

Douglas County Libraries 

ANNUAL REPORT

2021

The background features a dark blue field with several overlapping circular shapes. A large white circle on the left contains the title. A red circle on the right contains the year '2021'. Behind the red circle is a larger circle with horizontal teal stripes. At the bottom, there are large, overlapping curved shapes in red and teal.



2021 ANNUAL REPORT

TABLE OF CONTENTS

INDEPENDENT AUDITOR’S REPORT	1-3
MANAGEMENT’S DISCUSSION AND ANALYSIS	4-14
BASIC FINANCIAL STATEMENTS	15-19
Balance Sheet–Governmental Fund/Statement of Net Position	16
Statement of Revenues, Expenditures, and Change in Fund Balance–Governmental Fund / Statement of Activities	17
Reconciliation of the Balance Sheet–Governmental Fund to the Statement of Net Position	18
Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund Balance–Governmental Fund to the Statement of Activities	19
NOTES TO FINANCIAL STATEMENTS	20-37
REQUIRED SUPPLEMENTARY INFORMATION	38-42
Budgetary Comparison Schedule–General Fund	39
Schedules of the District’s Proportionate Share of the Net Pension Liability and Net OPEB Liability	40
Schedules of the District’s Contributions to the Pension Plan and OPEB	41
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	42
SUPPLEMENTARY INFORMATION (UNAUDITED)	43-45
Summary of Revenues, Expenditures, and Change in Fund Balance–General Fund	44
History of Assessed Valuations	45
History of Mill Levies	45
Property Tax Collections	45





Independent Auditor's Report

Board of Trustees
Douglas County Libraries
Castle Rock, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the discretely presented component unit, and the major fund information of Douglas County Libraries (the District) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, and the major fund of the District, as of December 31, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

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

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

Required Supplementary Information

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

auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the summary of revenues, expenditures and change in fund balance-general fund, history of assessed valuations, history of mill levies and property tax collections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Eide Bailly LLP

Denver, Colorado

March 28, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATING RESULTS

DECEMBER 31, 2021

Douglas County Libraries elevates our community by inspiring a love of reading, discovery and connection.

Douglas County Libraries ("the District") was established in November 1990 by resolution of the Board of County Commissioners of Douglas County, pursuant to a vote by the electors of Douglas County in favor of establishing a library district with the authority for a mill levy on real and personal property in Douglas County for the establishment, operation and maintenance of the District. The District includes all property within the boundaries of Douglas County, Colorado.

In order to achieve its vision, Douglas County Libraries provides the following services to all residents of Douglas County.

- Circulation, consisting of the provision of books, e-books, periodicals, audios, videos and other library content for lending use to the public;
- Online services, consisting of the District's website, research resources, tools for online learning, and online catalog of downloadable materials;
- Community gathering spaces, including public computers and wireless access, large public meeting rooms, and smaller, private meeting/study rooms;
- Reader's advisory services, consisting of collaboration with patrons to determine their likes and dislikes and recommend appropriate reading materials;
- Children's events that emphasize development of early literacy skills that enable children to translate words to images, develop their brains, and nurture the cognitive, emotional and social skills they need to develop the habits of lifelong learners;
- Reference services that provide informational and research assistance to patrons, entrepreneurs and small business persons;
- Events and activities that address a variety of needs or interests among all age groups: summer reading programs, pairing teens with struggling young readers, group reading comprehension competitions, senior reading, community and lifelong learning events, book clubs, hands-on science experiments, creative activities such as writing, photography, games and cosplay, High School Equivalency (HSE), English as a Second Language (ESL), local economic development and current affairs, technology literacy and job seeker skills improvement, author events, and events celebrating stories and literature.
- Douglas County History Research Center, which collects and preserves the history of Douglas County in order to provide historical research resources to the public.

IN 2021:

- More than 1,158,320 customers visited the District's facilities (a 35% increase over 2020);
- The District circulated more than 5,941,127 items from its library content (a nearly 20% increase);
- More than 62,337 people participated in over 2,451 events offered by the District (a 45% increase in the number of events);
- The District hosted more than 477 Select/Concierge level events, and booked more than 47,200 total reservations for its 51 community gathering spaces.

In 2020, DCL found new ways to support our community and created unique opportunities for connection amid unprecedented disruption. In late 2021, we and our customers enjoyed a return to a more typical slate of services and events, welcoming the community back into our libraries.

Virtual and Curbside Services

DCL continued some services borne of the pandemic into 2021, to accommodate customers uncomfortable with stepping inside a library. They included curbside hold delivery, hotspot lending to families with school-aged children, and daily virtual plus weekly outdoor Storytimes. Some events remained virtual into the spring, including the popular Quarantine Quiz Show, many book clubs, and author visits. Most events such as Storytime, book clubs, kids' events, and book/author events returned to in-person in the summer of 2021.



Summer Reading: Galaxy DCL

While pandemic restrictions affected some aspects of Summer Reading in 2021, we did our best to bring a more traditional program back to our customers, replacing large-scale Kickoff Parties with ice cream truck visits around the county, and offering supplemental events. We registered 14,706 customers for Galaxy DCL, an increase of 22% over 2020.

Large In-Person Events

We were pleased to offer several signature events, bringing people back to our libraries in large numbers (with COVID protocols in place) for events they have come to expect from DCL. Our customers often tell us these events represent treasured family traditions.

- Fairy Tale Ball: Sleeping Beauty, a free event held at four locations served more than 1,000 customers.
- Storybook Holiday: Paid signature events in the spring (Peter Rabbit), fall (Welcome to Transylvania) and winter (Reindeer Games) brought 1,717 customers to DCL.
- Camp DCL: Full-day and half-day camps offered during school breaks operated at six library locations and

served nearly 600 school-aged kids and their families.

- A Visit with Santa: Santa returned to DCL for 18 onsite events serving 1,515 customers.
- Fête des Fables: We brought back our annual Foundation gala, and added a Family Fête event, introducing the DCLF and library giving to a new audience, who supported us through ticket sales and silent auction participation.

In order to deliver on its vision, the District operates seven library facilities, comprising 177,000 square feet, throughout Douglas County. In 2021, the District employed a workforce of 241 full-time equivalent persons, who were complemented by approximately 963 volunteers who provided 18,044 hours of service at no cost to the District or Douglas County. The District dedicates 85% of its employees, plus all volunteer service, to conducting library operations at its seven branches and providing community relations services. The District allocates 5% of its employees to operating and maintaining its facilities and information technology infrastructure. The remaining 10% of the District's employees are dedicated to providing district-wide support services including executive management, human resource management, and financial management.

In response to continued growth in Douglas County and aging library facilities, the District's strategic plan includes a goal focused on crafting the next generation of libraries to support delivery of premium and personal experiences to all library patrons. The District has adopted a facilities master plan to establish the priorities, tasks and budget commitments necessary to construct and maintain facilities that are adequate to meet the needs of Douglas County in the premium and personal fashion embodied in the Districts strategic plan.

In 2020, the District concluded that replacement was the most cost-effective alternative for replacing the District's aging Castle Rock facility. In 2021, the District signed a Design-Build Guaranteed Maximum Price (GMP) contract for \$23.8M to replace the Castle Rock facility, excluding furniture, fixtures and equipment (FF&E), by 3rd-quarter 2023.





The District's financial results for the year ended December 31, 2021, reflect the impact of the following activities:

- Maintenance of approximately 177,000 square feet of library facilities, and employment of 241 full-time equivalents (FTEs) to operate the District's seven library facilities and provide district-wide support services.
- Payment of principal, interest and premium amortization obligations totaling \$2.013 million on the District's 2015 Certificates of Participation (2015 CoPs).
- Payment of \$1.273 million for design of the replacement Castle Rock facility.

The District's ongoing commitment to the goals enumerated in its facilities master plan, and the financial commitments related thereto, have made it essential to distinguish the results of normal recurring operating activities vs. the financial impact of non-operating transactions such as capital outlays for facility improvements, lease income, and disposals of capital assets. Accordingly, the comparison of year-over-year results in this Discussion and Analysis has been presented on both an as-adjusted and as-reported basis in order to better illustrate the results of normal recurring operating activities.

The District uses a single general operating fund to account for all transactions and financial resources. The District is committed to ensuring that expenditures associated with day-to-day library operations and routine maintenance of District facilities, furniture and equipment do not exceed annual program and general revenues. Accordingly, the District reports capital expenditures on two separate line items on the financial statements.

- Maintenance capital expenditures are funded from current operating revenues and include those normal recurring expenditures to repair, maintain or upgrade computers, equipment, furniture, carpeting, roofs, parking lots, and heating, ventilation, and air conditioning (HVAC) units.
- Improvement capital expenditures represent facility upgrades, remodels, and new construction including planning and design costs, and new furniture, fixtures and equipment associated with these projects. Improvement capital expenditures are funded from District reserves.

The District maintains financial statements under two separate methods of accounting, as required by Government Accounting Standards:

Governmental Fund Financial Statements;

Government Activities Financial Statements.

An analysis of the District's financial position, and its results of operations, under each of these two methods of accounting is presented below, including the distinctions between the two methods.



Governmental Fund Financial Statements

The government fund financial statements are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Under this basis of accounting, transactions are generally recorded when cash is received or expenses are paid. Accordingly,

funds received through financing activities are recorded as revenues in the period received, expenditures for capital assets are reported as an expense in the period expended, and long-term liabilities are recorded when currently payable, rather than when an obligation is incurred.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE

	2021		2020	
	Amount	% of Total	Amount	% of Total
Program Revenues:				
Operating contributions and grants	\$ 264,404	0.79%	\$ 340,873	1.05%
Charges for services	566,869	1.70%	410,207	1.26%
General Revenues:				
Property taxes	29,655,129	88.75%	28,971,244	89.29%
Auto ownership taxes	2,888,807	8.65%	2,529,513	7.80%
Investment earnings	38,739	0.12%	195,065	0.60%
Total Revenues	33,413,948	100.00%	32,446,902	100.00%
Program Expenditures				
Operating expenditures	23,090,464	84.22%	21,848,184	83.75%
Capital outlay - maintenance	2,311,664	8.43%	2,227,833	8.54%
Interest and principal payments	2,013,425	7.34%	2,012,800	7.72%
Total Program Expenditures	27,415,553	100.00%	26,088,817	100.00%
Net Change in Fund Balance - As Adjusted	5,998,395		6,358,085	
Non-Operating Expenditures:				
Capital outlay - improvement	(1,344,115)	129.44%	(767,009)	116.21%
Lease income, net	108,853	(10.48%)	106,996	(16.21%)
Lease to Purchase	196,844	(18.96%)	0	0.00%
Total Non-Operating Expenditures	(1,038,418)	100.00%	(660,013)	100.00%
Net Change in Fund Balance - As Reported	4,959,977		5,698,072	
Beginning fund balance	24,337,888		18,639,816	
Ending Fund Balance	\$ 29,297,865		\$ 24,337,888	

Revenues increased \$0.967 million due primarily to increases in property tax revenues of \$0.684 million (2.4%) and auto ownership taxes of \$0.359 million (14.2%). The increase in property tax revenues was due primarily to new construction in Douglas County. The increase in auto ownership taxes was due to rebounding auto sales after the slowdown in 2020 at the onset of the Covid-19 emergency. The decrease in investment earnings

was primarily due to a significant decrease in earnings rates due to the ongoing Covid-19 emergency.

Total Program expenditures increased \$1.327 million (5.1%). This increase in total program expenditures was primarily due to a rebound in Library operations subsequent to the slowdown in 2020 at the onset of the Covid-19 emergency.

Capital outlays for improvements increased by \$0.577 million due to the cost of design services for the replacement Castle Rock facility.

Net lease income increased marginally by \$0.002 million due to the expiration of rent waivers granted in 2020 in conjunction with the Covid-19 emergency, and as an inducement for lessees to agree to renewal termination provisions that are advantageous with respect to the replacement Castle Rock facility.

Lease to Purchase proceeds increased by \$0.197 million due to lease funding received for patron self-check kiosks that were replaced at all District branches in 2021.

The District is reporting an ending fund balance of \$29.298 million at December 31, 2021. This represents an increase of \$4.960 million from the December 31, 2020 fund balance of \$24.338 million. The District's fund balance increased at a slightly slower rate in 2021 than in 2020, primarily due to the increases in program expenditures as the District began to return to its pre-Covid levels of activity.

- Non-spendable fund balance, which represents prepaid expenses and security deposits, increased \$0.026

million, from \$0.521 million at December 31, 2020, to \$0.547 million at December 31, 2021.

- Restricted fund balance, comprised of emergency reserves as required by Article X, Section 20, of the Colorado Constitution, increased \$0.030 million, from \$0.968 million at December 31, 2020, to \$0.999 million at December 31, 2021. Emergency reserves are calculated as three percent of general revenues, excluding grants.
- Assigned fund balance includes reserves established by the Board of Trustees to fund first-quarter operations due to the timing of property tax receipts, plus reserves to cover insurance deductibles. Assigned fund balance increased \$0.500 million, from \$3.400 million at December 31, 2020, to \$3.900 million at December 31, 2021.
- Unassigned fund balance represents amounts available for any purpose, including debt service for the Certificates of Participation and future acquisitions of capital assets. Unassigned fund balance increased \$4.403 million, from \$19.449 million at December 31, 2020, to \$23.852 million at December 31, 2021.

ANALYSIS OF 2021 BUDGET VS ACTUAL RESULTS

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property taxes	\$29,713,820	\$29,655,129	(\$58,691)
Auto ownership taxes	2,516,416	2,888,807	372,391
Contributions and grants	321,652	264,404	(57,248)
Charges for services	577,453	566,869	(10,584)
Investment earnings	211,259	38,739	(172,520)
Total Revenue	<u>33,340,600</u>	<u>33,413,948</u>	<u>73,348</u>
Operating Expenditures			
Salaries, wages & benefits	16,692,629	15,807,234	(885,395)
Library Content	3,879,982	3,847,342	(32,640)
Facilities	1,915,958	1,673,773	(242,185)
Technology equipment and services	1,752,237	1,360,864	(391,373)
Library programs & outreach	1,046,189	822,131	(224,058)
District-wide support	1,666,960	1,188,083	(478,877)
Capital expenditures - maintenance projects	874,744	702,701	(172,043)
Subtotal Operating Expenditures	<u>27,828,699</u>	<u>25,402,128</u>	<u>(2,426,571)</u>
Debt service	2,013,425	2,013,425	0
Total operating expenditures, debt service & fees	<u>29,842,124</u>	<u>27,415,553</u>	<u>(2,426,571)</u>
Revenues Over (Under) Operating Expenditures	3,498,476	5,998,395	2,499,919
Non-Operating Revenues (Expenditures)			
Lease income (expense), net	161,774	108,853	(52,921)
Capital expenditures - improvement projects	(5,585,500)	(1,344,115)	4,241,385
Lease to Purchase	0	196,844	196,844
Total Non-Operating Revenues (Expenditures), net	<u>(5,423,726)</u>	<u>(1,038,418)</u>	<u>4,385,308</u>
Total Revenues Over (Under) Total Expenditures	<u>(\$1,925,250)</u>	<u>\$4,959,977</u>	<u>\$6,885,227</u>

The District's final 2021 budget anticipated an excess of total expenditures over total revenues of (\$1.925) million. Actual 2021 total revenues exceeded total expenditures by \$6.888 million.

Total 2021 revenues were over budget by \$0.073 million (0.2%) primarily due to auto ownership taxes.

Total Operating Expenditures were under budget by (\$2.427) million (8.1%), due to salaries, wages, and benefits cost savings related to the District's reorganization in 2021, plus continued across the board savings in operating expenses in response to the Covid 19 emergency.

Spending on non-operating expenditures was under budget by (\$4.385) million due primarily to a shift in spending for the replacement of the Castle Rock facility from 2021 to 2022 and 2023. Many subcontractor bids were delayed due to Covid-related shortages in materials which, in turn, negatively impacted completion of the design

phase and start-up of the construction phase for the Castle Rock facility.

Lease to Purchase proceeds increased by \$0.197 million due to lease funding received for patron self-check kiosks that were replaced at all District branches in 2021.

Governmental Activities Financial Statements

The governmental activities financial statements measure and report all assets, liabilities, deferred inflows of resources, revenues, expenses, gains, and losses using the economic resource measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Accordingly, the governmental activities statement of net position includes capital assets and long-term liabilities.

STATEMENT OF ACTIVITIES

	2021		2020	
	Amount	% of Total	Amount	% of Total
Program Revenues				
Operating contributions and grants	\$ 264,404	0.79%	\$ 340,873	1.05%
Charges for services	566,869	1.70%	410,207	1.26%
General Revenues				
Property taxes	29,655,129	88.75%	28,971,244	89.29%
Auto ownership taxes	2,888,807	8.65%	2,529,513	7.80%
Investment earnings	38,739	0.12%	195,065	0.60%
Total Revenues	<u>33,413,948</u>	<u>100.00%</u>	<u>32,446,902</u>	<u>100.00%</u>
Program Expenses				
Operating expenses	26,595,136	98.22%	25,824,269	97.93%
Capital outlay - maintenance	0	0.00%	25,302	0.10%
Interest and principal payments	482,771	1.78%	521,448	1.98%
Total Program Expenses	<u>27,077,907</u>	<u>100.00%</u>	<u>26,371,019</u>	<u>100.00%</u>
Change in Net Position - As Adjusted	6,336,041		6,075,883	
Non-Operating Expenses:				
Lease income, net	108,853	111.04%	106,996	176.21%
Loss on disposal of capital assets	(10,826)	(11.04%)	(46,276)	(76.21%)
Total Non-Operating Expenses	<u>98,027</u>	<u>100.00%</u>	<u>60,720</u>	<u>100.00%</u>
Change in Net Position - As Reported	6,434,068		6,136,603	
Beginning Net Position	40,601,125		34,464,522	
Ending Net Position	<u>\$ 47,035,193</u>		<u>\$ 40,601,125</u>	

As adjusted, which is more representative of normal recurring operations, the change in net position increased \$0.260 million, from \$6.076 million for the year ended December 31, 2020, to \$6.336 million over the same period in 2021. The increase in the change in net position is primarily due to the following:

- Revenues increased \$0.967 million due primarily to increases in property tax revenues of \$0.684 million (2.4%) and auto ownership taxes revenues of \$0.359 million (14.2%). These results are consistent with those reported on the District's Government Fund financial statements.
- Operating expenses increased \$0.771 million driven primarily by salaries, wages and benefits expense, and library content expenses. Salaries, wages and benefits expense increased by \$0.444 million (3.3%) due to increases in scheduled hours in 2021 after the Covid-

related slowdown in 2020, and some staffing changes relating to the Library's reorganization in 2021. Library content increased by \$0.192 million due to increases in E-content materials in response to increased demand for digital, on-line content.

As reported, the change in net position increased \$0.297 million, from \$6.137 million at December 31, 2020, to \$6.434 million at December 31, 2021. This increase in change in net position is due to the changes noted above in the adjusted change in net position, plus the following:

- Net lease income increased by \$0.002 million due to the cessation of rent waivers, consistent with discussion reported on the District's Government Fund financial statements.
- In 2021, the District recorded a loss of (\$0.010) million, which is equivalent to the net book value for end-of-life disposals of furniture and equipment.

STATEMENT OF NET POSITION

	2021		2020	
	Amount	% of Total	Amount	% of Total
Assets				
Current Assets	\$ 62,449,590	55.15%	\$ 54,783,085	51.27%
Capital Assets	50,789,913	44.85%	52,059,257	48.73%
Total Assets	113,239,503	100.00%	106,842,342	100.00%
Total Deferred Outflows of Resources	4,234,773	100.00%	2,455,310	100.00%
Liabilities				
Current Liabilities	3,899,837	13.91%	3,119,327	9.34%
Long-Term Liabilities	24,131,914	86.09%	30,267,517	90.66%
Total Liabilities	28,031,751	100.00%	33,386,844	100.00%
Total Deferred Inflows of Resources	42,407,332	100.00%	35,309,683	100.00%
Net Position				
Net investment in capital assets	34,770,244	73.92%	34,704,435	85.48%
Restricted Fund	998,618	2.12%	967,663	2.38%
Unrestricted	11,266,331	23.95%	4,929,027	12.14%
Total Net Position	\$ 47,035,193	100.00%	\$ 40,601,125	100.00%

The increase in net investment in capital assets of \$0.066 million, from \$34.704 million at December 31, 2020, to \$34.770 million at December 31, 2021, is due primarily to the following:

- a reduction in assets being depreciated for 2021 depreciation expense;
- an increase in Construction in Progress due to accumulated costs for the Castle Rock branch replacement;
- a reduction in the remaining principal balance and unamortized premium for the 2015 CoPs, which are an offset to the net investment in capital assets.

Restricted fund position represents emergency reserves the District is required to maintain under Article X, Section 20, of the Colorado Constitution, otherwise known as the Taxpayer's Bill of Rights (TABOR). At December 31, 2021, restricted net position includes emergency reserves of \$0.999 million.

The District participates in a) a pension fund administered by the Public Employees' Retirement Association (PERA), and b) an Other Post-Employment Benefits (OPEB) fund also administered by PERA. The District records deferred outflows of resources (an asset), long-term liabilities, and deferred inflows of resources (a liability) pursuant to its participation in these plans. See note 6 of the attached financial statements of the District for further information regarding the District's defined benefit pension and OPEB plans.

The increase in unrestricted fund balance of \$6.337 million, from \$4.929 million as of December 31, 2020, to \$11.266 million at December 31, 2021, is primarily attributable to an increase in net assets, a decrease in total liabilities, and a net increase in pension- and benefit-related deferred inflows vs. deferred outflows of resources.

Impact of Covid-19

The outbreak of the 2019 coronavirus disease ("Covid-19"), which was declared a global pandemic by the World Health Organization, and the related responses by public health and governmental authorities to contain its outbreak and spread, adversely affected workplaces, economies, and financial markets globally.

The District has operated in compliance with executive and public health orders issued by the Governor of Colorado and the Colorado Department of Public Health & Environment (CDPHE) throughout the Covid-19 emergency.

District support functions continued to function on either a complete or partial virtual basis in 2021. The District

terminated the expanded access to its digital, online collections in 2021 that had been setup in 2020. The District continued operating its curbside service for book pickups and drop-offs in 2021. All of the District's libraries remained open under various levels of capacity restraints and safety protocols mandated by the State of Colorado and CDPHE in 2021. Hours of operation at all District libraries were expanded in 2021 to approximate pre-Covid Levels. The District cancelled its home delivery-based program in 2021, and re-established most of its normal community events and programs in 2021. Certain aspects of the District's library and support operations continue to be affected by Covid considerations, which has resulted in lower operating costs for the District in 2021. Management is closely monitoring the operations, liquidity, and capital resources of the District, and continues to work to minimize the current and future impact of the Covid emergency on the District.

Factors Affecting Financial Condition

The historical financial statements and the 2021 budget are best understood when considered from the broader perspective of the specific environment in which the District operates.

Property Tax Revenues and Constitutional Limitations

The District derives the majority of its revenues from property taxes. In general, the county assessor revalues real estate in odd-numbered years on the basis of comparable sales during the previous two-year period.

Operating, Facility Maintenance, and Debt Service Expenditures

The District has adopted a compensation strategy that supports competitive wages and benefits, and contributes 13.20% of qualifying salaries and wages to the PERA defined benefit pension plan, and 1.02% of salaries and wages to the PERA OPEB plan.

The District did not open any new library facilities, or increase the size of any existing library facilities in 2021.

Maximum debt service under the terms of the 2015 CoPs is \$2.000 million. The District made a \$1.270 million principal payment plus interest and premium amortization payments of \$0.744 million in 2021.

The chart on the following page illustrates changes to the District's cost structure as a result of the incremental costs associated with staffing, operation and maintenance of its existing library facilities and its lease purchase financing.



SUMMARY HISTORICAL COMPARISON OF REVENUES, EXPENSES, AND CHANGE IN FUND BALANCE – GOVERNMENTAL FUND

	2019	Actual 2020	2021	Budget 2022
Statistics				
Circulation	6,802,062	5,126,841	5,941,127	
Patron visits	1,695,361	862,764	1,158,320	
Building square footage	176,000	176,000	177,000	
Full time equivalent employee headcount	238	217	233	
Revenues				
Property and auto ownership taxes	\$28,269,845	\$31,500,757	\$32,543,936	\$35,326,146
Charges for services	689,313	410,207	264,404	554,850
Contributions and grants	400,796	340,873	566,869	416,674
Investment earnings	548,596	195,065	38,739	165,000
Total Revenues	29,908,550	32,446,902	33,413,948	36,462,670
Operating Expenditures				
Salaries, wages and benefits	15,018,559	15,243,578	15,807,234	17,653,636
Library content	3,669,890	3,840,904	3,847,342	4,012,050
Facilities	1,810,114	1,527,772	1,673,773	1,767,312
Technology equipment and services	1,370,079	1,412,851	1,360,864	1,748,848
Programs and outreach	813,191	503,623	822,131	1,391,258
District-wide support	1,242,742	1,099,971	1,188,083	1,740,713
Interest and principal payments	2,012,300	2,012,800	2,013,425	2,012,625
Capital expenditures - maintenance	335,113	447,318	702,701	1,157,500
Total Operating Expenditures	26,271,988	26,088,817	27,415,553	31,483,942
Revenues Over (Under) Operating Expenditures	3,636,562	6,358,085	5,998,395	4,978,728
Non-Operating Revenues (Expenditures)				
Lease income, net	191,914	106,996	108,853	0
Lease to Purchase	0	0	196,844	0
Capital expenditures - improvement	(4,176,830)	(767,009)	(1,344,115)	(18,293,000)
Total Non-Operating Revenues (Expenditures), net	(3,984,916)	(660,013)	(1,038,418)	(18,293,000)
Total Revenues Over (Under) Total Expenditures	(\$348,354)	\$5,698,072	\$4,959,977	(\$13,314,272)

Operating revenues budgeted for 2022 are projected to exceed operating expenditures, interest and principal payments and the costs to maintain the District's facilities by \$4.979 million. The District also expects to incur an additional \$18.293 million of capital costs for the Castle Rock replacement facility in 2022, which will draw down the District's accumulated capital reserves.

Long-Range Planning

The District is committed to maintaining the infrastructure and finishes of its libraries and has completed a facilities master plan that identifies:

- equipment replacement and infrastructure maintenance needs to be funded from current property tax revenues, and
- facility upgrades and expansion needs to be funded from District reserves.

In addition, the District has developed a long-range forecast in an effort to ensure that operations, debt service obligations, and capital maintenance requirements do not require the use of reserves and can be fully funded from current property tax revenues going forward.

As previously indicated, employees of the District are provided with pension benefits through the PERA defined benefit plan. The District, and its employees, belong to the Local Government Division of the pension trust fund. As such, the District, and its employees, are obligated to contribute to PERA at those rates established by the Colorado legislature for the Local Government Division of the pension trust fund.

The District has identified a capital improvement need for a larger facility in northwest Douglas County to serve projected growth in the area.

Douglas County Libraries Foundation

The Douglas County Libraries Foundation (the Foundation) was founded in 1992 as a 501c3 nonprofit organization to fund capital improvements and support various programs that enhance the vision and core values of the District. The Foundation is reported in the District's financial statements as a Discretely Presented Component Unit.

The Foundation is governed by an independent Board of Directors, which includes the District's Executive Library Director, who serves as the ex-officio executive director of the Foundation; one member from the District's Board of Trustees; and four additional directors.

During 2020, the Foundation granted \$0.050 million of unrestricted funds plus \$0.009 million of restricted funds to the District. The Foundation granted \$0.025 million of unrestricted funds, plus \$0.055 million of restricted funds to the District for the year ended December 31, 2021.

Requests for Information

This financial report is designed to provide a general overview of the finances for the District and the Foundation. For questions concerning the information provided in this report or to request a copy of the Foundation's internal financial statements, please contact the Director of Finance at Douglas County Libraries, 100 South Wilcox Street, Castle Rock, CO 80104.



BASIC FINANCIAL STATEMENT

Pages 15-19



BALANCE SHEET GOVERNMENTAL FUND / STATEMENT OF NET POSITION

December 31, 2021

	Primary Government			Component Unit
	General - Governmental Fund	Adjustments	Statement of Net Position - Governmental Activities	Douglas County Libraries Foundation
Assets				
Cash and investments	\$29,206,696	\$0	\$29,206,696	\$1,547,271
Property taxes receivable, net of allowance	32,505,922	0	32,505,922	0
Prepays and other assets	546,918	0	546,918	3,100
Receivable from component unit	121,531	0	121,531	0
Other receivables	68,523	0	68,523	0
Capital assets, net of accumulated depreciation	0	42,537,540	42,537,540	0
Capital assets not being depreciated	0	8,252,373	8,252,373	0
Total Assets	62,449,590	50,789,913	113,239,503	1,550,371
Deferred Outflows of Resources				
Deferred outflows - net pension liability	0	4,097,504	4,097,504	0
Deferred outflows - net OPEB liability	0	137,269	137,269	0
Total Deferred Outflows of Resources	0	4,234,773	4,234,773	0
Liabilities				
Accounts payable	648,090	0	648,090	0
Accrued salaries and benefits	201,489	0	201,489	0
Accrued interest payable	0	63,295	63,295	0
Payable to primary government	0	0	0	121,531
Noncurrent liabilities				0
Due within one year	0	2,986,963	2,986,963	0
Due in more than one year	0	14,405,706	14,405,706	0
Net pension liability	0	8,539,635	8,539,635	0
Net OPEB liability	0	1,186,573	1,186,573	0
Total Liabilities	849,579	27,182,172	28,031,751	121,531
Deferred Inflows of Resources				
Deferred inflows - net pension liability	0	9,583,691	9,583,691	0
Deferred inflows - net OPEB liability	0	521,495	521,495	0
Property tax revenue	32,302,146	0	32,302,146	0
Total Deferred Inflows of Resources	32,302,146	10,105,186	42,407,332	0
Fund Balance/Net Position				
Fund balance				
Nonspendable Fund	546,918	(546,918)	0	0
Restricted Fund	998,618	(998,618)	0	0
Committed Fund	0	0	0	0
Assigned Fund	3,900,000	(3,900,000)	0	0
Unassigned fund balance	23,852,329	(23,852,329)	0	0
Total Fund Balances	29,297,865	(29,297,865)	0	0
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$62,449,590			
Net Position				
Net investment in capital assets	0	34,770,244	34,770,244	0
Restricted Fund	0	998,618	998,618	0
Unrestricted	0	11,266,331	11,266,331	1,428,840
Total Net Position	\$0	\$47,035,193	\$47,035,193	\$1,428,840

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE GOVERNMENTAL FUND / STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2021

	Primary Government			Component Unit Douglas County Libraries Foundation
	General - Governmental Fund	Adjustments	Statement of Activities - Governmental Activities	
Expenditures/Expenses				
Current				
Operating	\$21,345,221	\$5,083,914	\$26,429,135	\$180,894
Pension expense	1,745,243	(1,445,742)	299,501	0
OPEB expense	0	(133,500)	(133,500)	0
Capital Outlay	3,655,779	(3,655,779)	0	0
Debt Service				
Principal	1,270,000	(1,270,000)	0	0
Interest and fees	743,425	(260,654)	482,771	0
Total Expenditures/Expenses	28,759,668	(1,681,761)	27,077,907	180,894
Program Revenues				
Operating contributions and grants	264,404	0	264,404	125,803
Charges for services	566,869	0	566,869	190,763
Total Program Revenues	831,273	0	831,273	316,566
Net Program Revenues/(Expenses)	(27,928,395)	1,681,761	(26,246,634)	135,672
General Revenues/(Expenses)				
Property taxes	29,655,129	0	29,655,129	0
Auto ownership taxes	2,888,807	0	2,888,807	0
Investment earnings	38,739	0	38,739	141,987
Total General Revenues/(Expenses)	32,582,675	0	32,582,675	141,987
Other Financing Sources				
Loss on disposal of capital assets	0	(10,826)	(10,826)	0
Lease income, net	108,853	0	108,853	0
Lease to Purchase	196,844	(196,844)	0	0
Total Other Financing Sources	305,697	(207,670)	98,027	0
Net Change in Fund Balance	4,959,977	(4,959,977)	0	0
Change in Net Position		6,434,068	6,434,068	277,659
Fund Balance/Net Position				
Beginning of Year	24,337,888	16,263,237	40,601,125	1,151,181
End of Year	\$29,297,865	\$17,737,328	\$47,035,193	\$1,428,840

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

RECONCILIATION OF THE BALANCE SHEET GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION

December 31, 2021

Fund Balance - Governmental Fund		\$29,297,865
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.		
Capital Assets	\$75,989,063	
Accumulated depreciation	(25,199,150)	50,789,913
Certificates of Participation are not due and payable in the current period and, therefore, are not reported in the governmental fund.		
Principal, Certificates of Participation Series 2015	(14,535,000)	
Premium, Certificates of Participation Series 2015	(1,287,825)	
Accrued interest	(57,718)	(15,880,543)
Lease to Purchase is not due and payable in the current period and, therefore, are not reported in the governmental fund.		
Principal, lease to purchase	(196,844)	
Accrued interest	(5,577)	(202,421)
Pension liability is not due and payable in the current period and, therefore, is not reported in the governmental fund.		
Pension related deferred outflows	4,097,504	
Pension related deferred inflows	(9,583,691)	
Net pension liability	(8,539,635)	(14,025,822)
OPEB liability is not due and payable in the current period and, therefore, is not reported in the governmental fund.		
OPEB related deferred outflows	137,269	
OPEB related deferred inflows	(521,495)	
Net OPEB liability	(1,186,573)	(1,570,799)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental fund.		
		(1,373,000)
Net Position of Governmental Activities		\$47,035,193

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2021

Net Change in Fund Balance - Governmental Fund		\$4,959,977
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental fund reports capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and disposals.		
Capital asset additions	\$3,655,779	
Depreciation	(4,914,297)	
Capital asset disposals	(10,826)	(1,269,344)
Compensated absences do not require use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.		(169,617)
Interest and payment activities on the 2015 CoPs do not require use of current financial resources and, therefore, are not reported in the governmental fund.		
Principal payment	1,270,000	
Amortization of premium	261,995	
Accrued interest expense	4,236	1,536,231
Proceeds from the lease to purchase provide inflows of resources to governmental funds, but increases long-term liabilities in the statement of net position.		(196,844)
Interest and payment activities on lease to purchase do not require use of current financial resources and, therefore, are not reported in the governmental fund.		
Accrued interest expense	(5,577)	(5,577)
Pension liability does not require use of current financial resources and, therefore, is not reported as expenditures in the governmental fund		1,445,742
OPEB liability does not require use of current financial resources and, therefore, is not reported as expenditures in the governmental fund		133,500
Change in Net Position of Governmental Activities		\$6,434,068

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

NOTES TO FINANCIAL STATEMENT

Pages 20-37



NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. Summary of Significant Accounting Policies

Reporting Entity

Douglas County Libraries (the District) was established in 1990 to provide library services within Douglas County, Colorado. A seven-member Board of Trustees, appointed by the Douglas County Commissioners, governs the District.

The accompanying financial statements present the District, which is the primary government, and its component unit. A component unit is a legally separate organization for which the District is considered to be financially accountable.

Discretely Presented Component Unit. The Douglas County Libraries Foundation (the Foundation) is a nonprofit organization whose sole purpose is to support the District by funding opportunities above and beyond the District's normal operating budget. The Foundation is governed by a seven-member Board of Directors led by the Foundation's and District's Executive Director. Separately issued internal financial statements of the Foundation may be obtained by contacting the Foundation's offices at 100 South Wilcox Street, Castle Rock, Colorado 80104.

Governmental Activities and Fund Financial Statements

The basic financial statements are presented in a combined format for both the fund and governmental activities level. These include the balance sheet governmental fund/statement of net position and the statement of revenues, expenditures, and change in fund balance governmental fund/statement of activities.

The statement of activities demonstrates the degree to which the expenses of the District are offset by program revenues. Program revenues include operating contributions and grants and charges to users of the District's services.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Governmental fund statements are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue that are susceptible to accrual are property taxes and investment earnings. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures generally are recorded when an obligation is incurred, as under accrual accounting; however, expenditures related to compensated absences and debt are recorded only when payment is due.

The governmental activities financial statements measure and report all assets, liabilities, deferred inflows and outflows of resources, revenues, expenses, gains, and losses using the economic resource measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The governmental activities financial statements do not include fiduciary funds or component units that are fiduciary in nature.

The general operating fund is the District's only fund and is used to account for all financial resources of the District.

Cash and Investments

Colorado Revised Statutes (CRS) authorize the District to invest in certain obligations of the U.S. Treasury and U.S. agencies, commercial paper, repurchase agreements, local government investment pools, and other specified investments. The District's investment policy is to follow state statutes regarding investments, which generally limit investments to those instruments with maturities of five years or less, unless the governing body of the District authorizes investment for a longer period. All District investments are held in a local government investment pool and are reported at net asset value. Securities with maturities of 12 months or less from the balance sheet date are reported as short-term investments.

Property Taxes Receivable

Property tax receivables are shown net of an allowance for uncollectible accounts. Property values are assessed and a lien placed on the property as of January 1. Property taxes are levied no later than December 22. Taxes are payable in the following year, either in full by April 30 or in two equal installments due February 28 and June 15. Property taxes levied in the current year and payable in the following year are reported as a receivable at December 31. Property taxes are reported as deferred inflows of resources and recognized as revenue upon collection.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both governmental fund and governmental activities financial statements.

Capital Assets

Capital assets, which include land, buildings, furniture, equipment, and library materials, are reported in the governmental activities financial statements. In the

governmental fund financial statements, capital assets are charged to expenditures when purchased. Capital assets, which are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year, are recorded at historical cost, with the exception of library materials, which are capitalized regardless of cost. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. The District values donated capital assets at the estimated acquisition value of the item at the date of donation.

Capital assets of the District are depreciated using the straight-line method. The composite method is used in the depreciation of library materials. These assets are depreciated over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings	30
Building improvements	15
Shelving	10
Furniture	10
Equipment and machinery	5
Computers	4
Library materials	4

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused personal time off (PTO). All PTO is accrued when earned in the governmental activities financial statements. A liability for these amounts is reported in the governmental fund statements only if they are due, for example, as a result of employee resignations and retirements.

Long-Term Debt

In the governmental activities financial statements, long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest rate method.

In the governmental fund financial statements, bond premiums and discounts are recognized during the current period. The face amount of the debt issued is reported as other financing sources. Premiums and discounts on debt issuances are reported as other financing sources or uses. Issuance costs are reported as current period expenditures.

Pensions

The District participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA).

The net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources until then. The District has recognized deferred outflows of resources in the governmental activities financial statements in accordance with the presentation requirements for GASB No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* (GASB 68), and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* and GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions* (GASB 75).

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes include a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period or periods and so will not be recognized as an inflow of resources until then. The District has recognized deferred inflows of resources in the governmental activities financial statements in accordance with the presentation requirements for property taxes, GASB 68 and GASB 75.

Fund Balance/Net Position

The District reports fund balance and net position in accordance with the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This statement identifies fund

balance categories to make the nature and extent of the constraints placed on a governmental entity's fund balances more transparent.

The following classifications describe the relative strength of the spending constraints under GASB 54:

- Nonspendable fund balance represents amounts that are nonspendable in form or are legally or contractually required to be maintained intact.
- Restricted fund balance represents amounts constrained to specific purposes by external parties, such as grantors, contributors, or through constitutional provisions. Restricted fund balance also includes revenues raised pursuant to legislation that restricts the use of funds to a specific purpose.
- Assigned fund balance represents amounts the District intends to use for a specific purpose. Intent can be expressed by either the District's Board of Trustees or by an official or body to which the Board delegates the authority. Assigned fund balance is established through adoption of a Board resolution or the amendment of the budget as intended for a specific purpose, such as the purchase of fixed assets, construction, debt service, etc.
- Unassigned fund balance represents amounts that are available for any purpose.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. When amounts in multiple unrestricted fund balance classifications could be used, the District considers committed funds to be used first, then assigned, and finally unassigned fund balances.

As a nonprofit organization operating under the Financial Accounting Standards Board (FASB), the Foundation reports net position with restricted or unrestricted funds, in accordance with donor requests.



2. Cash and Investments

At December 31, 2021, the District had the following cash and investments:

	<u>Unrestricted</u>
Total Cash and Investments	
Cash	\$ 94,456
Local government investment pool	<u>29,112,240</u>
Total Cash and Investments	<u>\$29,206,696</u>

Amounts held by the local government investment pool are invested with COLOTRUST and CSIP, which are investment vehicles established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state regulations governing local government investment pools. COLOTRUST and the CSIP Liquid Portfolio operate similarly to a money market fund, are rated AAA by Standard & Poor's, and each share is equal in value to \$1.00. The CSIP Term portfolio invests only in securities permissible under Colorado law and is rated AA+ by Fitch Ratings. The CSIP Term portfolio offers fixed-rate, fixed-term investments with maturities of 90-365 days. The rate is fixed for the full term of the investment, and there may be a penalty for early redemption. The CSIP Term portfolio has a goal of \$1.00 per share net asset value at maturity, however the value may fluctuate prior to maturity. Financial statements and additional information about COLOTRUST are available at <http://www.colotrust.com/about>. Financial statements and additional information about CSIP are available at <http://www.csipinvest.com>.

The District limits its exposure to credit risk, which is the risk of loss due to the failure of the security issuer or backer, by diversifying the investment portfolio so that potential losses on individual securities will be minimized and by limiting investments to specified credit ratings. Management believes at December 31, 2021, no investments subject the District to credit concentration risk. The District's interest rate risk is related only to its investments with the Colorado Local Government Liquid Asset Trust (COLOTRUST) and Colorado Statewide Investment Pool (CSIP).

In addition, District funds may only be deposited in banks that are members of the Federal Deposit Insurance Corporation (FDIC) or have been designated by the State Banking Board as an eligible public depository under the Colorado Public Deposit Protection Act (PDPA). Under the provisions of PDPA, amounts on deposit in excess of federal insurance levels must be collateralized by the

depository using securities with a market value of 102 percent of the aggregate uninsured deposits. The State Regulatory Commission for banks and financial services is required by statute to qualify eligible PDPA depositories, limit the types of securities that can be used for collateral, and monitor the reporting of uninsured deposits and assets maintained in the collateral pools.

At December 31, 2021, the District had deposits with a book balance of \$94,456 and a bank balance of \$683,279, of which \$277,896 was covered by the FDIC. As required by State of Colorado Law, no deposits held by the district as of 12/31/21 in a single depository institution exceeded 25 percent of the District's total investment portfolio.

Effective January 1, 2016, the District implemented the provisions of GASB Statement No. 72, *Fair Value Measurements and Application* (GASB 72), which is effective for financial statement periods beginning after June 30, 2015. GASB 72 defines a hierarchy of inputs used to determine fair value and requires disclosure of the valuation techniques and the nature of inputs employed to determine fair value.

The District holds investments in external government investment pools which are stated at net asset value which approximate fair value. At this time, the District does not hold investments carried at fair value as defined by GASB 72.

The Foundation holds the following cash and investments at December 31, 2021:

	<u>Unrestricted</u>
Total Cash and Investments	
Cash	\$ 184,475
Investments	1,304,711
Endowments	<u>58,085</u>
Total Cash and Investments	<u>\$ 1,547,271</u>

The Foundation reports investments in accordance with GASB, all of which are considered to be Level 1, at market value as an approximation of fair value on December 31, 2021.

In late 2020, the Foundation established the Douglas County Libraries Foundation Fund (the Fund). The Fund is a Nonprofit Agency Endowment Fund that is held and managed by the Rose Community Foundation on behalf of the Foundation. The Fund is designed to preserve investment principal in perpetuity, and provide investment income that can be channeled into the Foundation's support efforts for the District. In December 2021, the Foundation invested an additional \$25,000 of its own liquid assets in the Fund.

The Fund's assets are invested according to the Rose Community Foundation's asset allocation methods. Up to 2% of the Fund's assets are eligible to be distributed annually (the Spendable Amount), with any unused Spendable Amount being returned to Fund Principle at the end of each calendar year. The Foundation did not distribute any of the Fund's assets in 2021.

The Foundation funds may also only be deposited in a bank that is a member of the FDIC or has been designated by the State Banking Board as an eligible public depository under the Colorado PDPA. At December 31, 2021, the Foundation had deposits with a book balance of \$186,151 and bank balance of \$184,474 which was insured by the FDIC. As required by State of Colorado Law, no deposits held by the district as of 12/31/21 in a single depository institution exceeded 25 percent of the Foundation's total investment portfolio. The Foundation

currently invests excess cash in an investment account with Bank of Oklahoma where funds are used to purchase a mix of equities, mutual funds, bonds, Real Estate Investment Trusts (REITs), as well as cash.

3. Capital Assets

The District disposed of items with a net book value totaling \$10,826 comprised mostly of the Highlands Ranch playscape that had parts for cart corral replaced, as well as the projection screen that was replaced at Highlands Ranch.

The District recorded depreciation expense of \$4,914,297 for the year ended December 31, 2021, of which \$2,061,660 is attributable to the District's library materials and the remainder being primarily attributable to the newly capitalized facilities, due to the age of the District's other facilities.

Capital asset activity for the year ended December 31, 2021:

	Balance 1/1/2021	Additions	Deductions	Balance 12/31/2021
Capital assets not being depreciated:				
Land	\$ 6,591,347	\$0	\$0	\$ 6,591,347
Construction in progress	233,081	1,202,091	0	1,435,172
Artwork	225,854	0	0	225,854
Total capital assets not being depreciated	7,050,282	1,202,091	0	8,252,373
Capital assets being depreciated:				
Buildings	43,251,186			43,251,186
Building Improvements	6,053,732	130,691	(37,542)	6,146,881
Computers	3,551,512	661,907	(55,172)	4,158,247
Shelving	1,569,056	0	0	1,569,056
Furniture	2,545,668	40,139	(8,800)	2,577,007
Equipment and machinery	2,991,807	11,989	0	3,003,796
Library materials	7,117,306	1,608,962	(1,695,750)	7,030,518
Total capital assets being depreciated	67,080,267	2,453,688	(1,797,264)	67,736,691
Accumulated depreciation:				
Buildings	(12,584,839)	(1,434,658)	0	(14,019,497)
Building Improvements	(989,527)	(399,596)	33,977	(1,355,146)
Computers	(2,995,297)	(305,946)	55,171	(3,246,072)
Shelving	(674,008)	(145,479)	0	(819,487)
Furniture	(915,618)	(247,940)	1,540	(1,162,018)
Equipment and machinery	(2,012,814)	(319,018)	0	(2,331,832)
Library materials	(1,899,189)	(2,061,660)	1,695,750	(2,265,099)
Total accumulated depreciation	(22,071,292)	(4,914,297)	1,786,438	(25,199,151)
Total capital assets being depreciated, net	45,008,975	(2,460,609)	(10,826)	42,537,540
Governmental activities capital assets, net	\$ 52,059,257	\$ (1,258,518)	\$ (10,826)	\$ 50,789,913

4. Commitments

Operating Lease Commitments

The District leases library facilities and equipment under operating leases. Total costs for such leases were \$177,430 for the year ended December 31, 2021. The future minimum payments for these leases are shown below:

<u>Year Ended December 31,</u>	
2022	\$164,361
2023	113,028
2024	113,028
Total	\$390,417

5. Long-Term Debt

Certificates of Participation

In 2015, the District issued \$20,655,000 in Certificates of Participation (2015 CoPs) to partially fund the construction of three new libraries. The 2015 CoPs carry an average coupon rate of 2.545 percent. Interest payments are due semi-annually in June and December. Principal payments are due annually in December, through 2030.

Annual debt service requirements are as follows as of December 31, 2021:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$1,320,000	\$692,625	\$2,012,625
2023	1,385,000	626,625	2,011,625
2024	1,455,000	557,375	2,012,375
2025	1,525,000	484,625	2,009,625
2026	1,600,000	408,375	2,008,375
2027 - 2030	7,250,000	792,250	8,042,250
	<u>\$14,535,000</u>	<u>\$3,561,875</u>	<u>\$18,096,875</u>

Lease to Purchase

In 2021, the District entered into a lease to purchase for nineteen self check kiosks for a total purchase price of \$222,863 and a financed cost of \$196,844. Principal and interest payments are due annually in May from 2022 through 2025.

Annual debt service requirements are as follows as of December 31, 2021:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$40,164	\$9,047	\$49,211
2023	42,256	6,955	49,211
2024	44,458	4,753	49,211
2025	46,774	2,437	49,211
	<u>\$173,652</u>	<u>\$23,192</u>	<u>\$196,844</u>

Changes in Long-Term Debt

Changes in the District's long-term obligations for the year ended December 31, 2021 consisted of the items below:

	<u>Balance 1/1/2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2021</u>	<u>Due Within One Year</u>
Governmental Activities:					
Compensated absences	\$ 1,203,383	\$ 1,502,434	\$ 1,332,817	\$ 1,373,000	\$ 1,373,000
2015 Certificates of Participation	15,805,000		1,270,000	14,535,000	1,320,000
2015 Premium	1,549,820		261,995	1,287,825	253,799
Lease to Purchase		0	246,055	196,844	40,164
Total	<u>\$ 18,558,203</u>	<u>\$ 1,748,489</u>	<u>\$ 2,914,023</u>	<u>\$ 17,392,669</u>	<u>\$ 2,986,963</u>

The general fund is used to liquidate compensated absences.

6. Employee Retirement Plans

DEFINED BENEFIT PENSION PLAN

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

Benefits provided. 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 CRS § 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 2.50 percent and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

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

- Highest average salary multiplied by 2.50 percent and then multiplied by years of service credit.
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

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

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the CRS. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007, and all benefit recipients of the DPS benefit structure receive an annual increase of two percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of two percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of two percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF.

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 retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

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

Contributions. Eligible employees of the District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under CRS § 24-51-401, et seq. Eligible employees are required to contribute 8 percent of their PERA-includable salary.

The employer contribution requirements are summarized in the tables below:

January 1st through June 30th

	Rate
Employer Contribution Rate ¹	10.00%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in CRS § 24-51-208(1)(f) ¹	(1.02)%
Amount Apportioned to the LGDTF ¹	8.98%
Amortization Equalization Disbursement (AED) as specified in CRS § 24-51-411 ¹	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in CRS § 24-51-411 ¹	1.50%
Total Employer Contribution Rate to the LGDTF ¹	12.68%

July 1st through December 31st

	Rate
Employer Contribution Rate ¹	10.50%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in CRS § 24-51-208(1)(f) ¹	(1.02)%
Amount Apportioned to the LGDTF ¹	9.48%
Amortization Equalization Disbursement (AED) as specified in CRS § 24-51-411 ¹	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in CRS § 24-51-411 ¹	1.50%
Total Employer Contribution Rate to the LGDTF ¹	13.18%

¹Rates are expressed as a percentage of salary as defined in CRS § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the District were \$1,620,924 for the year ended December 31, 2021.

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

At December 31, 2021, the District reported a liability of \$8,539,635 for its proportionate share of the net pension liability. The net pension liability 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. The District's proportion of the net pension liability was based on District contributions to the LGDTF for the calendar year 2020 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2020, the District's proportion was 1.639 percent, which was a decrease of 0.062 percent from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the District recognized pension expense that was reduced by (\$1,445,742) and reported pension related deferred outflows of resources and deferred inflows of resources related to pensions as shown in the following table:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 412,884	\$ 0
Changes of assumptions or other inputs	2,063,696	0
Net difference between projected and actual earnings on pension plan investments	0	9,235,143
Changes in proportion and differences between contributions recognized and proportionate share of contributions	0	348,548
Contributions subsequent to the measurement date	1,620,924	0
Total	\$ 4,097,504	\$ 9,583,691

Contributions subsequent to the measurement date of \$1,620,924 and reported as deferred outflows of resources related to pensions will be recognized as a reduction of the net pension liability in the year ended December 31, 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:

Year Ended December 31,

2022	\$ (1,437,963)
2023	(1,183,608)
2024	(3,194,196)
2025	(1,291,344)
	<u>\$ (7,107,111)</u>



Actuarial assumptions. The total pension liability in the December 31, 2019, actuarial valuation was determined using the following 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%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07, and DPS benefit structure (compounded annually)	1.25%
PERA benefit structure hired after 12/31/06	Financed by the AIR

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

Post-retirement non-disabled mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

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

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

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

Based on the 2020 experience analysis, dated October 28, 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 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:	
Members other than State Troopers	3.20-11.30%
State Troopers	3.20-12.40%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07, and DPS benefit structure (compounded annually)	1.25%
PERA benefit structure hired after 12/31/06	Financed by the AIR

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

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

Pre-retirement mortality assumptions for Members other than State Troopers were based upon the PubG-210 Employee Table with generational projections using scale MP-2019.

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

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

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

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

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

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

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 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent 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 percentage and then adding expected inflation.

The PERA Board first adopted the 7.25 percent 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 ¹	6.00%	4.70%
Total	100.00%	

¹The 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 percent.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate was an actuarial valuation performed as of December 31, 2019, and the financial status of the Trust Fund as of the prior measurement date (December 31, 2019). 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 percent.
- 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 year, including the scheduled increase in SB 18-200. Employer contributions also include current and estimate future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. 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 LGDTF’s, 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 LGDTF’s position and the subsequent AIR benefits payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. The table below presents the proportionate share of the net pension liability calculated

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 19,671,917	\$ 8,539,635	\$ (754,369)

Pension plan fiduciary net position. Detailed information about the LGDTF’s fiduciary net position is available in PERA’s comprehensive annual financial report, which can be obtained at www.copera.org/investments/pera-financial-reports.

OTHER POST EMPLOYMENT BENEFITS

Health Care Trust Fund

Plan description. Eligible employees of the District are provided with other post-employment benefits (OPEB) through the Health Care Trust Fund (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. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans; however, the subsidy is not available if only enrolled in the dental and/or vision plan(s).

The health care premium subsidy is based upon the benefit structure under which the member retires and the member’s years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member

contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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 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 in 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 basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20.

The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

Contributions. 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 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$125,254 for the year ended December 31, 2021.

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

At December 31, 2021, the District reported a liability of \$1,186,573 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. The District's proportion of the net OPEB liability was based on the District contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the District's proportion was 0.125 percent, which was a decrease of (0.005) percent from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the District

recognized reduction of OPEB expense of \$133,500. At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,149	\$ 260,866
Changes of assumptions or other inputs	8,866	72,760
Net difference between projected and actual earnings on OPEB plan investments	0	48,484
Changes in proportion and differences between contributions recognized and proportionate share of contributions	0	139,385
Contributions subsequent to the measurement date	125,254	0
	<u>\$ 137,269</u>	<u>\$ 521,495</u>

The District reported \$125,254 as deferred outflows of resources related to OPEB, which resulted from contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended December 31, 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 December 31,</u>	
2022	\$ (125,253)
2023	(117,635)
2024	(124,332)
2025	(104,105)
2026	(38,155)
	<u>\$ (509,480)</u>

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 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	
PERA benefit structure:	
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% in 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

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

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, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. 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 that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
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 State Division, Local Government Division, and Judicial Division Trust Funds were applied, as applicable, in the December 31, 2019 valuation for the HCTF. Affiliated employers of these Division Trust Funds 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 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions for the State and Local Government used in the December 31, 2019, valuation 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 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Post-retirement non-disabled mortality assumptions for the School and Judicial Divisions used in the December 31, 2019, valuation were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

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

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

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

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.

	State Division	School Division	Local Government Division	Judicial Division
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

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

Mortality assumptions used in the roll forward calculations for the State, School, Local Government, and Judicial Divisions as shown below were applied in the roll forward calculation for the HCTF.

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

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 projections 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.

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

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

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

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

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

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

106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

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

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

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

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent 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 head-count weighted basis.

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 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 or 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 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
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%
Net OPEB Liability	\$ 1,155,904	\$ 1,186,573	\$ 1,222,275

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 percent. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2019, and the financial status of the Trust Fund as of the prior measurement date (December 31, 2019). In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 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 percent.
- 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 transfer 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.

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

The PERA Board first adopted the 7.25 percent 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 more 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 ¹	6.00%	4.70%
Total	100.00%	

¹The 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 rate of return assumption of 7.25%.

Sensitivity of the District'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:

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension 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; therefore, the discount rate is 7.25 percent.

There was no change in the discount rate from the prior measurement date.

Sensitivity of the District's proportionate share of the net 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 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 1,359,241	\$ 1,186,573	\$ 1,039,042

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's comprehensive annual financial report, which can be obtained at www.copera.org/investments/pera-financial-reports.

7. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources or revenue until that time.

At December 31, 2021, the District has recorded a deferred inflow for property tax revenues to be levied and collected in 2022 of \$32,302,146. Accordingly, the District has presented these unavailable revenues as a deferred inflow of resources in the balance sheet – governmental fund/statement of net position as prescribed under Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65).

Additionally, at December 31, 2021, the District has recorded a deferred inflow for pension and OPEB-related liabilities of \$9,583,691 and \$521,495, respectively. Accordingly, the District has presented these unavailable revenues as a deferred inflow of resources in the balance sheet – governmental fund/statement of net position as prescribed under GASB 68 and GASB 75.

8. Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position or fund balance that applies to a future period and so will not be recognized as an outflow of resources until that time.

At December 31, 2021, the District has recorded a

deferred outflow for pension and OPEB-related liabilities of \$4,097,504 and \$137,269, respectively. Accordingly, the District has presented these unavailable revenues as a deferred outflow of resources in the balance sheet – governmental fund/statement of net position as prescribed under GASB 68 and GASB 75.

9. Fund Balance/Net Position

The District reports fund balance and net position in accordance with GASB 54. This statement redefines the elements of fund balance in governmental funds and more clearly describes the different types of governmental funds.

Amounts reported as nonspendable fund balance at December 31, 2021, include prepaids of \$528,263 considered nonspendable in form and \$18,655 of security deposits required under the provisions of an easement and a lease.

At December 31, 2021, the District reported restricted fund balance of \$998,618, which is the emergency reserve as required by Article X, Section 20, of the Colorado Constitution.

Assigned fund balance at December 31, 2021, includes \$3,900,000, which is pursuant to the District's reserve policy to establish reserves to cover first-quarter obligations prior to receipt of property tax revenues, contingencies, and insurance deductibles.

The District reported unassigned fund balance at December 31, 2021, of \$23,852,329.

Net position as reported at December 31, 2021, includes a net investment in capital assets of \$34,770,244. This amount represents the District's investment in capital assets of \$50,789,913, net of the District's remaining obligation under the 2015 CoPs at December 31, 2021, of \$15,822,825, which is net of unamortized premium of \$1,287,825 and net of Lease to Purchase for self check kiosks of \$196,844.

The Foundation reported net position at December 31, 2021, comprised of unrestricted funds of \$1,428,840.



10. Risk Management

The District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters for which the District carries commercial and workers' compensation insurance. Settled claims have not exceeded coverage for property, liability, or workers' compensation deductibles in the past five fiscal years. In the 2022 Budget, the District has included funds to provide limited medical benefits for volunteers who serve in the District in lieu of workers' compensation for which volunteers are ineligible.

11. Tax, Spending and Debt Limitations

Article X, Section 20, of the Colorado Constitution contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments. In 1996, the voters of the County approved an increased mill levy and authorized the District to collect and spend or retain all revenue without regard to any limitations under this article or any other Colorado law. A Colorado Attorney General's opinion issued in 1999 affirms the ability of a district that holds a vote pursuant to statute to obtain such voter approval.

12. Subsequent Events

In March 2021, the District signed an amendment to Guaranteed Maximum Price (GMP) Design-Build contract

with Fransen Pittman (FP) for the District's Castle Rock branch that established the terms and conditions necessary for design and construction of a new Castle Rock branch. At the same time, the District amended its 2021 budget to appropriate funds for the design and construction work on the new Castle Rock branch that was expected to be completed in 2021.

Design of the new Castle Rock branch began in April 2021. Pursuant to the terms of the March 2021 amendment, the District's Board of Trustees met on February 23, 2022 and took the following actions:

- a) signed another GMP Design-Build contract amendment to:
 - approve the design of the new Castle Rock branch,
 - accept a revised GMP of \$22,310,842 for FP's fees and costs for the construction of the new Castle Rock branch, and
 - agree to a construction schedule for the new Castle Rock branch.
- b) approved the expenditure of \$ 1.5M by the District in addition to the GMP Design-Build contract for the District's costs for city fees, utility and development costs, geotechnical and materials testing, and contingencies related to the new Castle Rock branch.

REQUIRED SUPPLEMENTARY INFORMATION

Pages 38-42



BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance
Expenditures				
Current				
Operating				
Salaries and benefits	\$ 16,692,623	\$ 16,692,629	\$ 15,807,234	\$ 885,395
Library materials	3,879,982	3,879,982	3,847,342	32,640
Facilities	1,887,338	1,915,958	1,673,773	242,185
Technology and support services	1,752,237	1,752,237	1,360,864	391,373
Programs and outreach	1,040,189	1,046,189	822,131	224,058
District-wide support	1,674,959	1,666,958	1,188,083	478,875
Capital Outlay	1,286,870	6,460,244	2,046,816	4,413,428
Debt Service	2,013,425	2,013,425	2,013,425	0
Total Expenses	<u>30,227,623</u>	<u>35,427,622</u>	<u>28,759,668</u>	<u>6,667,954</u>
Program Revenues				
Operating contributions and grants	321,652	321,652	264,404	(57,248)
Charges for services	577,453	577,453	566,869	(10,584)
Total Program Revenues	<u>899,105</u>	<u>899,105</u>	<u>831,273</u>	<u>(67,832)</u>
Net Program Expenses	<u>29,328,518</u>	<u>34,528,517</u>	<u>27,928,395</u>	<u>6,600,122</u>
General Revenues				
Property taxes	29,713,820	29,713,820	29,655,129	(58,691)
Auto ownership taxes	2,516,416	2,516,416	2,888,807	372,391
Investment earnings	237,370	211,259	38,739	(172,520)
Total General Revenues	<u>32,467,606</u>	<u>32,441,495</u>	<u>32,582,675</u>	<u>141,180</u>
Other Financing Sources				
Lease income, net	161,774	161,774	108,853	(52,921)
Lease to Purchase	0	0	196,844	196,844
Total Other Financing Sources	<u>161,774</u>	<u>161,774</u>	<u>305,697</u>	<u>143,923</u>
Net Change in Fund Balance	3,300,862	(1,925,248)	4,959,977	6,885,225
Fund Balance, Beginning of Year	<u>22,047,043</u>	<u>22,047,043</u>	<u>24,337,888</u>	<u>2,290,845</u>
Fund Balance, End of Year	<u>\$ 25,347,905</u>	<u>\$ 20,121,795</u>	<u>\$ 29,297,865</u>	<u>\$ 9,176,070</u>

See the accompanying independent auditor's report.

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

For the Years Ended December 31,

	District's proportion (percentage) of the collective net pension liability (asset)	District's proportionate share of the collective pension liability (asset)	Covered payroll	District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net pension as a percentage of the total pension liability
2021	1.64%	\$8,539,635	\$11,664,855	73%	90.88%
2020	1.70%	\$12,441,110	\$11,715,798	106%	86.26%
2019	1.72%	\$21,675,902	\$11,308,418	192%	75.96%
2018	1.80%	\$20,082,094	\$11,800,629	170%	79.37%
2017	1.85%	\$24,917,735	\$11,184,779	223%	73.60%
2016	1.76%	\$19,433,036	\$10,018,742	194%	76.90%
2015	1.76%	\$15,770,396	\$9,641,175	164%	62.80%

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

For the Years Ended December 31,

	District's proportion (percentage) of the collective net OPEB liability (asset)	District's proportionate share of the collective OPEB liability (asset)	Covered payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net OPEB as a percentage of the total pension liability
2021	0.12%	\$1,186,573	\$11,664,855	10.17%	32.78%
2020	0.13%	\$1,464,199	\$11,715,798	12.50%	24.49%
2019	0.13%	\$1,819,124	\$11,308,418	16.09%	17.03%
2018	0.14%	\$1,821,389	\$11,800,629	15.43%	17.53%
2017	0.14%	\$1,836,557	\$11,184,779	16.42%	

See Note 2 to the Required Supplementary Information.

See the accompanying independent auditor's report.

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS TO THE PENSION PLAN

For the Years Ended December 31,

	Statutorily required contributions	Contributions in relation to the statutorily required distribution	Contribution deficiency (excess)	Covered payroll	Contribution as a percentage of covered payroll
2021	\$ 1,620,924	\$ 1,620,924	\$ -	12,279,731	13.20%
2020	\$ 1,505,196	\$ 1,505,196	\$ -	11,664,855	12.90%
2019	\$ 1,485,563	\$ 1,485,563	\$ -	11,715,798	12.68%
2018	\$ 1,433,907	\$ 1,433,907	\$ -	11,308,418	12.68%
2017	\$ 1,496,320	\$ 1,496,320	\$ -	11,800,629	12.68%
2016	\$ 1,364,600	\$ 1,364,600	\$ -	11,184,779	12.20%
2015	\$ 1,270,376	\$ 1,270,376	\$ -	10,018,742	12.68%

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS TO OPEB

For the Years Ended December 31,

	Statutorily required contributions	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered payroll	Contribution as a percentage of covered payroll
2021	\$ 125,254	\$ 125,254	\$ -	12,279,731	1.02%
2020	\$ 118,982	\$ 118,982	\$ -	11,664,855	1.02%
2019	\$ 119,501	\$ 119,501	\$ -	11,715,798	1.02%
2018	\$ 115,346	\$ 115,346	\$ -	11,308,418	1.02%
2017	\$ 116,056	\$ 116,056	\$ -	11,800,629	0.98%

See Note 2 to the Required Supplementary Information.

See the accompanying independent auditor's report.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2021

1. Stewardship, Compliance, and Accountability

The District's Board of Trustees holds a public hearing in the fall each year to approve the budget for the general fund and appropriate the funds for the ensuing year. Expenditures may not legally exceed amounts appropriated by fund. Any change in the budget for a particular fund requires approval by the Board of Trustees. Management is authorized to make transfers between line items within a fund.

This budgetary comparison schedule is presented on a basis in conformity with generally accepted accounting principles (GAAP).

2. Pension and OPEB Related Disclosures

GASB 68, adopted during fiscal year 2015, and GASB 75, implemented during fiscal year 2018, require disclosure of the District's proportionate share of the net pension liability at the measurement date and contributions to the pension plan for the previous 10-year period. Until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

SUPPLEMENTARY INFORMATION

Pages 43-45



SUMMARY OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – GENERAL FUND

For the Years Ended December 31,
(Unaudited)

	2017	2018	2019	2020	2021
Expenditures					
Current					
Operating					
Salaries and benefits	\$ 15,131,960	\$ 15,329,173	\$ 15,018,559	\$ 15,243,578	\$ 15,807,234
Library materials	3,495,573	3,637,645	3,669,890	3,840,904	3,847,342
Facilities	1,492,179	1,584,348	1,810,114	1,527,772	1,673,773
Technology and support services	1,346,219	1,277,527	1,370,079	1,412,851	1,360,864
Programs and outreach	858,872	696,395	813,191	503,623	822,131
District-wide support	1,202,971	1,402,729	1,242,742	1,099,971	1,188,083
Capital Outlay	4,040,637	2,853,711	4,511,943	1,214,327	2,046,816
Debt Service	2,009,800	2,011,300	2,012,300	2,012,800	2,013,425
Total Expenses	<u>29,578,211</u>	<u>28,792,828</u>	<u>30,448,818</u>	<u>26,855,826</u>	<u>28,759,668</u>
Program Revenues					
Operating contributions and grants	321,972	367,555	400,796	340,873	264,404
Charges for services	897,226	697,870	689,313	410,207	566,869
Total Program Revenues	<u>1,219,198</u>	<u>1,065,425</u>	<u>1,090,109</u>	<u>751,080</u>	<u>831,273</u>
Net Program Expenses	<u>(28,359,013)</u>	<u>(27,727,403)</u>	<u>(29,358,709)</u>	<u>(26,104,746)</u>	<u>(27,928,395)</u>
General Revenues					
Property taxes	22,807,820	25,394,616	25,757,166	28,971,244	29,655,129
Auto ownership taxes	2,505,786	2,693,552	2,512,679	2,529,513	2,888,807
Investment earnings	270,315	552,552	548,596	195,065	38,739
Total General Revenues	<u>25,583,921</u>	<u>28,640,720</u>	<u>28,818,441</u>	<u>31,695,822</u>	<u>32,582,675</u>
Other Financing Sources					
Lease income, net	146,842	262,934	191,914	106,996	108,853
Lease to Purchase	0	0	0	0	196,844
Proceeds from lease purchase financing, net	0	0	0	0	0
Proceeds from sale of capital assets	0	0	0	0	0
Total Other Financing Sources	<u>146,842</u>	<u>262,934</u>	<u>191,914</u>	<u>106,996</u>	<u>305,697</u>
Net Change in Fund Balance	<u>(2,628,250)</u>	<u>1,176,251</u>	<u>(348,354)</u>	<u>5,698,072</u>	<u>4,959,977</u>
Fund Balance, Beginning of Year	<u>20,440,169</u>	<u>17,811,919</u>	<u>18,988,170</u>	<u>18,639,816</u>	<u>24,337,888</u>
Fund Balance, End of Year	<u>\$ 17,811,919</u>	<u>\$ 18,988,170</u>	<u>\$ 18,639,816</u>	<u>\$ 24,337,888</u>	<u>\$ 29,297,865</u>

HISTORY OF ASSESSED VALUATIONS

(Unaudited)

Levy / Collection Year	Assessed Valuation	Percent Change	Statutory "Actual" Value
2016/2017	\$5,686,174,292	1.76%	\$50,989,716,383
2017/2018	\$6,338,899,010	11.48%	\$60,820,530,833
2018/2019	\$6,438,835,604	1.58%	\$62,315,982,391
2019/2020	\$7,239,081,296	12.43%	\$72,076,633,311
2020/2021	\$7,406,236,279	2.31%	\$74,185,916,447
2021/2022	\$8,065,691,731	8.90%	\$81,370,875,194

HISTORY OF MILL LEVIES

(Unaudited)

Levy / Collection Year	General Fund	Special Abatement	Total Levy
2016/2017	4.000	0.016	4.016
2017/2018	4.000	0.021	4.021
2018/2019	4.000	0.008	4.008
2019/2020	4.000	0.023	4.023
2020/2021	4.000	0.012	4.012
2021/2022	4.000	0.021	4.021

PROPERTY TAX COLLECTIONS

(Unaudited)

Levy / Collection Year	Taxes Levied	Current Tax Collections	Collection Rate
2015/2016	\$ 22,546,942	\$ 22,441,945	99.53%
2016/2017	\$ 22,835,676	\$ 22,836,855	100.01%
2017/2018	\$ 25,488,713	\$ 25,488,019	100.00%
2018/2019	\$ 25,806,853	\$ 25,849,883	100.17%
2019/2020	\$ 29,122,824	\$ 29,173,238	100.17%
2020/2021	\$ 29,713,820	\$ 29,901,263	100.63%



Douglas County Libraries 

DCL.ORG