2019, 2018 and 2017

	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>
Proportionate Share of the Net OPEB Liability					
District's Proportion of the Net OPEB Liability	0.0155093452%	0.0147809766%	0.0148515701%	0.0152354666%	0.0141805787%
District's Proportionate Share of the Net OPEB Liability	\$ 168,819	\$ 225,015	\$ 226,090	\$ 198,000	\$ 183,856
District's Covered Payroll	\$ 1,433,942	\$ 1,335,391	\$ 1,314,385	\$ 1,235,566	\$ 1,147,307
District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	12%	17%	17%	16%	16%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	33%	17%	17%	17%	17%
	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
District Contributions					
Statutorily Required Contribution	\$ 15,598	\$ 14,626	\$ 13,621	\$ 12,751	\$ 11,985
Contributions in Relation to the Statutorily Required Contribution	<u>(15,598)</u>	<u>(14,626)</u>	<u>(13,621)</u>	<u>(12,751)</u>	<u>(11,985)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	<u>\$ 1,529,214</u>	<u>\$ 1,433,942</u>	<u>\$ 1,335,391</u>	<u>\$ 1,314,385</u>	<u>\$ 1,235,566</u>
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	0.97%	0.97%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

Clearview Library District
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Property Taxes	\$ 4,850,856	\$ 5,513,891	\$ 663,035
Specific Ownership Taxes	200,000	233,582	33,582
State Library Grant	9,407	17,573	8,166
Charges for Services	17,500	8,122	(9,378)
Investment Income	71,000	3,753	(67,247)
Miscellaneous	3,000	3,900	900
Total Revenues	5,151,763	5,780,821	629,058
Expenditures			
Current			
Library Services	3,115,243	2,775,350	339,893
Capital Outlay	536,520	810,562	(274,042)
Total Expenditures	3,651,763	3,585,912	65,851
Net Change in Fund Balance	\$ 1,500,000	2,194,909	\$ 694,909
Fund Balance, Beginning of Year		4,836,101	
Fund Balance, End of Year		\$ 7,031,010	

Clearview Library District
Notes to Required Supplementary Information
December 31, 2021

Note 1: Schedule of Proportionate Share of the Net Pension Liability and Contributions

The Public Employees' Retirement Association of Colorado (PERA) Local Government Division Trust Fund's net pension liability and associated amounts are measured annually at December 31, based on an actuarial valuation as of the previous December 31. The District's contributions and related ratios represent cash contributions and any related accruals that coincide with the District's fiscal year ending on June 30.

Changes in Assumptions and Other Inputs

For the year ended December 31, 2021, the total pension liability was determined by an actuarial valuation as of December 31, 2018. The following revised economic and demographic assumptions were effective as of December 31, 2018.

- Investment rate of return assumption of 7.25% per year, compounded annually. This assumption did not change from the prior year.
- Price inflation assumption of 2.4% per year. This assumption did not change from the prior year.
- Wage inflation assumption increased from 3.5% - 9.7% to 3.5% - 10.45%.
- Healthy and disabled mortality assumptions are based on the RP-2014 Mortality Tables.

Note 2: Stewardship, Compliance and Accountability

Budgetary Information

Budgets are required by State statutes for all funds and are adopted on a basis consistent with generally accepted accounting principles.

The District adheres to the following procedures to establish the budgetary information reflected in the financial statements.

- Management submits to the Governing Board a proposed budget for the fiscal year commencing the following October 15. The budget includes proposed expenditures and the means of financing them.
- Prior to June 30, the budget is adopted by the Governing Board.
- Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Governing Board.
- All appropriations lapse at fiscal year-end.