

COLORADO LIBRARY CONSORTIUM

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2022



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**COLORADO LIBRARY CONSORTIUM
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YEAR ENDED JUNE 30, 2022**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Colorado Library Consortium
Centennial, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of the Colorado Library Consortium, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Colorado Library Consortium's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Colorado Library Consortium, as of June 30, 2022, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Colorado Library Consortium 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 Colorado Library Consortium's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

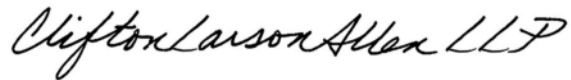
In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of revenues, expenditures, and changes in fund balance – budget and actual – General Fund, schedule of proportionate share of the net pension liability, schedule of pension contributions and related ratios, schedule of proportionate share of the net OPEB liability, and schedule of OPEB contributions and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



CliftonLarsonAllen LLP

Greenwood Village, Colorado
March 10, 2023

**COLORADO LIBRARY CONSORTIUM
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

As management of the Colorado Library Consortium (CLiC), we offer the following management summary documenting the financial condition, operational highlights, and activities of the organization for the year ended June 30, 2022. Since its inception in August of 2004, CLiC has matured into a stable organization with policies and procedures to manage its financial assets. At this time, the organization is well established in the Colorado library community and offers a robust set of services to its member libraries, which include public, academic, school, and special libraries. Information about those services can be found on the CLiC web site (www.clicweb.org) along with the organization's long-range strategic plan and annual operational plan. CLiC's funding was stable during the past fiscal year.

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

Required Financial Statements

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

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

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

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

The government-wide financial statements can be found on pages 9-10 of this report.

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

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

The basic governmental fund financial statements can be found on pages 11-15 of this report.

**COLORADO LIBRARY CONSORTIUM
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Analysis of Overall Financial Position and Operations

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Current Assets	\$ 4,230,313	\$ 3,743,299
Capital Assets	147,455	-
Net Pension Asset	115,810	-
Total Assets	<u>4,493,578</u>	<u>3,743,299</u>
Deferred Outflows of Resources	114,768	305,806
Current Liabilities	220,084	172,155
Unearned Revenue	1,222,926	300,071
Member Deposit	-	836,857
Compensated Absences	70,164	72,740
Lease Payable	154,518	-
Net Other Postemployment Benefit (OPEB) Liability	90,546	110,111
Net Pension Liability	-	791,142
Total Liabilities	<u>1,758,238</u>	<u>2,283,076</u>
Deferred Inflows of Resources	1,139,776	906,993
Net Investment in Capital Assets	(7,063)	-
Restricted: Net Pension Asset	115,810	-
Unrestricted	1,601,585	859,036
Total Net Position	<u>\$ 1,710,332</u>	<u>\$ 859,036</u>

Net position may serve over time as one of several useful indicators of the organization's financial position. At June 30, 2022, CLiC's overall net position increased \$851,296 over the prior fiscal year with ending net position of \$1,710,332.

CLiC's proportionate share of the net pension asset and the other postemployment benefit (OPEB) liability of the Local Government Division Trust Fund managed by Colorado PERA resulted in increases to net position totaling \$502,697 in fiscal year 2022. Equivalent changes in the net pension liability and net OPEB liability are experienced by other organizations that participate in Colorado PERA and many of those organizations may likewise see swings in net positions as a result of outcomes reported by Colorado PERA. The required inclusion of the net pension asset, net OPEB liability, and related deferred inflows of resources and deferred outflows of resources result in a lower net position by \$999,744 as of June 30, 2022.

During fiscal year 2022, CLiC implemented Governmental Accounting Standards Board Statement No. 87 (GASB 87), *Leases*, which resulted in recording a lease asset and lease liability relating to CLiC's lease of office space.

**COLORADO LIBRARY CONSORTIUM
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Analysis of Overall Financial Position and Operations (Continued)

	<u>Year Ended June 30, 2022</u>	<u>Year Ended June 30, 2021</u>
Program Revenue		
Program and Services	\$ 2,600,166	\$ 2,774,070
Cooperative Projects	2,692,882	2,839,981
General Revenue		
Colorado Department of Education	1,000,000	1,000,000
Miscellaneous Revenue	2,000	-
Interest Income	5,033	2,623
Total Revenue	<u>6,300,081</u>	<u>6,616,674</u>
Expenses		
Program and Services	1,969,194	2,378,220
Cooperative Projects	2,571,350	2,671,345
Operation	902,584	1,422,561
Interest Expense	5,657	-
Total Expenses	<u>5,448,785</u>	<u>6,472,126</u>
Change in Net Position	851,296	144,548
Net Position - Beginning of Year	<u>859,036</u>	<u>714,488</u>
Net Position - End of Year	<u>\$ 1,710,332</u>	<u>\$ 859,036</u>

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

Currently, CLiC receives \$1,000,000 annually from the state of Colorado in operating funding, and brings in approximately \$5.3 million in additional revenues through various services, programs, and activities. These additional revenues are primarily used in purchasing services for other organizations that CLiC serves.

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

**COLORADO LIBRARY CONSORTIUM
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Analysis of Overall Financial Position and Operations (Continued)

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

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

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

Capital Assets

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Furniture and Fixtures	\$ 7,593	\$ 7,593
Lease Asset - Office Space	225,063	225,063
Lease Asset - Accumulated Depreciation	<u>(85,201)</u>	<u>(7,593)</u>
Net Capital Assets	<u>\$ 147,455</u>	<u>\$ 225,063</u>

General Fund Budgetary Highlights

The CLiC board approved the original fiscal year 2022 budget in June 2021. CLiC management continues a philosophy of conservative budgeting and use of funds. Delinquent accounts have been cleared from the books, and staff members involved with invoicing libraries actively work to stay current with service fees from those member libraries.

**COLORADO LIBRARY CONSORTIUM
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Facts, Decisions, and Conditions Expected to have Future Ramifications

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

CLiC's contracts with the State Library continue to be stable and work well for both organizations. Consistent, recurring communication with State Library leadership ensures CLiC has advance notice should the State Library decide to make changes. In addition, the state of Colorado's financial situation continues to be monitored by CLiC's management and board. For fiscal year 2023, the state appropriation earmarked for CLiC is intact, though CLiC management is not privy to Colorado Department of Education internal budget discussions. With the increase and diversification of its revenue base over the past several years, CLiC has a stable platform and is well-positioned to handle fiscal adversity should a cut to that line item in the state budget be passed into law via the Long Bill. Several years of prudent budgeting have created a significant reserve for CLiC as well. As in past years, the executive director and board will continue to monitor the state's budget situation through the coming year.

Additional Financial Information

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

**COLORADO LIBRARY CONSORTIUM
STATEMENT OF NET POSITION
JUNE 30, 2022**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 4,196,612
Trade Accounts Receivable (Net of Allowance of \$3,000)	29,919
Prepaid Items	3,782
Capital Assets, Net of Accumulated Depreciation	147,455
Net Pension Asset	115,810
Total Assets	4,493,578
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related Items	107,585
OPEB Related Items	7,183
Total Deferred Outflows Of Resources	114,768
LIABILITIES	
Accounts Payable	202,874
Accrued Payroll Liabilities	17,210
Unearned Revenue	1,222,926
Noncurrent Liabilities:	
Compensated Absences	70,164
Lease Payable	154,518
Net OPEB Liability	90,546
Total Liabilities	1,758,238
DEFERRED INFLOWS OF RESOURCES	
Pension Related Items	1,090,214
OPEB Related Items	49,562
Total Deferred Inflows Of Resources	1,139,776
NET POSITION	
Net Investment in Capital Assets	(7,063)
Restricted for:	
Net Pension Asset	115,810
Unrestricted	1,601,585
Total Net Position	\$ 1,710,332

See accompanying Notes to Basic Financial Statements.

**COLORADO LIBRARY CONSORTIUM
BALANCE SHEET – GOVERNMENTAL FUND
JUNE 30, 2022**

	General Fund
ASSETS	
Cash and Investments	\$ 4,196,612
Trade Accounts Receivable (Net of Allowance of \$3,000)	29,919
Prepaid Items	3,782
Total Assets	\$ 4,230,313
LIABILITIES	
Accounts Payable	\$ 202,874
Accrued Payroll Liabilities	17,210
Unearned Revenue	1,222,926
Total Liabilities	1,443,010
FUND BALANCE	
Nonspendable	3,782
Assigned:	
CLEL (Early Literacy)	14,295
Collaborative Librarian	14,206
Colorado Library Card	5,921
Colorado State Library Services	314,440
Colorado Virtual Library	46,192
Coop Ebook Collection	77,070
Flatirons Library Consortium	358,623
Virtual Colorado Resource Sharing Conference	11,618
Various Library Organizations	427
Unassigned	1,940,729
Total Fund Balance	2,787,303
Total Liabilities and Fund Balance	\$ 4,230,313

See accompanying Notes to Basic Financial Statements.

**COLORADO LIBRARY CONSORTIUM
RECONCILIATION TO THE BALANCE SHEET –
GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION
JUNE 30, 2022**

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

Total Fund Balance - Governmental Fund	\$ 2,787,303
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$232,656 and accumulated depreciation is \$85,201	147,455
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the fund. Long-term liabilities at year-end consist of:	
Compensated Absences	(70,164)
Lease Payable	(154,518)
Net OPEB Liability	(90,546)
Net Pension Asset	115,810
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Pension Plan	107,585
OPEB	7,183
Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Pension Plan	(1,090,214)
OPEB	(49,562)
Total Net Position	\$ 1,710,332

**COLORADO LIBRARY CONSORTIUM
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2022**

	General Fund
REVENUES	
State Appropriation	\$ 1,000,000
Administrative Fees	44,080
AspenCat Catalog	222,626
Colorado State Library Reimbursements	394,831
Courier Income	871,756
Continuing Education and Workshops	5,230
Cooperative Projects	2,692,882
No Store Income	13,899
Colorado State Library Services	368,495
Flatirons Library Consortium	577,790
Collaborative Librarian	1,341
Colorado Library Card	1,940
Colorado Libraries for Early Literacy (CLEL)	9,647
Coop Ebook Collection	59,938
Colorado Virtual Library	26,483
Virtual Colorado Resource Sharing Conference	2,110
Miscellaneous Revenue	2,000
Interest Income	5,033
Total Revenues	\$ 6,300,081

**COLORADO LIBRARY CONSORTIUM
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUND (CONTINUED)
YEAR ENDED JUNE 30, 2022**

EXPENDITURES

Payroll, Taxes, and Benefits	\$ 1,247,495
Program and Service Expenditures:	
AspenCat Union Catalog	127,337
Consulting Travel and Lodging	19,137
Continuing Education and Workshops	11,936
Cooperative Projects	2,571,350
Courier Services	1,056,233
Other Programs	6,533
Colorado State Library Services	162,389
Coop Ebook Collection	38,574
Flatirons Library Consortium	403,025
Collaborative Librarian	275
Colorado Library Card	4,204
Colorado Libraries for Early Literacy (CLEL)	13,747
Research Institute for Public Libraries (RIPL)	70
Colorado Virtual Library	24,064
Virtual Colorado Resource Sharing Conference	105
Various Library Organizations	77,847
Telecommunications and Internet	23,718
Operational Expenditures:	
Audit, Accounting, and Legal	42,080
Capital Outlay	4,861
Human Resources	3,479
Insurance	8,760
IT Support	18,064
Other Operational Expense	3,836
Supplies	1,674
Debt Service Expenditures:	
Principal	70,544
Interest	5,657
Total Expenditures	5,946,994
NET CHANGE IN FUND BALANCE	353,087
Fund Balance - Beginning of Year	2,434,216
FUND BALANCE - END OF YEAR	\$ 2,787,303

See accompanying Notes to Basic Financial Statements.

**COLORADO LIBRARY CONSORTIUM
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

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

Net Change In Fund Balance - Governmental Fund	\$	353,087
<p>Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.</p>		
Depreciation Expense		(77,608)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds</p>		
Principal Payments on Lease Liability		70,544
Vacation Payable		2,576
<p>Some items reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The (increases) decreases in these activities consist of:</p>		
OPEB Expense		14,076
Pension Expense		488,621
		488,621
Change in Net Position	\$	851,296

**COLORADO LIBRARY CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

Major Government Fund

General Fund – The General Fund is the general operating fund of CLiC. It is used to account for all financial resources except those required to be accounted for in another fund. There were no other required funds for the year ended June 30, 2022.

**COLORADO LIBRARY CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

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

Cash and Cash Equivalents

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

Accounts Receivable

Generally, CLiC does not require collateral or other security to support customer receivables. Accounts receivable are accounted for at face value. Interest is generally not charged on overdue accounts. The allowance for doubtful accounts is estimated using history of write-offs, and management's judgment of current economic conditions and customer financial condition. The estimated allowance for doubtful accounts is \$3,000 at June 30, 2022. An account is written off only when management has determined that it is unlikely to be collected.

Capital Assets

In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$3,000 or more are reported at historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation or amortization is provided on the straight-line basis over estimated useful lives of 5 to 10 years. Depreciation and amortization expense is recorded on the statement of activities and capital assets are shown net of accumulated depreciation and amortization on the statement of net position. In the fund financial statements, capital assets are accounted for as capital outlay expenditures upon acquisition.

Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This section represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources related to pensions and other postemployment benefits are reported in the statement of net position as deferred outflows of resources. See Notes 5 and 6 for additional information.

**COLORADO LIBRARY CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This section represents acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. Deferred outflows of resources related to pensions and other postemployment benefits are reported in the statement of net position as deferred outflows of resources. See Notes 5 and 6 for additional information.

Revenues, Expenditures, and Expenses

Program revenue includes the annual appropriation from the state of Colorado. Courier income is for services billed to member and associate libraries. Courier revenue is unearned when courier billings are in advance of the courier services to be provided. Most libraries pay annually for courier services from October 2021 through September 2022, therefore approximately one fourth of CLiC's courier revenue receipts are unearned at June 30, 2022.

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

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

Expenditures and expenses are classified by function.

Income Taxes

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

Compensated Absences

CLiC allows its employees to accumulate unused vacation days. A portion of this leave, up to 240 hours, may be carried forward to the succeeding year. Upon separation of employment, a 40-hour per week employee is eligible to receive pay for unused vacation as of the date of separation. Employees working a normal schedule less than 40 hours a week are eligible for earned vacation pay on a prorated basis.

COLORADO LIBRARY CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Pension Liability

CLiC participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 5 for additional information.

Postemployment Benefits Other Than Pensions (OPEB)

CLiC participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value. See Note 5 for additional information.

Leases

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

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

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

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

**COLORADO LIBRARY CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned Revenue

Unearned revenue include fees received in advance of services performed. The majority of unearned revenue reported by CLiC relates to annual payments for subscription services paid in advance.

Fund Balance and Net Position

Fund Balance

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

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

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

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

When expenditures occur for which assigned or unassigned fund balances are available, CLiC considers amounts to have been spent first out of assigned, then unassigned. The nonspendable fund balance reports \$3,782 for prepaid items. There is no fund balance defined as either committed or restricted. CLiC presents \$665,016 as assigned fund balance related to revenues designated for specific purposes.

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as unrestricted. CLiC presents \$115,810 of restricted net position relating to its proportionate share of the net pension asset.

**COLORADO LIBRARY CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 CASH DEPOSITS AND INVESTMENTS

Cash and investments as of June 30, 2022 consist of the following:

Deposits with Financial Institutions	\$ 2,178,194
Investments with ColoTrust	<u>2,018,418</u>
Total Cash and Investments	<u><u>\$ 4,196,612</u></u>

Deposits

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

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

At June 30, 2022, CLiC's cash deposits had a carrying balance of \$2,178,194.

Investments

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

At June 30, 2022, CLiC had \$2,018,418 invested in the Colorado Local Government Liquid Asset Trust (ColoTrust) Plus+ Fund, which is an external investment pool established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the pool. The external investment pool is measured at the net asset value (NAV) per share, with each share valued at \$1.00. The pool is rated AAAM by Standard and Poor's. Investments of the pools are limited to those allowed by state statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

**COLORADO LIBRARY CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	June 30, 2021	Additions	Deletions	June 30, 2022
Equipment	\$ 7,593	\$ -	\$ -	\$ 7,593
Lease Asset - Office Space	225,063	-	-	225,063
Accumulated Depreciation - Equipment	(7,593)	-	-	(7,593)
Accumulated Depreciation - Lease	-	(77,608)	-	(77,608)
Capital Assets, Net	<u>\$ 225,063</u>	<u>\$ (77,608)</u>	<u>\$ -</u>	<u>\$ 147,455</u>

Amortization expense of \$77,608 was charged to operational expense for the year ended June 30, 2022.

As a result of implementation of GASB Statement No. 87 (GASB 87), *Leases*, \$225,063 in lease assets for office space has been added to the beginning balance presented above. As the adjustment to the beginning balance for these assets is offset by an equal amount of lease liabilities, CLiC does not report a restatement of beginning net position related to implementation of GASB 87.

NOTE 4 LONG-TERM LIABILITIES

The changes in long-term liabilities for the year ended June 30, 2022 was as follows:

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Current
Lease Payable	\$ 225,063	\$ -	\$ 70,544	\$ 154,518	\$ 74,763
Compensated Absences	72,740	74,666	77,242	70,164	70,164
Total	<u>\$ 297,803</u>	<u>\$ 74,666</u>	<u>\$ 147,786</u>	<u>\$ 224,682</u>	<u>\$ 144,927</u>

As a result of implementation of GASB Statement No. 87 (GASB 87), *Leases*, \$225,063 in lease payables for office space has been added to the beginning balance presented above. As the adjustment to the beginning balance for this liability is offset by an equal amount of lease assets, CLiC does not report a restatement of beginning net position related to implementation of GASB 87.

In February 2009, CLiC entered in a lease agreement for office space, which has been extended through amendments to the original lease agreement. The most recent amendment was entered into in March 2019 with the lease extending through June 30, 2024. Interest is calculated using an estimated incremental borrowing rate of 3%.

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

Year Ended June 30,	Principal	Interest	Total
2023	\$ 74,763	\$ 3,543	\$ 78,306
2024	79,755	1,280	81,036
Total	<u>\$ 154,518</u>	<u>\$ 4,823</u>	<u>\$ 159,342</u>

**COLORADO LIBRARY CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description

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

Benefits Provided as of December 31, 2021

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

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

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

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

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

**COLORADO LIBRARY CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

Contributions Provisions as of June 30, 2022

Eligible employees of CLiC and the state are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Employee contribution rates for the period of July 1, 2021 through June 30, 2022 are summarized in the table below:

	July 1, 2021 Through December 31, 2021	January 1, 2022 Through June 30, 2022
Employer Contribution Rate	10.50 %	10.50 %
Amount of Employer Contribution Apportioned to the health Care Trust Fund as Specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount Apportioned to the LGDTF	9.48 %	9.48 %
Amortization Equalization Disbursement (AED) as Specified in C.R.S. § 24-51-411	2.20 %	2.20 %
Supplemental Amortization Equalization Disbursement (SAED) as Specified in C.R.S. § 24-51-411	1.50 %	1.50 %
Defined Contribution Supplement as specified in C. R. S. § 24-51-415	0.02 %	0.03 %
Total Employer Contribution Rate to the LGDTF	13.20 %	13.21 %

Contribution Rates for the LGDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

**COLORADO LIBRARY CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and CLiC is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from CLiC were \$127,052 for the year ended June 30, 2022.

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

At June 30, 2022, CLiC reported an asset of \$115,810 for its proportionate share of the net pension asset. The net pension asset for the LGDTF was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total pension liability to December 31, 2021. CLiC's proportion of the net pension liability was based on CLiC's contributions to the LGDTF for the calendar year 2021 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2021, CLiC's proportion was 0.1350758%, which was a decrease of 0.0167378% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, CLiC recognized pension expense of (\$426,292). At June 30, 2022, CLiC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 5,660	\$ 1,934
Changes of Assumptions or Other Inputs	39,257	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,001,779
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions	339	86,501
Contributions Subsequent to the Measurement Date	62,329	-
Total	<u>\$ 107,585</u>	<u>\$ 1,090,214</u>

\$62,329 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	
2023	\$ (284,957)
2024	(396,730)
2025	(241,707)
2026	(121,564)

**COLORADO LIBRARY CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions

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

Actuarial Cost Method	Entry Age
Price Inflation	2.30%
Real Wage Growth	0.70%
Wage Inflation	3.00%
Salary Increases, Including Wage Inflation	3.20 - 11.30%
Long-Term Investment Rate of Return, Net of Pension Plan Investment Expenses, Including Price Inflation	7.25%
Discount rate	7.25%
Future Post Retirement Benefit Increases:	
PERA Benefit Structure Hired Prior to January 1, 2007; and DPS Benefit Structure (Automatic)	1.00% Compounded Annually Annually
PERA Benefit Structure hired after December 31, 2006 (Ad Hoc, Substantively Automatic)	Financed by the Annual Increase Reserve

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

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

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

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

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

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

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

**COLORADO LIBRARY CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

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

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

**COLORADO LIBRARY CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.

**COLORADO LIBRARY CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 DEFINED BENEFIT PENSION PLAN (CONTINUED)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net Pension Liability/(Asset)	\$ 794,061	\$ (115,810)	\$ (876,877)

Pension Plan Fiduciary Net Position

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

**COLORADO LIBRARY CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

General Information about the OPEB Plan

Plan Description

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

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

**COLORADO LIBRARY CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

PERA Benefit Structure

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

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

DPS Benefit Structure

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

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

Contributions

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and CLiC is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from CLiC were \$9,814 for the year ended June 30, 2022.

**COLORADO LIBRARY CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

At June 30, 2022, CLiC reported a liability of \$90,546 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TOL to December 31, 2021. CLiC's proportion of the net OPEB liability was based on CLiC's contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, CLiC's proportion was 0.0105004%, which was a decrease of 0.0010875% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, CLiC recognized OPEB expense of (\$9,263). At June 30, 2022, CLiC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 138	\$ 21,469
Changes of Assumptions or Other Inputs	1,875	4,912
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	5,605
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions	357	17,576
Contributions Subsequent to the Measurement Date	4,813	-
Total	<u>\$ 7,183</u>	<u>\$ 49,562</u>

\$4,813 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2023	\$ (12,171)
2024	(13,219)
2025	(12,002)
2026	(6,292)
2027	(3,000)
Thereafter	(508)

**COLORADO LIBRARY CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions

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

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

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

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

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

**COLORADO LIBRARY CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

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

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

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

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

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

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

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

**COLORADO LIBRARY CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

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

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

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

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

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

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

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

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

**COLORADO LIBRARY CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

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

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

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

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

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

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

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

**COLORADO LIBRARY CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

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

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

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

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

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare Trend Rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare Trend Rate	3.50%	4.50%	5.50%
Initial Medicare Part A Trend Rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A Trend Rate	3.50%	4.50%	5.50%
Proportionate Share of the Net OPEB Liability	\$ 87,945	\$ 90,546	\$ 93,558

Discount Rate

The discount rate used to measure the TOL was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

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

**COLORADO LIBRARY CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

Based on the above assumptions and methods, the HCTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	\$ 105,159	\$ 90,546	\$ 78,063

OPEB Plan Fiduciary Net Position

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

**COLORADO LIBRARY CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 COMPLIANCE WITH TAXPAYER BILL OF RIGHTS

Colorado voters passed an amendment to the state constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. Regional library service systems have taken the position, based on legal consultation, that they are not subject to the provisions of the amendment since the funds appropriated by the Colorado General Assembly and publicly supported member libraries have previously been subjected to the limitations imposed.

NOTE 8 RISK MANAGEMENT

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

NOTE 9 RELATED PARTY TRANSACTIONS

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

CLiC manages a contract that provides technical programming and training support for the Colorado Virtual Library (CVL). The CVL has four employees and the computer network for the CVL is located in the CLiC offices. CLiC is the administrative agent of this activity and the employer of record of the CVL personnel. The Colorado State Library (CSL) is responsible for the services provided and supervises and approves payroll. CVL payroll, benefit expenses, and operating costs are invoiced by CLiC and submitted monthly to the CSL, which reimburses those costs along with an administrative fee. CLiC recognized revenue of \$433,588, including reimbursements and administrative fees, and expense of \$388,502 during the year ended June 30, 2022 for CVL services.

Colorado Historic Newspaper Collection Service (CHNC) is sponsored by the CSL and provides digitization services. CLiC is the administrative agent of this activity. The CSL provides funding for this project and pays CLiC annual administrative fees of \$2,500. The CSL provides advance funding for these activities and CLiC maintains a separate CSL Services bank account. These amounts are recorded in the general fund as cash and investments and include \$314,440 for CSL Services and \$46,192 for Colorado Virtual Library.

**COLORADO LIBRARY CONSORTIUM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 RELATED PARTY TRANSACTIONS (CONTINUED)

The CLiC has an agreement with Flatirons Library Consortium (Flatirons) in which it acts as the administrative agent for operations and the employer of record for employees, who are treated as a CLiC employees for all payroll reporting purposes. Flatirons provides advance funding which is included in custodial cash, reimburses CLiC for all payroll and benefit expenses, and pays an administrative fee. CLiC recognized revenue of \$91,439 including reimbursements and administrative fees, and expense of \$87,340 during the year ended June 30, 2022.

COLORADO LIBRARY CONSORTIUM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – GENERAL FUND – BUDGETARY BASIS
YEAR ENDED JUNE 30, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
State Appropriation	\$ 1,000,000	\$ 1,000,000	\$ -
Administrative Fees	157,300	44,080	(113,220)
AspenCat Catalog	153,000	222,626	69,626
Courier Income	857,000	871,756	14,756
Continuing Education and Workshops	8,000	5,230	(2,770)
Cooperative Projects	138,000	121,532	(16,468)
No Store Income	8,000	13,899	5,899
Miscellaneous Income	-	2,000	2,000
Interest Income	3,000	5,033	2,033
Total Revenues	2,324,300	2,286,156	(38,144)
EXPENDITURES			
Payroll, Taxes, and Benefits	1,449,000	1,247,495	201,505
Program and Service Expense			
AspenCat Catalog	120,000	127,337	(7,337)
Consulting Travel and Lodging	32,000	19,137	12,863
Continuing Education and Workshops	52,000	11,936	40,064
Courier Contract and Expense	1,080,000	1,056,233	23,767
No Store Expense	3,000	-	3,000
Other Program Expense	10,000	6,533	3,467
Telecommunications and Internet	22,000	23,718	(1,718)
Operational Expense			
Audit, Accounting and Legal	46,000	42,080	3,920
Capital Outlay	8,000	4,861	3,139
Other Operational Expense	38,300	34,139	4,161
Space Cost	68,000	76,201	(8,201)
Supplies	8,000	1,674	6,326
Total Expenditures	2,936,300	2,651,344	284,956
NET CHANGE IN BUDGETARY FUND BALANCE	\$ (612,000)	(365,188)	\$ (323,100)
BEGINNING FUND BALANCE - GAAP BASIS		2,434,216	
Non-Budgeted Library Organization Revenues		1,442,575	
Non-Budgeted Library Organization Expenditures		(724,300)	
ENDING FUND BALANCE - GAAP BASIS		\$ 2,787,303	

See accompanying Notes to the Required Supplementary Information.

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

Fiscal Year	2022	2021	2020	2019	2018	2017	2016	2015
Plan Measurement Date Ending December 31,	2021	2020	2019	2018	2017	2016	2015	2014
CLIC's Proportion of the Net Pension Liability/Asset	0.1350758%	0.1518137%	0.1515489%	0.1582519%	0.1624022%	0.1623864%	0.1418528%	0.1591375%
CLIC's Proportionate Share of the Net Pension Liability/(Asset)	\$ (115,810)	\$ 791,142	\$ 1,108,415	\$ 1,989,563	\$ 1,808,234	\$ 2,192,770	\$ 1,562,624	\$ 1,426,364
CLIC's Covered Payroll	1,005,082	1,071,586	1,043,636	1,037,964	1,024,501	984,265	805,619	872,003
CLIC's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	(11.5%)	73.8%	106.2%	191.7%	176.5%	222.8%	194.0%	163.6%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	101.5%	90.9%	86.3%	76.0%	79.4%	73.6%	76.9%	80.7%

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

See accompanying Notes to the Required Supplementary Information.

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

Fiscal Year	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 127,052	\$ 139,157	\$ 133,555	\$ 134,381	\$ 127,018	\$ 130,160	\$ 111,408	\$ 108,450
Contributions in Relation to the Contractually Required Contribution	<u>127,052</u>	<u>139,157</u>	<u>133,555</u>	<u>134,381</u>	<u>127,018</u>	<u>130,160</u>	<u>111,408</u>	<u>108,450</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
CLIC's Covered Payroll	\$ 962,155	\$ 1,055,035	\$ 1,053,271	\$ 1,059,784	\$ 1,001,716	\$ 1,026,498	\$ 878,612	\$ 855,284
Contributions as a Percentage of Covered Payroll	13.2%	13.2%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%

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

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

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

Fiscal Year	2022	2021	2020	2019	2018	2017
Plan Measurement Date Ending December 31,	2021	2020	2019	2018	2017	2016
CLiC's Proportion (Percentage) of the Collective Net OPEB Liability	0.0105004%	0.0115879%	0.0116068%	0.0122724%	0.0126194%	0.0124654%
CLiC's Proportionate Share of the Collective Net OPEB Liability	\$ 90,546	\$ 110,111	\$ 130,460	\$ 166,972	\$ 164,002	\$ 161,618
Covered Payroll	\$ 1,005,082	\$ 1,071,586	\$ 1,043,636	\$ 1,037,964	\$ 1,024,501	\$ 984,265
CLiC's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	9.01%	10.28%	12.50%	16.09%	16.01%	16.42%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%

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

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

Fiscal Year	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 9,814	\$ 10,762	\$ 10,743	\$ 10,810	\$ 10,217	\$ 10,470	\$ 8,962	\$ 8,724
Contributions in Relation to the Contractually Required Contribution	9,814	10,762	10,743	10,810	10,217	10,470	8,962	8,724
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CLIC's Covered Payroll	\$ 962,155	\$ 1,055,037	\$ 1,053,271	\$ 1,059,784	\$ 1,001,716	\$ 1,026,498	\$ 878,612	\$ 855,284
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

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

**COLORADO LIBRARY CONSORTIUM
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING

The annual budget for CLiC is prepared on the modified accrual basis of accounting and is generally consistent with the governmental fund presentation in the basic financial statements, however certain activities are budgeted net of revenues and expenditures as described in Note 2. Encumbrance accounting is not used. The Colorado State Librarian establishes budget controls. Budget projections are submitted to the Colorado State Librarian 120 days prior to the beginning of the next fiscal year. The governing board approves budget transfers and amendments. The original budget was approved by the governing board on June 9, 2021.

**COLORADO LIBRARY CONSORTIUM
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

NOTE 2 BUDGETARY DIFFERENCES

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

Revenue, Budgetary Basis	\$ 2,286,156
Cooperative Projects Revenue, Gross	2,571,350
Colorado State Library Reimbursements	394,831
Colorado State Library Services	368,495
Flatirons Library Consortium	577,790
Collaborative Librarian	1,341
Colorado Library Card	1,940
CLEL (Early Literacy)	9,647
Coop Ebook Collection	59,938
Colorado Virtual Library	26,483
Virtual Colorado Resource Sharing Conference	2,110
Total Revenue, General Fund	<u>6,300,081</u>
Expenditures/Expenses, Budgetary Basis	2,651,344
Cooperative Projects Expenditures, Gross	2,571,350
Colorado State Library Services	162,389
Coop Ebook Collection	38,574
Flatirons Library Consortium	403,025
Collaborative Librarian	275
Colorado Library Card	4,204
CLEL (Early Literacy)	13,747
RIPL Research	70
Colorado Virtual Library	24,064
ILL Conference	105
Various Library Organizations	77,847
Total Expenditures, General Fund	<u>5,946,994</u>
Change in Fund Balance	353,087
Beginning Fund Balance, General Fund	<u>2,434,216</u>
Ending Fund Balance, General Fund	<u><u>\$ 2,787,303</u></u>



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