

**COLORADO LIBRARY CONSORTIUM**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED JUNE 30, 2021**



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## INDEPENDENT AUDITORS' REPORT

Governing Board  
Colorado Library Consortium  
Centennial, Colorado

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Colorado Library Consortium, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Colorado Library Consortium's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, 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 financial statements 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 financial statements.

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Colorado Library Consortium as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of a Matter***

As described in Note 11 to the financial statements, Colorado Library Consortium reported a restatement of beginning net position and fund balance for the correction of an error. Our opinion is not modified with respect to the restatement.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7, the budgetary comparison information and the pension and other postemployment benefit schedules on pages 44 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.



**CliftonLarsonAllen LLP**

Broomfield, Colorado  
February 28, 2022

**COLORADO LIBRARY CONSORTIUM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

As management of the Colorado Library Consortium (CLiC), we offer the following management summary documenting the financial condition, operational highlights, and activities of the organization for the year ended June 30, 2021. Since its inception in August of 2004, CLiC has matured into a stable organization with policies and procedures to manage its financial assets. At this time, the organization is well established in the Colorado library community and offers a robust set of services to its member libraries, which include public, academic, school, and special libraries. Information about those services can be found on the CLiC web site ([www.clicweb.org](http://www.clicweb.org)) along with the organization's long-range strategic plan and annual operational plan. CLiC's funding was stable during the past fiscal year.

This document should be read in conjunction with the audited financial statements associated with this audit report.

**Required Financial Statements**

The financial statements included in this report are those of a special-purpose governmental instrumentality engaged in a single program. Government-wide financial statements account for activities on a full accrual basis of accounting. Fund financial statements account for activities on a modified accrual basis of accounting that is the same as the way the budget is prepared.

There are four major differences between the two financial statement perspectives: the treatment of capital asset purchases, the accrual of a liability for employee earned, unused vacation, recording a proportionate share of the total pension liability of the Local Government Division Trust Fund (LGDTF) of the Public Employees' Retirement Association of Colorado (PERA), and recording a proportionate share of the OPEB (other postemployment benefit) liability of the LGDTF PERA in CLiC's statement of net position.

**Government-wide Financial Statements.** The statement of net position reflects information on all of CLiC's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the four reported as net position.

The statement of activities presents all information showing how CLiC's net position changed during the most recent fiscal year. The difference between revenues and expenses represents annual operating results, and is reported as change in net position.

The government-wide financial statements can be found on pages 8-9 of this report.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The General Fund balance sheet reflects CLiC's current financial resources (short-term spendable funds), as well as accounts receivable, prepaid items, and short-term obligations.

Because the focus of the governmental fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The basic governmental fund financial statements can be found on pages 10-14 of this report.

**COLORADO LIBRARY CONSORTIUM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**Analysis of Overall Financial Position and Operations**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Current Assets	\$ 3,743,299	\$ 2,864,904
Capital Assets	-	2,339
Total Assets	<u>3,743,299</u>	<u>2,867,243</u>
Deferred Outflows of Resources	305,806	147,828
Current Liabilities	172,155	13,222
Unearned Revenue	300,071	312,854
Member Deposit	836,857	748,841
Vacation Payable	72,740	70,200
Other Postemployment Benefit Liability	110,111	130,461
Pension Liability	791,142	1,108,413
Total Liabilities	<u>2,283,076</u>	<u>2,383,991</u>
Deferred Inflows of Resources	906,993	534,411
Net Investment in Capital Assets	-	2,339
Unrestricted	859,036	94,330
Total Net Position	<u>\$ 859,036</u>	<u>\$ 96,669</u>

Net position may serve over time as one of several useful indicators of the organization's financial position. At June 30, 2021, CLiC's overall net position increased \$144,548 over the prior fiscal year with ending net position of \$859,036.

CLiC's proportionate share of the pension liability and the other postemployment benefit (OPEB) liability of the Local Government Division Trust Fund managed by Colorado PERA resulted in increases to net position totaling \$123,017 in fiscal year 2021. Equivalent changes in the net pension liability and net OPEB liability are experienced by other organizations that participate in Colorado PERA and many of those organizations may likewise see swings in net positions as a result of outcomes reported by Colorado PERA. The required inclusion of the net pension liability, net OPEB liability, and related deferred inflows of resources and deferred outflows of resources result in a lower net position by \$1,502,440 as of June 30, 2021.

As described in Note 11, the previously presented custodial fund was restated as governmental activity during the year ended June 30, 2021. The result of this restatement was an increase in beginning net position of governmental activities of \$617,819.

**COLORADO LIBRARY CONSORTIUM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**Analysis of Overall Financial Position and Operations (Continued)**

	<u>Year Ended June 30, 2021</u>	<u>Year Ended June 30, 2020</u>
Program Revenue		
Program and Services	\$ 2,774,070	\$ 1,675,432
Cooperative Projects	2,839,981	2,765,565
General Revenue		
Colorado Department of Education	1,000,000	1,000,000
Interest Income	2,623	24,051
Total Revenue	<u>6,616,674</u>	<u>5,465,048</u>
 Expenditures		
Payroll and Benefits	1,256,997	1,228,362
Program and Services	2,378,220	1,308,414
Cooperative Projects	2,671,345	2,585,471
Operation	165,564	144,253
Depreciation	-	3,800
Total Expenses	<u>6,472,126</u>	<u>5,270,300</u>
 <b>CHANGE IN NET POSITION</b>	 144,548	 194,748
 Net Position - Beginning of Year, as Restated	 <u>714,488</u>	 <u>(98,079)</u>
 <b>NET POSITION - END OF YEAR</b>	 <u><u>\$ 859,036</u></u>	 <u><u>\$ 96,669</u></u>

Since 2004, CLiC has matured into a stable organization with established fiscal controls and management practices with stability and consistency in the midst of managed growth. Management of CLiC regularly monitor to ensure that expenses and revenue stay within the budget. The organization continues to hold reserves and some operating revenue at ColoTrust.

Currently, CLiC receives \$1,000,000 annually from the state of Colorado in operating funding, and brings in more than \$5.6 million in additional revenues through various services, programs, and activities. These additional revenues are primarily used in purchasing services for other organizations that CLiC serves.

Most of CLiC's financial activities are similar to the previous fiscal year, including cooperative purchasing activities. This aspect of the organization's services provides choice in a wide array of cooperatively-licensed electronic resource products to more than 400 libraries/schools. CLiC continues to identify and negotiate other online products for cost-saving cooperative purchase/license by libraries, proving value in that such products can be licensed at costs far less than retail, saving libraries an estimated \$16+ million in aggregate across the state.

During the year ended June 30, 2021, management of CLiC determined that the revenues and expenditures relating to cooperative purchases should be presented separately rather than netted within CLiC's revenues. The information for the year ended June 30, 2020 in the comparative table above has been updated to reflect this change in presentation.

**COLORADO LIBRARY CONSORTIUM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**Analysis of Overall Financial Position and Operations (Continued)**

CLiC's statewide courier service continues to experience significant use by libraries. Material sorting and transportation costs met projections. However, as anticipated due to the ongoing statewide public health crisis caused by COVID-19, the number of items transported remains lower than pre-pandemic years. Depressed resource sharing activity among participating libraries continues to impact the volume of transactions and items transported between those libraries. Although some regions in the state are beginning to return to normal resource-sharing activity, CLiC anticipates continued reductions in high-volume fee income paid by participating libraries during fiscal year 2022. A one-year extension of existing prices with Western Peaks Logistics remained in place through the end of fiscal year 2021, which stabilized and controlled costs. Add-on courier services have remained available to the library community, though these services account for less than 1% of the overall material volume being transported.

Responsible material resale and recycling through CLiC's No Store service allows the pick-up of weeded and discarded library material from 65 libraries and has evolved to become a net-revenue generator, though it is not a predictable source of revenue due to volatility in library participation. This environmentally friendly program allows the collection, sorting and shipping of such materials to either book resellers or recyclers while earning administrative fees. CLiC's three out-of-state courier streams, Blue Sky Express, COKAMO, and ProMo continue to be stable.

CLiC also manages an open-source integrated library system called AspenCat, which serves more than 130 public, school, and academic libraries. Growth in participation continued to be manageable with existing staff. The AspenCat system, considered a union catalog, allows for more than 1.4 million items to be easily discovered and shared among participating member libraries, predominantly small and rural libraries. Fees charged to participating libraries result in an inexpensive system, particularly when compared to commercial/for-profit vendor systems. Significant CLiC staff assets continue to support this service.

**Capital Assets**

	June 30, 2021	June 30, 2020
Furniture and Fixtures	\$ 7,593	\$ 82,850
Accumulated Depreciation and Amortization	(7,593)	(80,511)
Net Capital Assets	\$ -	\$ 2,339

**General Fund Budgetary Highlights**

The CLiC board approved the original fiscal year 2021 budget in June 2020 and a revised budget in August 2020. CLiC management continues a philosophy of conservative budgeting and use of funds. Delinquent accounts have been cleared from the books, and staff members involved with invoicing libraries actively work to stay current with service fees from those member libraries.

**COLORADO LIBRARY CONSORTIUM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**Facts, Decisions, and Conditions Expected to have Future Ramifications**

CLiC's cooperative purchase program continues to grow under the direction of the executive director. A continuing emphasis on more flexible negotiation periods with existing and new vendors has created new database and electronic product purchase arrangements. In addition, the investment in an online, off-the-shelf "configure/price/quote" system continues to prove valuable. While introducing better customer-facing features and interactivity, the system also reduces the number of times CLiC staff had to remind libraries and schools about time-sensitive price quotes and invoices. Marketing activity continues to make the library community aware of vendor products.

CLiC's contracts with the State Library continue to be stable and work well for both organizations. Consistent, recurring communication with State Library leadership ensures CLiC has advance notice should the State Library decide to make changes. In addition, the state of Colorado's financial situation continues to be monitored by CLiC's management and board. For fiscal year 2022, the state appropriation earmarked for CLiC is intact, though CLiC management is not privy to Colorado Department of Education internal budget discussions. With the increase and diversification of its revenue base over the past several years, CLiC has a stable platform and is well-positioned to handle fiscal adversity should a cut to that line item in the state budget be passed into law via the Long Bill. Several years of prudent budgeting have created a significant reserve for CLiC as well. As in past years, the executive director and board will continue to monitor the state's budget situation through the coming year.

**Additional Financial Information**

This financial report is intended to provide users with an overview of the Colorado Library Consortium's financial operations and conditions. For additional information, please contact the Colorado Library Consortium, 7400 E. Arapahoe, Suite 75, Centennial, Colorado 80112.

**COLORADO LIBRARY CONSORTIUM  
STATEMENT OF NET POSITION  
JUNE 30, 2021**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 2,696,259
Cash Restricted for Member Deposits	836,857
Trade Accounts Receivable (Net of Allowance of \$3,000)	203,877
Prepaid Expenses	6,306
Capital Assets, Net of Accumulated Depreciation	-
Total Assets	3,743,299
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension Related Items	298,755
OPEB Related Items	7,051
Total Deferred Outflows Of Resources	305,806
<b>LIABILITIES</b>	
Accounts Payable	154,928
Accrued Payroll Liabilities	17,227
Unearned Revenue	300,071
Member Deposits	836,857
Noncurrent Liabilities:	
Compensated Absences	72,740
Net OPEB Liability	110,111
Net Pension Liability	791,142
Total Liabilities	2,283,076
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension Related Items	863,052
OPEB Related Items	43,941
Total Deferred Inflows Of Resources	906,993
<b>NET POSITION</b>	
Unrestricted	859,036
Total Net Position	\$ 859,036

See accompanying Notes to Basic Financial Statements.



**COLORADO LIBRARY CONSORTIUM  
BALANCE SHEET – GOVERNMENTAL FUND  
JUNE 30, 2021**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and Investments	\$ 2,696,259
Cash Restricted for Member Deposits	836,857
Trade Accounts Receivable (Net of Allowance of \$3,000)	203,877
Prepaid Expenses	<u>6,306</u>
Total Assets	<u><u>\$ 3,743,299</u></u>
<b>LIABILITIES</b>	
<b>LIABILITIES</b>	
Accounts Payable	\$ 154,928
Accrued Payroll Liabilities	17,227
Unearned Revenue	300,071
Member Deposits	<u>836,857</u>
Total Liabilities	<u><u>\$ 1,309,083</u></u>
<b>FUND BALANCE</b>	
<b>FUND BALANCE</b>	
Nonspendable	\$ 6,306
Assigned:	
CLEEL (Early Literacy)	20,794
Collaborative Librarian	13,139
Colorado Library Card	8,186
Colorado State Library Services	137,356
Colorado Virtual Library	43,774
Coop Ebook Collection	55,706
Flatirons Library Consortium	376,594
ILL Conference	9,613
RIPL Research	103,722
Various Library Organizations	5,792
Unassigned	<u>1,653,234</u>
Total Fund Balance	<u><u>\$ 2,434,216</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 3,743,299</u></u>

See accompanying Notes to Basic Financial Statements.

**COLORADO LIBRARY CONSORTIUM  
RECONCILIATION TO THE BALANCE SHEET –  
GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION  
JUNE 30, 2021**

Amounts reported for governmental activities in the statement of net position are different because:

Total Fund Balance - Governmental Fund		\$ 2,434,216
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the fund. Long-term liabilities at year-end consist of:</p>		
Compensated Absences	(72,740)	
Net OPEB Liability	(110,111)	
Net Pension Liability	<u>(791,142)</u>	(973,993)
<p>Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		
Pension Plan	298,755	
OPEB	<u>7,051</u>	305,806
<p>Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		
Pension Plan	(863,052)	
OPEB	<u>(43,941)</u>	<u>(906,993)</u>
Total Net Position		<u>\$ 859,036</u>

**COLORADO LIBRARY CONSORTIUM  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
GOVERNMENTAL FUND  
YEAR ENDED JUNE 30, 2021**

	<u>General Fund</u>
<b>REVENUES</b>	
State Appropriation	\$ 1,000,000
Administrative Fees	45,013
AspenCat Catalog	186,389
Colorado State Library Reimbursements	398,758
Courier Income	852,257
Continuing Education and Workshops	4,884
Cooperative Projects	2,839,981
No Store Income	40,316
Colorado State Library Services	259,541
Flatirons Library Consortium	459,231
Collaborative Librarian	1,663
Colorado Library Card	1,264
CLEL (Early Literacy)	22,566
RIPL Research	388,347
Coop Ebook Collection	64,275
Colorado Virtual Library	20,448
Various Library Organizations	29,118
Interest Income	<u>2,623</u>
Total Revenues	6,616,674

See accompanying Notes to Basic Financial Statements.

**COLORADO LIBRARY CONSORTIUM  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
GOVERNMENTAL FUND (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

**EXPENDITURES**

Payroll, Taxes, and Benefits	\$ 1,375,135
Program and Service Expense:	
AspenCat Union Catalog Expense	103,977
Consulting Travel and Lodging	10,137
Continuing Education and Workshops	6,052
Cooperative Projects	2,671,345
Courier Contract and Expense	1,132,870
Other Program Expense	8,464
Colorado State Library Services	274,470
Coop Ebook Collection	72,573
Flatirons Library Consortium	369,385
Collaborative Librarian	275
Colorado Library Card	1,210
CLEL (Early Literacy)	12,290
RIPL Research	299,628
Colorado Virtual Library	21,609
ILL Conference	275
Various Library Organizations	43,634
Software Development and Maintenance	150
Telecommunications and Internet	21,221
Operational Expense:	
Audit, Accounting, and Legal	35,362
Bad Debt	4,582
Capital Outlay	3,461
Human Resources	2,138
Insurance	9,936
IT Support	20,639
Other Operational Expense	9,122
Space Cost	77,056
Supplies	3,268
Total Expenditures	6,590,264

<b>NET CHANGE IN FUND BALANCE</b>	26,410
Fund Balance - Beginning of Year, as Restated	2,407,806
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 2,434,216</b>

See accompanying Notes to Basic Financial Statements.

**COLORADO LIBRARY CONSORTIUM  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE – GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021**

Amounts reported for governmental activities in the statement of activities are different because:

Net Change In Fund Balance - Governmental Fund	\$	26,410
<p>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 expenses in the statement of activities.</p>		
Net Book Value of Disposals		(2,339)
<p>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</p>		
Vacation Payable		(2,540)
<p>Some items reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The (increases) decreases in these activities consist of:</p>		
OPEB Expense		10,137
Pension Expense		112,880
		112,880
Change in Net Position	\$	144,548

See accompanying Notes to Basic Financial Statements.

**COLORADO LIBRARY CONSORTIUM  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Colorado Library Consortium is a regional library service system, authorized under the provisions of Colorado Revised Statute 24-90-115 to develop and coordinate cooperative library services. The Colorado Library Consortium (CLiC) provides courier service between libraries, continuing education, consulting, technical assistance, professional support, and facilitates resource sharing. CLiC serves the entire state of Colorado. CLiC has 465 member libraries, including academic, public, school district, and special libraries and cooperatives. CLiC has a seven-member governing board, elected by the membership council, which has one voting representative from each member library. CLiC is funded through the Colorado state budget and regulated by the Colorado State Board of Education through its State Library division. CLiC's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by CLiC are discussed below.

**Reporting Entity**

CLiC is a special purpose governmental entity reporting as a primary government as defined by Statement No. 14 of the GASB. CLiC has determined that it has no component units required to be included in the reporting entity because of operational or financial relationships with CLiC. The governing board does not appoint or elect members of other boards and no other organizations are fiscally dependent upon CLiC. CLiC does not have the power to impose its will on any other entity and has no financial benefit or burden related to any other organization. The accompanying financial statements, therefore, consist only of funds of CLiC and do not include financial information for any component units.

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

Colorado Library Consortium is a special-purpose governmental entity engaged in a single program. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Revenues are recognized when earned and expenses are recognized when incurred.

The fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means that revenue is collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

**Major Government Fund**

*General Fund* – The General Fund is the general operating fund of CLiC. It is used to account for all financial resources except those required to be accounted for in another fund. There were no other required funds for the year ended June 30, 2021.

**COLORADO LIBRARY CONSORTIUM  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. The estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

**Cash and Cash Equivalents**

CLiC has defined cash and cash equivalents to include demand deposits and all highly liquid investments with original maturity of three months or less when purchased.

**Accounts Receivable**

Generally, CLiC does not require collateral or other security to support customer receivables. Accounts receivable are accounted for at face value. Interest is generally not charged on overdue accounts. The allowance for doubtful accounts is estimated using history of write-offs, and management's judgment of current economic conditions and customer financial condition. The estimated allowance for doubtful accounts is \$3,000 at June 30, 2021. An account is written off only when management has determined that it is unlikely to be collected.

**Capital Assets**

In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$3,000 or more are reported at historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation or amortization is provided on the straight-line basis over estimated useful lives of five to ten years. Depreciation and amortization expense is recorded on the statement of activities and capital assets are shown net of accumulated depreciation and amortization on the statement of net position. In the fund financial statements, capital assets are accounted for as capital outlay expenditures upon acquisition.

**Deferred Outflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This section represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources related to pensions and other postemployment benefits are reported in the statement of net position as deferred outflows of resources. See Notes 6 and 7 for additional information.

**Deferred Inflows of Resources**

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This section represents acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. Deferred outflows of resources related to pensions and other postemployment benefits are reported in the statement of net position as deferred outflows of resources. See Notes 6 and 7 for additional information.

**COLORADO LIBRARY CONSORTIUM  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenues, Expenditures, and Expenses**

Program revenue includes the annual appropriation from the state of Colorado. Courier income is for services billed to member and associate libraries. Courier revenue is unearned when courier billings are in advance of the courier services to be provided. Most libraries pay annually for courier services from October 2020 through September 2021, so one fourth of CLiC's courier revenue receipts are unearned at June 30, 2021.

Other fiscal year receipts are from a variety of sources, including registration fees for continuing education, workshops, and other training. CLiC sponsors cooperative project purchases for member libraries.

CLiC also manages contracts that may provide technical programming, administrative support, and direct payroll for the Colorado Virtual Library, Colorado Historic Newspaper Collection, Flatirons Library Consortium, and occasional grant projects. CLiC subcontracts the technical services for these projects, acts as employer of record, and provides accounting services, office space, and other operating support. Employees providing services under these contracts are treated as CLiC employees for all payroll reporting purposes. CLiC recognizes the activity on these contracts at gross amounts, recognizing revenue of \$553,058 and expense of \$498,741 during the year.

Expenditures and expenses are classified by function.

**Income Taxes**

Colorado Library Consortium is a special purpose government and has also reported annually to the IRS as an exempt organization for federal and state income tax purposes under Section 501(c)(3) of the Internal Revenue Code (IRC).

**Compensated Absences**

CLiC allows its employees to accumulate unused vacation days. A portion of this leave, up to 320 hours, may be carried forward to the succeeding year. Upon separation of employment, a 40-hour per week employee is eligible to receive pay for up to 184 hours of earned unused vacation as of the date of separation. Employees working a normal schedule less than 40 hours a week are eligible for earned vacation pay on a prorated basis and the cap is prorated.

**Net Pension Liability**

CLiC participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 6 for additional information.

**COLORADO LIBRARY CONSORTIUM  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

CLiC participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value. See Note 7 for additional information.

**Fund Balance and Net Position**

**Fund Balance**

The fund financial statements report the fund balance, which represents the difference between current assets and current liabilities. Fund balances are reported in classifications based on CLiC's budgeting constraints for the purpose of what amount can be spent. CLiC's presentation for governmental funds reports the following classifications of fund balance:

Nonspendable – Includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. CLiC reports prepaid assets as nonspendable.

Assigned – Includes amounts that can be used for specific purposes but do not meet the criteria for being restricted or committed.

Unassigned – Is the residual classification for the General Fund that are not classified as nonspendable, restricted, committed, or assigned.

When expenditures occur for which assigned or unassigned fund balances are available, CLiC considers amounts to have been spent first out of assigned, then unassigned. The nonspendable fund balance reports \$6,306 for prepaid expenses. There is no fund balance defined as either committed or restricted. CLiC presents \$665,016 as assigned fund balance related to revenues designated for specific purposes.

**Net Position**

The government-wide financial statements utilize a net position presentation. Net position is categorized as unrestricted. CLiC currently has no restricted net position due to grantors or laws.

**COLORADO LIBRARY CONSORTIUM  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2 CASH DEPOSITS AND INVESTMENTS**

As of June 30, 2021, cash and investments are classified as follows:

Statement of Net Position - Governmental Fund	
Cash and Investments	\$ 2,696,259
Cash Restricted for Member Deposits	836,857
Total Cash and Investments	<u>\$ 3,533,116</u>

Cash and investments as of June 30, 2021 consist of the following:

Deposits with Financial Institutions	\$ 1,520,409
Investments with ColoTrust	2,012,707
Total Cash and Investments	<u>\$ 3,533,116</u>

**Deposits**

CLiC carries all deposits at cost, which approximates fair value. CLiC follows state statute with respect to its deposits but has not adopted a policy to address the concentration of credit risk (limits on the amounts invested with any one issuer).

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA, which allows the institution to create a single collateral pool for all public funds. The market value of the collateral must be at least 102% of the aggregate uninsured public deposits. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits. The state commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured depositories and assets maintained in the collateral pools.

At June 30, 2021, CLiC's cash deposits had a carrying balance of \$1,519,731.

**Investments**

Colorado statute specifies the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. government agency entities, certain money markets funds, guaranteed investment contracts, and local government pools. CLiC invests in a local government investment pool following state statute. It has not adopted an investment policy more specific than state statute.

**COLORADO LIBRARY CONSORTIUM  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2 CASH DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

At June 30, 2021, CLIC had \$2,013,385 invested in the Colorado Local Government Liquid Asset Trust (ColoTrust) Plus+ Fund, which is an external investment pool 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 the pool. The external investment pool is measured at the net asset value (NAV) per share, with each share valued at \$1.00. The pool is rated AAAM by Standard and Poor's. Investments of the pools are limited to those allowed by state statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

**NOTE 3 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021, was as follows:

	June 30, 2020	Additions	Deletions	June 30, 2021
Equipment	\$ 55,493	\$ -	\$ (47,900)	\$ 7,593
Software	27,357	-	(27,357)	-
Accumulated Depreciation	(55,493)	-	47,900	(7,593)
Accumulated Amortization	(25,018)	-	25,018	-
Capital Assets, Net	<u>\$ 2,339</u>	<u>\$ -</u>	<u>\$ (2,339)</u>	<u>\$ -</u>

**NOTE 4 OPERATING LEASE**

CLIC has a five-year operating lease for office space that ends June 30, 2024. Rent expense, which is included in space cost, was \$73,073 for the year ended June 30, 2021. Colorado State Library reimbursed rent expense totaling \$11,210 as part of the Colorado Virtual Library contract. This amount is included in reimbursement income. See Note 10.

Future minimum rental payments under the operating lease include only base amounts. There may be additional amounts due under the leases for operating and use expenses. Future minimum payments under the lease as of June 30, 2021 is as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2022	\$ 75,666
2023	78,306
2024	81,036
Total	<u>\$ 235,008</u>

**COLORADO LIBRARY CONSORTIUM  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 5 COMPENSATED ABSENCES**

Compensated absences (vacation payable) activity for the year ended June 30, 2021, was as follows:

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Current
Vacation Payable	\$ 70,200	\$ 15,737	\$ 13,197	\$ 72,740	\$ 13,197

**NOTE 6 DEFINED BENEFIT PENSION PLAN**

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: Concerning Modifications To the Public Employees’ Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 made changes to certain benefit provisions. Most of these changes were in effect as of June 30, 2021.

**General Information about the Pension Plan**

**Plan Description**

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

**Benefits Provided as of December 31, 2020**

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

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

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

**COLORADO LIBRARY CONSORTIUM  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

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

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

**Benefits Provided as of December 31, 2020 (Continued)**

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

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

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

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

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive postretirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive an annual increase of 1.25% unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007 will receive the lessor of an annual increase of 1.25% or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

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

**COLORADO LIBRARY CONSORTIUM  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

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

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

Contributions Provisions as of June 30, 2021

Eligible employees of CLiC and the state are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Employee contribution rates for the period of January 1, 2020 through December 31, 2020 are summarized in the table below:

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020
Employer Contribution Rate <sup>1</sup>	10.00 %	10.50 %
Amount of Employer Contribution Apportioned to the health Care Trust Fund as Specified in C.R.S. § 24-51-208(1)(f) <sup>1</sup>	(1.02)%	(1.02)%
Amount Apportioned to the LGDTF <sup>1</sup>	8.98 %	9.48 %
Amortization Equalization Disbursement (AED) as Specified in C.R.S. § 24-51-411 <sup>1</sup>	2.20 %	2.20 %
Supplemental Amortization Equalization Disbursement (SAED) as Specified in C.R.S. § 24-51-411 <sup>1</sup>	1.50 %	1.50 %
Total Employer Contribution Rate to the LGDTF <sup>1</sup>	<u>12.68 %</u>	<u>13.18 %</u>

<sup>1</sup> 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 CLiC is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from CLiC were \$139,157 for the year ended June 30, 2021.

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

At June 30, 2021, CLiC reported a liability of \$791,142 for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of 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. CLiC's proportion of the net pension liability was based on CLiC's contributions to the LGDTF for the calendar year 2020 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2020, CLiC's proportion was 0.151813691%, which was an increase of 0.000264826% from its proportion measured as of December 31, 2019.

**COLORADO LIBRARY CONSORTIUM  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

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

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

For the year ended June 30, 2021, CLiC recognized pension expense of (\$180,726). At June 30, 2021, CLiC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 38,251	\$ -
Changes of Assumptions or Other Inputs	191,188	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	855,576
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions	1,471	7,476
Contributions Subsequent to the Measurement Date	67,845	-
Total	\$ 298,755	\$ 863,052

\$67,845 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	
2022	\$ (103,564)
2023	(103,524)
2024	(290,025)
2025	(135,029)

**COLORADO LIBRARY CONSORTIUM  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

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

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

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.40%
Real Wage Growth	1.10%
Wage Inflation	3.50%
Salary Increases, Including Wage Inflation	3.50 - 10.45%
Long-Term Investment Rate of Return, Net of Pension Plan	
Investment Expenses, Including Price Inflation	7.25%
Discount rate	7.25%
Future Post Retirement Benefit Increases:	
PERA Benefit Structure Hired Prior to January 1, 2007; and DPS Benefit Structure (Automatic)	1.25% Compounded Annually Annually
PERA Benefit Structure hired after December 31, 2006 (Ad Hoc, Substantively Automatic)	Financed by the Annual Increase Reserve

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

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% factor applied to male rates and a 55% factor applied to female rates.

Postretirement nondisabled mortality assumptions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

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

The mortality assumption for disabled retirees was based on 90% of the RP-2014 Disabled Retiree Mortality Table.

**COLORADO LIBRARY CONSORTIUM  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

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

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

Actuarial Assumptions (Continued)

The actuarial assumptions used in the December 31, 2019, valuation 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 PERA's Board during the November 18, 2016, Board meeting.

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

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

Actuarial Cost Method	Entry Age
Price Inflation	2.30%
Real Wage Growth	0.70%
Wage Inflation	3.00%
Salary Increases, Including Wage Inflation	3.20 - 11.30%
Long-Term Investment Rate of Return, Net of Pension Plan	
Investment Expenses, Including Price Inflation	7.25%
Discount rate	7.25%
Future Post Retirement Benefit Increases:	
PERA Benefit Structure Hired Prior to January 1, 2007; and DPS Benefit Structure (Automatic)	1.25% Compounded Annually Annually
PERA Benefit Structure hired after December 31, 2006 (Ad Hoc, Substantively Automatic)	Financed by the Annual Increase Reserve

<sup>1</sup> C.R.S. § 24-51-101 (46), as amended, expanded the definition of "State Troopers" to include certain employees within the LGDTF, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA's 2020 annual comprehensive financial report for more information.

<sup>2</sup> Postretirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

**COLORADO LIBRARY CONSORTIUM  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

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

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

Actuarial Assumptions (Continued)

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

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

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

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

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

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

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

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

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

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

**COLORADO LIBRARY CONSORTIUM  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

Actuarial Assumptions (Continued)

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40% per year to 2.30% per year.
- Real rate of investment return assumption increased from 4.85% per year, net of investment expenses to 4.95% per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50% per year to 3.00% per year.

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00 %	5.60 %
Fixed Income	23.00	1.30
Private Equity	8.50	7.10
Real Estate	8.50	4.40
Alternatives <sup>1</sup>	6.00	4.70
Total	100.00	

<sup>1</sup> The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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

**COLORADO LIBRARY CONSORTIUM  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

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

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

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 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increase 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.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP 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, LGDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

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

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

**Sensitivity of CLiC's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net Pension Liability	\$ 1,822,476	\$ 791,142	\$ (69,887)
<b><u>Pension Plan Fiduciary Net Position</u></b>			

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

**NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**General Information about the OPEB Plan**

**Plan Description**

Eligible employees of CLiC are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. 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. Colorado state law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Benefits Provided**

The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF).

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**NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

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

Benefits Provided (Continued)

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.

PERA Benefit Structure

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

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

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit.

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**NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

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

**PERA Benefit Structure (Continued)**

There is a 5% reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

**Contributions**

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and CLiC is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from CLiC were \$10,762 for the year ended June 30, 2021.

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

At June 30, 2021, CLiC reported a liability of \$110,111 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of 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. CLiC's proportion of the net OPEB liability was based on CLiC's contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, CLiC's proportion was 0.0115878977%, which was a decrease of 0.0000189165% from its proportion measured as of December 31, 2019.

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**NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

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

For the year ended June 30, 2021, CLiC recognized OPEB expense of (\$15,387). At June 30, 2021, CLiC 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>
Difference Between Expected and Actual Experience	\$ 292	\$ 24,208
Changes of Assumptions or Other Inputs	823	6,752
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	4,499
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions	685	8,482
Contributions Subsequent to the Measurement Date	5,251	-
Total	<u>\$ 7,051</u>	<u>\$ 43,941</u>

\$5,251 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022.

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

<u>Year Ended June 30,</u>	<u>Amount</u>
2022	\$ (9,958)
2023	(9,329)
2024	(10,454)
2025	(9,182)
2026	(3,028)
Thereafter	(190)

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**NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

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

Actuarial Assumptions

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.40%
Real Wage Growth	1.10%
Wage Inflation	3.50%
Salary Increases, Including Wage Inflation	3.50 % in the aggregate
Long-Term Investment Rate of Return, Net of OPEB Plan	
Investment Expenses, Including Price Inflation	7.25%
Discount rate	7.25%
Health Care Cost Trend Rates	
Service-based Premium Subsidy	0.00%
PERACare Medicare Plans	8.10% in 2020, gradually decreasing to 4.50% in 2029
Medicare Part A Premiums	3.50% for 2020, gradually increasing to 4.50% in 2029
DPS benefit structure	
Service-based Premium Subsidy	0.00%
PERACare Medicare Plans	N/A
Medicare Part A Premiums	N/A

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2019, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

	<b>Initial Costs for Members Without Medicare Part A</b>		
	<b>Monthly Cost</b>	<b>Monthly Premium</b>	<b>Monthly Cost Adjusted to Age 65</b>
Medicare Advantage/Self-Insured Prescription	\$ 588	\$ 227	\$ 550
Kaiser Permanente Medicare Advantage HMO	621	232	586

The 2020 Medicare Part A premium is \$458 (actual dollars) per month.

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**NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

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

Actuarial Assumptions (Continued)

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2019, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were 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, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70% factor applied to male rates and a 55% factor applied to female rates.

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**NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

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

Actuarial Assumptions (Continued)

Postretirement nondisabled mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

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

Postretirement nondisabled 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% factor applied to rates for ages less than 80, a 113% 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% factor applied to rates for ages less than 80, a 106% factor applied to rates for ages 80 and above, and further adjustments for credibility.

The mortality assumption for disabled retirees was based on 90% of the RP-2014 Disabled Retiree Mortality Table.

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

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**NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

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

Actuarial Assumptions (Continued)

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

	<u>State Division</u>	<u>School Division</u>	<u>Local Government Division</u>	<u>Judicial Division</u>
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age
Price Inflation	2.30%	2.30%	2.30%	2.30%
Real Wage Growth	0.70%	0.70%	0.70%	0.70%
Wage Inflation	3.00%	3.00%	3.00%	3.00%
Salary Increases, including wage inflation:				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40%	N/A

<sup>1</sup> C.R.S. § 24-51-101 (46), as amended, expanded the definition of "State Troopers" to include certain employees within the Local Government Division, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA's 2020 annual comprehensive financial report for more information.

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25%.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

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

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

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

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**NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

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

Actuarial Assumptions (Continued)

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

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

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

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

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

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

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

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

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

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

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**NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

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

Actuarial Assumptions (Continued)

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

The mortality tables described above are generational mortality tables on a head-count weighted basis.

The following health care costs assumptions were updated and used in the roll forward calculation 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 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40% per year to 2.30% per year.
- Real rate of investment return assumption increased from 4.85% per year, net of investment expenses to 4.95% per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50% per year to 3.00% per year.

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

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**NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

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

Actuarial Assumptions (Continued)

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
Global Equity	54.00 %	5.60 %
Fixed Income	23.00	1.30
Private Equity	8.50	7.10
Real Estate	8.50	4.40
Alternatives <sup>1</sup>	6.00	4.70
Total	<u>100.00</u>	

<sup>1</sup> The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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

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

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

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare Trend Rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare Trend Rate	3.50%	4.50%	5.50%
Initial Medicare Part A Trend Rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A Trend Rate	3.50%	4.50%	5.50%
Proportionate Share of the Net OPEB Liability	\$ 107,265	\$ 110,111	\$ 113,424

**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:

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**NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

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

Discount Rate (Continued)

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF's FNP 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 CLIC's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	\$ 126,134	\$ 110,111	\$ 96,421

OPEB Plan Fiduciary Net Position

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

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JUNE 30, 2021**

**NOTE 8 COMPLIANCE WITH TAXPAYER BILL OF RIGHTS**

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. Regional library service systems have taken the position, based on legal consultation, that they are not subject to the provisions of the amendment since the funds appropriated by the Colorado General Assembly and publicly supported member libraries have previously been subjected to the limitations imposed.

**NOTE 9 RISK MANAGEMENT**

CLiC is exposed to risks of loss related to damage to and destruction of assets, errors and omissions, theft, natural disasters, and liabilities of several types. CLiC carries commercial insurance for these risks of loss. No settlements exceeded insurance coverage for each of the past three years.

**NOTE 10 RELATED PARTY TRANSACTIONS**

CLiC submits annual plans, budgets, and reports to the Colorado State Librarian under rules and regulations adopted by the Colorado Department of Education and the Colorado State Librarian as required by state law. CLiC receives annual state funding of \$1,000,000 through the Colorado Department of Education.

CLiC manages a contract that provides technical programming and training support for the Colorado Virtual Library (CVL). The CVL has four employees and the computer network for the CVL is located in the CLiC offices. CLiC is the administrative agent of this activity and the employer of record of the CVL personnel. The Colorado State Library (CSL) is responsible for the services provided and supervises and approves payroll. CVL payroll, benefit expenses, and operating costs are invoiced by CLiC and submitted monthly to the CSL, which reimburses those costs along with an administrative fee. CLiC recognized revenue of \$439,595, including reimbursements and administrative fees, and expense of \$398,930 during the year ended June 30, 2021 for CVL services.

Colorado Historic Newspaper Collection Service (CHNC) is sponsored by the CSL and provides digitization services. CLiC is the administrative agent of this activity. The CSL provides funding for this project and pays CLiC annual administrative fees of \$2,500. The CSL provides advance funding for these activities and CLiC maintains a separate CSL Services bank account. These amounts are recorded in the general fund as cash and investments and include \$159,193 for CSL Services and \$43,774 for Colorado Virtual Library.

**COLORADO LIBRARY CONSORTIUM  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 10 RELATED PARTY TRANSACTIONS (CONTINUED)**

The CLiC has an agreement with Flatirons Library Consortium (Flatirons) in which it acts as the administrative agent for operations and the employer of record for employees, who are treated as a CLiC employees for all payroll reporting purposes. Flatirons provides advance funding which is included in custodial cash, reimburses CLiC for all payroll and benefit expenses, and pays an administrative fee. CLiC recognized revenue of \$110,963 including reimbursements and administrative fees, and expense of \$99,811 during the year ended June 30, 2021.

**NOTE 11 RESTATEMENT OF FUND BALANCE AND NET POSITION**

During the year ended June 30, 2021, CLiC determined that the previously reported activities within the custodial fund did not meet the guidance for presentation as fiduciary activity based on GASB Statement No. 84, *Fiduciary Activities*. As a result, the ending balance of fiduciary net position of the custodial fund has been restated as beginning fund balance of the General Fund and the activities of the previously presented custodial fund have been included in the General Fund. Beginning fund balance of the General Fund was restated by \$617,819 to \$2,407,806 and beginning net position of governmental activities has been restated by \$617,819 to \$714,488 as a result of this restatement.

**COLORADO LIBRARY CONSORTIUM  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL – GENERAL FUND  
YEAR ENDED JUNE 30, 2021**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
State Appropriation	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ -
Administrative Fees	157,300	157,300	45,013	(112,287)
AspenCat Catalog	147,000	147,000	186,389	39,389
Courier Income	925,000	811,000	852,257	41,257
Continuing Education and Workshops	12,000	12,000	4,884	(7,116)
Cooperative Projects	133,000	133,000	168,636	35,636
No Store Income	8,000	8,000	40,316	32,316
Interest Income	14,000	14,000	2,623	(11,377)
Total Revenues	<u>2,396,300</u>	<u>2,282,300</u>	<u>2,300,118</u>	<u>17,818</u>
<b>EXPENDITURES</b>				
Payroll, Taxes, and Benefits	1,411,100	1,411,100	1,375,135	35,965
Program and Service Expense				
AspenCat Catalog	120,000	120,000	103,977	16,023
Consulting Travel and Lodging	22,000	22,000	10,137	11,863
Continuing Education and Workshops	52,000	52,000	6,052	45,948
Courier Contract and Expense	1,080,000	1,080,000	1,132,870	(52,870)
No Store Expense	3,000	3,000	-	3,000
Other Program Expense	10,000	10,000	8,464	1,536
Software Development and Maintenance	-	-	150	(150)
Telecommunications and Internet	22,000	22,000	21,221	779
Operational Expense				
Audit, Accounting and Legal	40,000	40,000	35,362	4,638
Capital Outlay	8,000	8,000	3,461	4,539
Other Operational Expense	36,300	36,300	46,417	(10,117)
Space Cost	60,000	60,000	77,056	(17,056)
Supplies	8,000	8,000	3,268	4,732
Total Expenditures	<u>2,872,400</u>	<u>2,872,400</u>	<u>2,823,570</u>	<u>48,830</u>
<b>NET CHANGE IN BUDGETARY FUND BALANCE</b>	<u>\$ (476,100)</u>	<u>\$ (590,100)</u>	(523,452)	<u>\$ (31,012)</u>
<b>BEGINNING FUND BALANCE - GAAP BASIS</b>			2,407,806	
Non-Budgeted Library Organization Revenues			1,645,211	
Non-Budgeted Library Organization Expenditures			<u>(1,095,349)</u>	
<b>ENDING FUND BALANCE - GAAP BASIS</b>			<u>\$ 2,434,216</u>	

See accompanying Notes to the Required Supplementary Information.

**COLORADO LIBRARY CONSORTIUM  
SCHEDULE OF PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
LAST 10 FISCAL YEARS \***

Fiscal Year	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Plan Measurement Date	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
CLiC's Proportion of the Net Pension Liability	0.151813691%	0.151548865%	0.158251892%	0.162402153%	0.162386371%	0.141852828%	0.159137503%
CLiC's Proportionate Share of the Net Pension Liability	\$ 791,142	\$ 1,108,415	\$ 1,989,563	\$ 1,808,234	\$ 2,192,770	\$ 1,562,624	\$ 1,426,364
CLiC's Covered Payroll	1,071,586	1,043,636	1,037,964	1,024,501	984,265	805,619	872,003
CLiC's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	73.8%	106.2%	191.7%	176.5%	222.8%	194.0%	163.6%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.9%	86.3%	76.0%	79.4%	73.6%	76.9%	80.7%

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

**COLORADO LIBRARY CONSORTIUM  
SCHEDULE OF PENSION CONTRIBUTIONS AND RELATED RATIOS  
LAST 10 FISCAL YEARS \***

<b>Fiscal Year</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually Required Contribution	\$ 139,157	\$ 133,555	\$ 134,381	\$ 127,018	\$ 130,160	\$ 111,408	\$ 108,450
Contributions in Relation to the Contractually Required Contribution	139,157	133,555	134,381	127,018	130,160	111,408	108,450
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CLiC's Covered Payroll	\$ 1,055,035	\$ 1,053,271	\$ 1,059,784	\$ 1,001,716	\$ 1,026,498	\$ 878,612	\$ 855,284
Contributions as a Percentage of Covered Payroll	13.19%	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%

The amounts presented for each fiscal year were determined as of June 30.

\* This schedule is presented to illustrate the requirement to show information for 10 years. Information prior to 2015 was not available.

**COLORADO LIBRARY CONSORTIUM  
SCHEDULE OF PROPORTIONATE SHARE  
OF THE NET OPEB LIABILITY  
LAST 10 FISCAL YEARS \***

Fiscal Year	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Plan Measurement Date	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
CLiC's Proportion (Percentage) of the Collective Net OPEB Liability	0.0115878977%	0.0116068142%	0.0122724427%	0.0126193901%	0.0124653636%
CLiC's Proportionate Share of the Collective Net OPEB Liability	\$ 110,111	\$ 130,460	\$ 166,972	\$ 164,002	\$ 161,618
Covered Payroll	\$ 1,071,586	\$ 1,043,636	\$ 1,037,964	\$ 1,024,501	\$ 984,265
CLiC's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	10.28%	12.50%	16.09%	16.01%	16.42%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	32.78%	24.49%	17.03%	17.53%	16.72%

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

**COLORADO LIBRARY CONSORTIUM  
SCHEDULE OF OPEB CONTRIBUTIONS AND RELATED RATIOS  
LAST 10 FISCAL YEARS \***

<b>Fiscal Year</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually Required Contribution	\$ 10,762	\$ 10,743	\$ 10,810	\$ 10,217	\$ 10,470	\$ 8,962	\$ 8,724
Contributions in Relation to the Contractually Required Contribution	<u>10,762</u>	<u>10,743</u>	<u>10,810</u>	<u>10,217</u>	<u>10,470</u>	<u>8,962</u>	<u>8,724</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
CLiC's Covered Payroll	\$ 1,055,037	\$ 1,053,271	\$ 1,059,784	\$ 1,001,716	\$ 1,026,498	\$ 878,612	\$ 855,284
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

\*The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the plan. Information earlier than 2015 was not available.

**COLORADO LIBRARY CONSORTIUM  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2021**

**NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING**

The annual budget for CLiC is prepared on the modified accrual basis of accounting and is generally consistent with the governmental fund presentation in the basic financial statements, however certain activities are budgeted net of revenues and expenditures as described in Note 2. Encumbrance accounting is not used. The Colorado State Librarian establishes budget controls. Budget projections are submitted to the Colorado State Librarian 120 days prior to the beginning of the next fiscal year. The governing board approves budget transfers and amendments. The original budget was approved by the governing board on June 10, 2020 and amended on August 8, 2020.

**COLORADO LIBRARY CONSORTIUM  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2021**

**NOTE 2 BUDGETARY DIFFERENCES**

CLiC is reimbursed for certain operating expenses under contracts with other library entities. Receipts and disbursements for these activities are reported at gross amounts in the government wide and fund financial statements. Reconciliation between the net revenue presentation on a budgetary basis and the gross revenue presentation in the statement of governmental fund revenues, expenditures, and changes in fund balance – general fund is provided.

Revenue, Budgetary Basis	\$ 2,300,118
Cooperative Projects Revenue, Gross	2,671,345
Colorado State Library Reimbursements	398,758
Colorado State Library Services	259,541
Flatirons Library Consortium	459,231
Collaborative Librarian	1,663
Colorado Library Card	1,264
CLEL (Early Literacy)	22,566
RIPL Research	388,347
Coop Ebook Collection	64,275
Colorado Virtual Library	20,448
Various Library Organizations	29,118
Total Revenue, General Fund	<u>6,616,674</u>
Expenditures/Expenses, Budgetary Basis	2,823,570
Cooperative Projects Expenditures, Gross	2,671,345
Colorado State Library Services	274,470
Coop Ebook Collection	72,573
Flatirons Library Consortium	369,385
Collaborative Librarian	275
Colorado Library Card	1,210
CLEL (Early Literacy)	12,290
RIPL Research	299,628
Colorado Virtual Library	21,609
ILL Conference	275
Various Library Organizations	43,634
Total Expenditures, General Fund	<u>6,590,264</u>
Change in Fund Balance	26,410
Beginning Fund Balance, General Fund, as Restated	<u>2,407,806</u>
Ending Fund Balance, General Fund	<u><u>\$ 2,434,216</u></u>

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