COLORADO LIBRARY CONSORTIUM
BASIC FINANCIAL STATEMENTS

June 30, 2023

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FINANCIAL SECTION

PROSPECTIVE BUSINESS SOLUTIONS, LLC
Certified Public Accountants
Auditing, Accounting, and Consulting Services for Governments and Nonprofit Organizations

Board of Directors
Colorado Library Consortium
Centennial, Colorado

INDEPENDENT AUDITORS REPORT

Report on the Audit of the Financial Statements

Opinions
We have audited the accompanying financial statements of the governmental activities, and each major fund of the Colorado Library Consortium ("CLiC"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise CLiC's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of CLiC as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CLiC, 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 these 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 CLiC's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CLiC'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 CLiC'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, the budgetary comparison information, the schedules of CLiC's proportionate share, and the schedules of CLiC's contributions on pages 40-44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

PB Solutions LLC

Littleton, Colorado
April 5, 2024

As management of the Colorado Library Consortium (CLiC), we offer readers the following summary documenting the financial condition, operational highlights, and activities of the organization for the year ending June 30, 2023. In the nearly 20 years 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. 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 these two financial statement perspectives: the treatment of capital asset purchases, the accrual of a liability for employee earned, unused vacation, recording a proportionate share of the total pension liability of the Local Government Division Trust Fund (LGDTF) of the Public Employees' Retirement Association of Colorado ("PERA"), and recording a proportionate share of the total OPEB (other postemployment benefit) liability of the LGDTF PERA in CLiC's statement of net position.

Government-wide financial statements – The statement of net position reflects information on all of CLiC's assets, deferred outflows, of resources, liabilities, and deferred inflows of resources, with the difference between the four reported as net position. The statement of activities presents all information showing how CLiC's net position changed during the most recent fiscal year. The difference between revenues and expenses represents annual operating results, and is reported as change in net position.

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. CLiC reports all of its activities in one fund, the General Fund. The General Fund balance sheet (page 3) reflects CLiC's current financial resources (short-term spendable funds), as well as accounts receivable, prepaid items, short-term obligations, and unearned revenues, among other details. In contrast, the General Fund statement of revenues, expenditures, and changes in fund balance (page 5) reports CLiC's revenues and expenditures on a current financial resources measurement focus and the modified accrual basis of accounting, with the difference report as a change in fund balance.

Internally, CLIC reports and tracks a second distinct governmental fund that is fiduciary in nature. Assets held for other library organizations and programs are accounted for in the Fund Balances section of the balance sheet (page 3). The activities have been combined with the General Fund for financial reporting.

Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for 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 funds statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between the governmental funds and the governmental activities.

Analysis of Overall Financial Position and Operations

Statement of Net Position

	June 30, 2023	June 30, 2022
Current Assets	$ 4,130,247	$ 4,230,313
Capital Assets	$ 69,847	$ 147,455
Net Pension Asst		$ 115,810
Total Assets	$ 4,200,094	$ 4,493,578
Deferred outflows of resources	$ 567,634	$ 114,768
Current liabilities	$ 99,764	$ 220,084
Unearned revenue	$ 247,309	$ 1,222,926
Member deposits	$ 892,404	$ -
Compensated Absences	$ 66,354	$ 70,164
Lease Payable	$ 79,827	$ 154,518
Net OPEB Liability	$ 78,149	$ 90,546
Net Pension Liability	$ 1,189,916	$ -
Total Liabilities	$ 2,653,723	$ 1,758,238
Deferred Inflows of Resources	$ 112,364	$ 1,139,776
Net (Deficit) Position		
Net Investment in Capital Assets	$ (9,980)	$ (7,063)
Restricted: Net Pension Asset		$ 115,810
Unrestricted	$ 2,011,621	$ 1,601,585
Total Net Position	$ 2,001,641	$ 1,710,332

Net position may serve over time as one of several useful indicators of the organization's financial position. CLiC's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources , resulting in a net position of $2,001,641. At June 30, 2023, the organization's overall net position increased $291,309 over the prior fiscal year. This change in financial position is a direct result of changing values for CLiC's proportionate share of the pension liability and the other postemployment benefit (OPEB) liability of the Local Government Division Trust Fund managed by Colorado PERA. Equivalent changes in net pension liability and OPEB liability are experienced by other organizations that participate in Colorado PERA and many of those organizations may likewise see changes in net positions as a result of outcomes reported by Colorado PERA. These liabilities are classified and calculated based on anticipated liquidation either in the near-term or in the future. Other factors influencing net position include reduced program and service expense for the organization, and higher interest income earned on reserve funds deposited with COLOTRUST, which improved significantly compared to the previous fiscal year.

<u>Statement of Activities</u>

	June 30, 2023	June 30, 2022
Program Revenue		
Program and Services	$ 2,057,081	$ 2,600,166
Cooperative Projects	$ 2,680,745	$ 2,692,882
General Revenue		
Colorado Department of Education	$ 1,000,000	$ 1,000,000
Miscellaneous Revenue	$ 375	$ 2,000
Interest Income	$ 81,086	$ 5,033
Total Revenue	$ 5,819,287	$ 6,300,081
Expenses		
Program and Services	$ 1,875,664	$ 1,969,194
Cooperative Projects	$ 2,754,398	$ 2,571,350
Operations	$ 894,302	$ 902,584
Interest Expense	$ 3,614	$ 5,657
Total Expenses	$ 5,527,978	$ 5,448,785
Change in Net Position	$ 291,309	$ 851,296
Net Position - Beginning of Year	$ 1,710,332	$ 859,036
Net Position - End of Year	$ 2,001,641	$ 1,710,332

Since 2004, CLiC has matured into a stable organization with established fiscal controls and conservative management practices. The executive director was hired in February 2013, and the organization continues to exhibit stability and consistency in the midst of periodic managed growth. Two additional veteran staff members with more than 16 years of combined relevant experience constitute other key positions responsible for financial activity. Altogether, these individuals provide CLiC with relevant organizational memory as well as cross-trained expertise for significant day-to-day functions requiring use of QuickBooks. The executive director works regularly with the fiscal manager and the cooperative products manager to ensure that expenses and revenue are recorded accurately and that costs stay within the budget. The organization continues to hold reserves and some operating revenue at COLOTRUST. During FY22-23 CLiC received $1,000,000 from the State of Colorado in operating funding, and brought in more than $4.7 million in additional income through various services, programs and activities. CLiC does not charge membership fees for libraries and schools to belong to CLiC but instead offers various fee-for-service programs and services. Library participation in those services, since 2004, has been voluntary.

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 (in aggregate across the state) an estimated 16+ million dollars.

CLiC's statewide courier service continues to experience significant use by libraries. Material sorting and transportation costs remained stable, and the number of items transported met projections at 1.89 million items. Relative volume remains depressed across the system in the wake of the COVID-19 pandemic, in particular with suburban and urban libraries statewide. Rural library resource sharing continues to increase.

Responsible material resale and recycling through CLiC's No Store service allows the pick-up of weeded and discarded library material from participating 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 155 public, school, and academic libraries. Growth in participation continued to be manageable with existing staff, which has increased to three full-time positions during the past year. 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 subsidize this service.

Capital Assets

	June 30, 2023	June 30, 2022
Furniture and Fixtures	$ 7,593.00	$ 7,593.00
Lease Asset - Office Space	$ 225,063.00	$ 225,063.00
Lease Asset - Accumulated Depreciation	$ (162,809.00)	$ (85,201.00)
Net Capital Assets	$ 69,847.00	$ 147,455.00

CLiC's capital assets remained stable. The organization is investigating options for shrinking its leased office space, a cost-saving measure reflective of the realities of post-pandemic operational activities.

General Fund Budgetary Highlights

The CLiC board approved the original budget in June 2022. CLiC management continues to embrace 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.

Facts, Decisions, and Conditions Expected to have Future Ramifications
During FY23-24, the State of Colorado increased its appropriation to CLiC by $150,000. CLiC applied those funds as full additional subsidy for libraries participating in the statewide courier service. In addition, a renegotiated multi-year contract for courier-related services with Western Peaks Logistics is expected for the 24-25 fiscal year, with terms favorable to CLiC (and libraries) due to its affordability. The new contract will be established to keep prices low for libraries and to maintain predictability and cost containment, providing stable and excellent service to CLiC's member libraries.

CLiC's cooperative purchase program continues to grow under the guidance of the executive director and the direction of the cooperative products manager. 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 customer relationship management (CRM) system is expected to increase efficiency and quality of data CLiC maintains about libraries across Colorado. Ongoing use of "configure/price/quote" systems remained valuable tools for CLiC's service to libraries. With its customer-facing features and interactivity, these systems also reduced the number of times CLiC staff had to remind libraries and schools about time-sensitive price quotes and invoices. Promotional activity continues to make the library community aware of vendor products.

CLiC's contracts with the State Library will undergo transitional changes during FY24-25. Personnel changes, combined with a need to grow server operations, are factors beyond CLiC's control. In addition, the State of Colorado's financial situation continues to be monitored by CLiC's management and board. So far, CLiC's state appropriation appears stable, and with the increase and diversification of its revenue base over the past five years, CLiC has a stable platform and is well-positioned to handle fiscal adversity in the future. Several years of prudent budgeting created a significant reserve as well. As in past years, the executive director and board will continue to monitor the state's budget situation moving forward.

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.

BASIC FINANCIAL STATEMENTS

COLORADO LIBRARY CONSORTIUM

STATEMENT OF NET POSITION
June 30, 2023

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Investments	$ 4,070,361
Accounts Receivable, Net	51,057
Prepaid Expenses	8,829
Capital Assets, Depreciated,	
Net of Accumulated Depreciation and Amortization	69,847
TOTAL ASSETS	4,200,094
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pensions	556,356
Related to OPEB	11,278
TOTAL DEFERRED OUTFLOWS OF RESOURCES	567,634
LIABILITIES	
Accounts Payable	88,000
Accrued Salaries and Benefits	11,764
Unearned Revenue	247,309
Deposits	892,404
Noncurrent Liabilities	
Due Within One Year - Lease Payable	79,827
Due in More Than One Year - Compensated Absences	66,354
Net Pension Liability	1,189,916
Net OPEB Liability	78,149
TOTAL LIABILITIES	2,653,723
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	61,507
Related to OPEB	50,857
TOTAL DEFERRED INFLOWS OF RESOURCES	112,364
NET POSITION	
Net Investment in Capital Assets	(9,980)
Restricted	-
Unrestricted	2,011,621
TOTAL NET POSITION	$ 2,001,641

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

COLORADO LIBRARY CONSORTIUM

STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION: GOVERNMENTAL ACTIVITIES
Governmental Activities					
Program and Service Expense	$ 1,875,664	$ 2,057,081	$ -	$ -	$ 181,417
Cooperative Projects	2,754,398	2,680,745	-	-	(73,653)
Operations	894,302	-	-	-	(894,302)
Interest and Fiscal Charges	3,614	-	-	-	(3,614)
Total Primary Government	$ 5,527,978	$ 4,737,826	$ -	$ -	$ (790,152)
		GENERAL REVENUES			
		State Appropriation			1,000,000
		Other Revenues			375
		Earnings on Investments			81,086
		TOTAL GENERAL REVENUES			1,081,461
		CHANGE IN NET POSITION			291,309
		NET POSITION, Beginning			1,710,332
		NET POSITION, Ending			$ 2,001,641

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

BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2023

	GENERAL FUND
ASSETS	
Cash and Investments	$ 4,070,361
Accounts Receivable, Net	51,057
Prepaid Expenses	8,829
TOTAL ASSETS	4,130,247
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts Payable	88,000
Accrued Salaries and Benefits	11,764
Unearned Revenues	247,309
Deposits	892,404
TOTAL LIABILITIES	1,239,477
FUND BALANCES	
Nonspendable	8,829
Assigned	
CLEL	11,178
Collaborative Librarian	15,514
Colorado Virtual Library (CVL)	46,192
Ebook Collection	78,913
ILL	16,799
Colorado Library Card	2,678
Unassigned	2,710,667
TOTAL FUND BALANCES	2,890,770
TOTAL LIABILITIES AND FUND BALANCES	$ 4,130,247

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

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION
Year Ended June 30, 2023

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

Total fund balances of governmental funds		$ 2,890,770
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.		
Capital Assets, Depreciated	7,593	
Accumulated Depreciation	(7,593)	
Right to Use Asset	225,063	
Accumulated Amortization	(155,216)	69,847
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds.		
Lease Payable	(79,827)	
Compensated Absences	(66,354)	
Net Pension Liability	(1,189,916)	
Net OPEB Liability	(78,149)	(1,414,246)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources - Related to Pensions	556,356	
Deferred inflows of resources - Related to Pensions	(61,507)	
Deferred outflows of resources - Related to OPEB	11,278	
Deferred inflows of resources - Related to OPEB	(50,857)	455,270
Net position of governmental activities		$ 2,001,641

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

COLORADO LIBRARY CONSORTIUM

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
Year Ended June 30, 2023

	GENERAL FUND
REVENUES	
State Appropriation	$ 1,000,000
Administrative Fees	190,165
AspenCat Catalog	238,898
Courier Income	754,935
Continuing Education and Workshops	5,706
No Store Income	11,353
Miscellaneous Revenue	375
Interest Income	81,086
Flatirons Library	9,666
Coloroado Virtual Library	735,024
Ebooks	111,334
Cooperative Projects	2,680,745
TOTAL REVENUES	5,819,287
EXPENDITURES	
Payroll, Taxes, and Benefits	912,375
Program and Service Expenditures	1,251,887
Operational Expenditures	95,078
Coloroado Virtual Library	542,033
Ebooks	81,744
Cooperative Projects	2,754,398
Debt Service	
Principal	74,691
Interest	3,614
TOTAL EXPENDITURES	5,715,820
CHANGE IN FUND BALANCES	103,467
FUND BALANCES, Beginning	2,787,303
FUND BALANCES, Ending	$ 2,890,770

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:			
Net change in fund balances - total governmental funds			$ 103,467
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.			
	Capital Outlay	-	
	Depreciation and amortization	(77,608)	(77,608)
Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds.			
	Changes in Compensated Absences	3,810	
	Principal Payments on Lease Liability	74,691	78,501
Deferred Charges related to pensions and OPEB are not recognized in the governmental funds. However, for governmental activities those amounts are reported in the statement of net position and amortized in the statement of activities.			
	Deferred charges related to Pension Plan	171,752	
	Deferred charges related to OPEB	15,197	186,949
Change in net position of governmental activities			$ 291,309

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

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The Colorado Library Consortium ("CLiC") is a regional library service system, authorized under the provisions of Colorado Revised Statute 24-90-115 to develop and coordinate cooperative library services. 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 CLiC, and special libraries and cooperatives. CLiC is governed by a seven-member board elected by the membership council, which has one voting representative from each member library. CLiC is funded through the Colorado state budget and is 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). Following is a summary of the more significant policies:

Reporting Entity

The financial reporting entity consists of CLiC and organizations for which CLiC is financially accountable. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of CLiC. In addition, any legally separate organizations for which CLiC is financially accountable are considered part of the reporting entity. Financial accountability exists if CLiC appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on CLiC.

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.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of CLiC.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting.* Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Revenues are recognized when earned and expenses are recognized when incurred.

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, CLiC considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

When both restricted and unrestricted resources are available for use, it is CLiC's practice to use restricted resources first, then unrestricted resources as they are needed.

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

> The *General Fund* is CLiC's primary operating fund. It accounts for all financial resources of CLiC, except those required to be accounted for in another fund.

Assets, Liabilities, and Fund Balance/Net Position

Deposits and Investments – CLiC considers cash and cash equivalents to be all demand deposits as well as short-term investments with a maturity date of three months or less. Investments are stated at fair value.

Receivables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. 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 account is $3,000 at June 30, 2023.

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

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

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

Capital Assets – Capital assets are reported in the government-wide financial statements. Capital assets are defined by CLiC as assets with an initial, individual cost of more than $3,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over their 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.

Unearned Revenues – The unearned revenues include amounts received in advance of services performed. The majority of the unearned revenue reported by CLiC relates to annual payments for subscription and courier services paid in advance.

Compensated Absences – CLiC employees are entitled to certain compensated absences. Employees are allowed to carry over 240 hours of accrued leave to the succeeding year. Upon separation of employment, unused vacation is paid to the employee at the employee's current rate of pay.

Deferred Outflows and Deferred Inflows of Resources – In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

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

Revenue, 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 through September of the following year. Therefore, approximately one fourth of CLiC's courier revenue receipts are unearned at June 30, 2023.

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 (CVL), Colorado Historic Newspaper Collection (CHNC), Flatirons Library Consortium (FLIC), 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. During the fiscal year ended June 30, 2023 CLiC ended its contract with Flatirons Library Consortium and will no longer provide services beginning in fiscal year 2023-2024.

Income Taxes - CLiC 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).

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

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

Net Position– The government-wide financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Investment in Capital Assets is intended to reflect the portion of net position, which is associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represents assets that do not have any third-party limitation on their use. While CLiC management may have categorized and segmented a portion for various purposes, CLiC Board has the unrestricted right to revisit or alter these managerial decisions.

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which CLiC is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. CLiC reports prepaid expenses as nonspendable.

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. CLiC does not report any restricted fund balances at June 30, 3023.

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing

NOTE 1: ***<u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>*** (Continued)

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

resources have been specifically committed for use in satisfying those contractual requirements. CLiC does not report any committed resources at June 30, 2023.

- <u>Assigned</u> – This classification includes amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. CLiC reports assigned resources related to various contracts at June 30, 2023.

- <u>Unassigned</u> – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

CLiC would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned fund balance.

Risk Management

CLiC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. CLiC carries commercial insurance for these risks of loss. No settlements exceeded insurance coverage for each of the past three years.

Subsequent Events

CLiC has evaluated events subsequent to the year ended June 30, 2023 through April 5, 2024, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

NOTE 3: ***<u>CASH AND INVESTMENTS</u>***

Cash and investments on June 30, 2023 consist of the following:

Deposits	$ 2,190,856
Investments	1,879,505
Total	$ 4,070,361

Deposits

<u>Custodial Credit Risk – Deposits</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2023, State regulatory commissioners have indicated that all financial institutions holding deposits for CLiC are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

At June 30, 2023, CLiC had deposits with financial institutions with a carrying amount of $2,190,856. The bank balances with the financial institutions were $2,197,192. Of these balances, $250,000 were covered by federal depository insurance and $1,947,192 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

Investments

<u>Local Government Investment Pools</u>

CLiC had invested $1,879,505 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAm by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to $1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank.

NOTE 3: ***CASH AND INVESTMENTS*** (Continued)

Investments (Continued)

Local Government Investment Pools (Continued)

The custodian's internal records identify the investments owned by the entities. ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

NOTE 4: ***CAPITAL ASSETS***

Capital asset activity for the year ended June 20, 2023, is summarized below:

	Balance 6/30/2022	Additions	Deletions	Balance 6/30/2023
Governmental Activities				
Equipment	$ 7,593	$ -	$ -	$ 7,593
Right to Use Asset - Office Space	225,063	-	-	225,063
Accumulated Depreciation - Equipment	(7,593)	-	-	(7,593)
Accumulated Amortization - Right to Use Asset - Office Space	(77,608)	(77,608)	-	(155,216)
Capital Assets, Net	$ 147,455	$ (77,608)	$ -	$ 69,847

Amortization expense of $77,608 was charged to operational expense for the year ended June 30, 2023.

NOTE 5: ***LONG-TERM LIABILITIES***

The changes in long-term liabilities for the year ended June 30, 2023 was as follows:

	Balance 6/30/2022	Additions	Payments	Balance 6/30/2023	Due In One Year
Lease Payable	$ 154,518	$ -	$ 74,691	$ 79,827	$ 79,827
Compensated Absences	70,164	-	3,810	66,354	-
Total	$ 224,682	$ -	$ 78,501	$ 146,181	$ 79,827

NOTE 5: ***LONG-TERM LIABILITIES*** (Continued)

Compensated absences are recognized as expenditures when due in the General Fund.

Lease

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%.

Principal and interest payments to maturity of the lease are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	$ 79,827	$ 1,208	$ 81,035

NOTE 6: ***DEFINED BENEFIT PENSION PLAN***

Summary of Significant Accounting Policies

Pensions. 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.

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 Internal Revenue Code. 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.

NOTE 6: ***<u>DEFINED BENEFIT PENSION PLAN</u>*** (Continued)

General Information about the Pension Plan (Continued)

Benefits provided as of December 31, 2022. 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 cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, 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 the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

NOTE 6: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

General Information about the Pension Plan (Continued)

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, 2023: Eligible employees of CLiC and the State are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements for the LGDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Employee contribution rates for the period of July 1, 2022, through June 30, 2023 are summarized in the table below:

	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
Employee contribution (all employees other than State Troopers)	9.00%	9.00%
State Troopers	13.00%	13.00%

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

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NOTE 6: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

General Information about the Pension Plan (Continued)

The employer contribution requirements for all employees other than State Troopers are summarized in the table below:

	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
Employer contribution rate	11.00%	11.00%
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	9.98%	9.98%
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	0.03%	0.06%
Total employer contribution rate to the LGDTF	13.71%	13.74%

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and CLiC is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from CLiC were $139,048 for the year ended June 30, 2023.

NOTE 6: ***<u>DEFINED BENEFIT PENSION PLAN</u>*** (Continued)

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

The net pension liability for the LGDTF was measured as of December 31, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TPL to December 31, 2022. CLiC proportion of the net pension liability was based on CLiC's contributions to the LGDTF for the calendar year 2022 relative to the total contributions of participating employers.

At June 30, 2023 CLiC reported a liability of $1,189,916 for its proportionate share of the net pension liability.

At December 31, 2022, CLiC's proportion was 0.1186%, which was a decrease of 0.0164% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023 CLiC recognized pension expense of ($32,704). At June 30, 2023, CLiC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$-	$5,932
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	485,781	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	55,575
Contributions subsequent to the measurement date	70,575	N/A
Total	$556,356	$61,507

NOTE 6: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

$70,575 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	
2024	($100,663)
2025	$62,483
2026	$177,820
2027	$284,634

Actuarial assumptions

The TPL in the December 31, 2021, 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:	
Members other than State Troopers	3.20%-11.30%
State Troopers	3.20%-12.40%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06[1]	Financed by the AIR

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

NOTE 6: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

Actuarial Assumptions (Continued)

The TPL for the LGDTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, as allowable under C.R.S. § 24-51-313, of Tri-County Health Department (Tri-County Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.
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.

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 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.

NOTE 6: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the December 31, 2021, 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 at least every five years for PERA. 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.
The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

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

Note: 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%.

NOTE 6: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

Discount Rate

The discount rate used to measure the TPL 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 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.

NOTE 6: <u>DEFINED BENEFIT PENSION PLAN</u> (Continued)

Discount Rate (Continued)

Benefit payments and contributions were assumed to be made at the middle of the year. Based on the above assumptions and methods, the LGDTF's 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 TPL. 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 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 pension liability/(asset)	$1,997,570	$1,189,916	$513,777

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

NOTE 7: <u>DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN</u>

Summary of Significant Accounting Policies

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.

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, and 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 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. 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.

NOTE 7: ***<u>DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN</u>*** (Continued)

General Information about the OPEB Plan (Continued)

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.

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.

NOTE 7: ***<u>DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN</u>*** (Continued)

General Information about the OPEB Plan (Continued)

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 $10,331 for the year ended June 30, 2023

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

At June 30, 2023 CLiC reported a liability of $79,149 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TOL to December 31, 2022. CLiC's proportion of the net OPEB liability was based on CLiC's contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

NOTE 7: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

At December 31, 2022, CLiC's proportion was 0.00957%, which was decrease of 0.0009% from its proportion measured as of December 31, 2021.

For the year ended June 30 2023 CLiC recognized OPEB expense of ($4,866). June 30, 2023, CLiC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$10	$18,899
Changes of assumptions or other inputs	1,256	8,625
Net difference between projected and actual earnings on OPEB plan investments	4,773	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	23,333
Contributions subsequent to the measurement date	5,239	N/A
Total	$11,278	$50,857

$5,239 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2024	($12,336)
2025	($11,860)
2026	($7,945)
2027	($5,059)
2028	($6,574)
Thereafter	($1,044)

NOTE 7: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

Actuarial Assumptions

The TOL in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	Local Government 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	3.20%-11.30%
State Troopers	3.20%-12.40%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	6.50% in 2022, gradually decreasing to 4.50% in 2030
Medicare Part A premiums	3.75% in 2022, gradually increasing to 4.50% in 2029

NOTE 7: ***<u>DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN</u>*** (Continued)

Actuarial Assumptions (Continued)

The TOL for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health Department (TriCounty Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-69	3.0%	1.5%
70	2.9%	1.6%
71	1.6%	1.4%
72	1.4%	1.5%
73	1.5%	1.6%
74	1.5%	1.5%
75	1.5%	1.4%
76	1.5%	1.5%
77	1.5%	1.5%
78	1.5%	1.6%
79	1.5%	1.5%
80	1.4%	1.5%
81 and	0.0%	0.0%

NOTE 7: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

Actuarial Assumptions (Continued)

Sample Age	**MAPD PPO #1 with Medicare Part A**		**MAPD PPO #2 with Medicare Part A**		**MAPD HMO (Kaiser) with Medicare Part A**	
	Retiree/Spouse		**Retiree/Spouse**		**Retiree/Spouse**	
	Male	**Female**	**Male**	**Female**	**Male**	**Female**
65	$1,704	$1,450	$583	$496	$1,923	$1,634
70	$1,976	$1,561	$676	$534	$2,229	$1,761
75	$2,128	$1,681	$728	$575	$2,401	$1,896

Sample Age	**MAPD PPO #1 without Medicare Part A**		**MAPD PPO #2 without Medicare Part A**		**MAPD HMO (Kaiser) without Medicare Part A**	
	Retiree/Spouse		**Retiree/Spouse**		**Retiree/Spouse**	
	Male	**Female**	**Male**	**Female**	**Male**	**Female**
65	$6,514	$5,542	$4,227	$3,596	$6,752	$5,739
70	$7,553	$5,966	$4,901	$3,872	$7,826	$6,185
75	$8,134	$6,425	$5,278	$4,169	$8,433	$6,657

The 2022 Medicare Part A premium is $499 (actual dollars) 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.

NOTE 7: <u>DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN</u> (Continued)

Actuarial Assumptions (Continued)

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2021, 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:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

Mortality assumptions used in the December 31, 2021, 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 on 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.

NOTE 7: ***<u>DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN</u>*** (Continued)

Actuarial Assumptions (Continued)

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

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

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

Post-retirement 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.

NOTE 7: ***<u>DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN</u>*** (Continued)

Actuarial Assumptions (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 following health care costs assumptions were updated and used in the roll-forward calculation for the HCTF:

- Per capita health care costs in effect as of the December 31, 2021, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2022 plan year.

- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.

- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

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.

NOTE 7: <u>DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN</u> (Continued)

Actuarial Assumptions (Continued)

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the TOL, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

The actuarial assumptions used in the December 31, 2021, 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 at least every five years for PERA. 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.

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

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

Note: 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%.

NOTE 7: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

Sensitivity of CLiC's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates.

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$75,937	$78,149	$80,555

[1]For the January 1, 2023, plan year.

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, 2022, measurement date.

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.

NOTE 7: ***<u>DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN</u>*** (Continued)

Discount Rate (Continued)

- 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	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$90,597	$78,149	$67,501

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.

NOTE 8: ***COMMITMENTS AND CONTINGENCIES***

Tabor Amendment

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the "Tabor Amendment"), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Tabor Amendment is complex and subject to judicial interpretations. Regional library servicer systems have taken the position based on legal consultation, that they are not subject to the provision of the amendment since the funds are appropriated by the Colorado General Assembly and publicly supported member libraries have previously been subjected to the limitations imposed.

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 $735,024 including reimbursements and administrative fees, and expenditures of $542,033 during the year ended June 30, 2023 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. 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 $509,401 for CSL Services and $46,192 for Colorado Virtual Library.

NOTE 9: ***<u>RELATED PARTY TRANSACTIONS</u>*** (Continued)

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 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 $9,666 including reimbursements and administrative fees, and expenditures of $0 during the year ended June 30, 2023. During the year ended June 30, 2023, Flatirons ended its relationship with CLiC. CLiC disbursed the remaining funds held on behalf of Flatirons in the amount of $292,605 in February 2023.

NOTE 10: ***<u>CHANGE IN ACCOUNTING PRINCIPLES</u>***

For the year ended June 30, 2023, CLiC implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements. GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). For the year ended June 30, 2023, CLiC has evaluated its existing agreements and has determined that no changes to CLiC's financial statements are deemed necessary.

REQUIRED SUPPLEMENTARY INFORMATION

COLORADO LIBRARY CONSORTIUM

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - BUDGETARY BASIS
Year Ended June 30, 2023

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
State Appropriation	$ 1,000,000	$ 1,000,000	$ -
Administrative Fees	172,500	190,165	17,665
AspenCat Catalog	210,000	238,898	28,898
Courier Income	918,000	754,935	(163,065)
Continuing Education and Workshops	5,500	5,706	206
No Store Income	8,000	11,353	3,353
Miscellaneous Revenue	139,200	375	(138,825)
Interest Income	3,000	81,086	78,086
TOTAL REVENUES	2,456,200	2,282,518	(173,682)
EXPENDITURES			
Payroll, Taxes, and Benefits	966,000	912,375	53,625
Program and Service Expenditures			
AspenCat Catalog	125,000	115,237	9,763
Dues, Travel, and Lodging	39,000	36,892	2,108
Continuing Education and Workshops	28,000	26,459	1,541
Courier Contract and Expense	1,112,400	1,046,526	65,874
No Store Expense	3,000	-	3,000
Other Program Expense	-		-
Telecommunications and Internet	22,000	26,773	(4,773)
Operational Expenditures			-
Audit, Accounting, and Legal	50,500	46,173	4,327
Insurance	9,000	9,212	(212)
Repairs and Maintenance	22,000	21,165	835
Capital Outlay	8,000	12,525	(4,525)
Space Cost	61,000	64,499	(3,499)
Other Operational Expense	10,300	19,809	(9,509)
TOTAL EXPENDITURES	2,456,200	2,337,645	118,555
CHANGE IN BUDGETARY FUND BALANCE	$ -	(55,127)	$ (55,127)
FUND BALANCES, Beginning, GAAP Basis		2,787,303	
Non-Budgeted Library Organization Revenues		3,536,769	
Non-Budgeted Library Organization Expenditures		(3,378,175)	
FUND BALANCES, Ending, GAAP Basis		$ 2,890,770	

See the accompanying independent auditor's report

COLORADO LIBRARY CONSORTIUM

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERA LOCAL GOVERNMENT TRUST FUND PLAN

Years Ended December 31,

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the Net Pension Liability (Asset)	0.1186%	0.1351%	0.1518%	0.1515%	0.1582%	0.1624%	0.1623%	0.1418%	0.1591%
Proportionate Share of the Net Pension Liability (Asset)	$ 1,189,916	$ (115,810)	$ 791,142	$ 1,108,415	$ 1,989,563	$ 1,808,234	$ 2,192,770	$ 1,562,624	$ 1,426,364
Covered payroll	$ 971,254	$ 1,005,082	$ 1,071,586	$ 1,043,636	$ 1,037,964	$ 1,024,501	$ 9,841,265	$ 805,619	$ 872,003
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	122.51%	-11.52%	73.83%	106.21%	191.68%	176.50%	22.28%	193.97%	163.57%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.99%	101.50%	90.90%	86.30%	76.00%	79.40%	73.60%	76.90%	80.70%

NOTE: Information for the prior one year was not available for this report

See the accompanying independent auditor's report

COLORADO LIBRARY CONSORTIUM

SCHEDULE OF CONTRIBUTIONS
PERA LOCAL GOVERNMENT TRUST FUND PLAN

Years Ended June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	$ 139,048	$ 127,052	$ 139,157	$ 133,555	$ 134,381	$ 127,018	$ 130,160	$ 111,408	$ 108,450
Contributions in Relation to the Contractually Required Contributions	139,048	127,052	139,157	133,555	134,381	127,018	130,160	111,408	108,450
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 1,013,063	$ 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	13.73%	13.20%	13.19%	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%

NOTE: Information for the prior one year was not available for this report.

See the accompanying independent auditor's report

COLORADO LIBRARY CONSORTIUM

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
PERA HEALTH CARE TRUST FUND PLAN

Years Ended December 31,

	2022	2021	2020	2019	2018	2017	2016
Proportion of the Net OPEB Liability (Asset)	0.0096%	0.0015%	0.0116%	0.0116%	0.0123%	0.0126%	0.0125%
Proportionate Share of the Net OPEB Liability (Asset)	$ 78,149	$ 90,546	$ 110,111	$ 130,460	$ 166,972	$ 164,002	$ 161,618
Covered payroll	$ 971,254	$ 1,005,082	$ 1,071,586	$ 1,043,636	$ 1,037,964	$ 1,024,501	$ 984,265
Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	8.05%	9.01%	10.28%	12.50%	16.09%	16.01%	16.42%
Plan Fiduciary Net position as a Percentage of the Total OPEB Liability	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%

NOTE: Information for the prior three years was not available for this report.

See the accompanying independent auditor's report

COLORADO LIBRARY CONSORTIUM

SCHEDULE OF CONTRIBUTIONS
PERA HEALTH CARE TRUST FUND PLAN

Years Ended June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	$ 10,331	$ 9,814	$ 10,762	$ 10,743	$ 10,810	$ 10,217	$ 10,470	$ 8,962	$ 8,724
Contributions in Relation to the Contractually Required Contributions	10,331	9,814	10,762	10,743	10,810	10,217	10,470	8,962	8,724
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -			
Covered payroll	$ 1,013,063	$ 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%	1.02%

NOTE: Information for the prior one year was not available for this report.

See the accompanying independent auditor's report

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. 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.

NOTE 2: ***BUDGETARY DIFFERENCES***

CLiC is reimbursed for certain operating expenditures under contracts with other library entities. Receipts and disbursement for these activities are reported at gross amounts in the government-wide and fund financial statements. A reconciliation between the net revenue presentation on a budgetary basis and gross revenue presentation in the statement of the governmental fund revenues, expenditures, and changes in fund balance - General Fund, is provided below:

Revenue, Budgetary Basis	$ 2,282,518
Cooperative Projects Revenue, Gross	2,680,745
Flatirons Library	9,666
Coop Ebook Collection	111,334
Colorado Virtual Library	735,024
Total Revenue, General Fund	5,819,287
Expenditures, Budgetary Basis	2,337,645
Cooperative Projects Expenditures, Gross	2,754,398
Coop Ebook Collection	81,744
Colorado Virtual Library	542,033
Total Expenditures, General Fund	5,715,820
CHANGE IN FUND BALANCE	103,467
Beginning Fund Balance	2,787,303
Ending Fund Balance	$ 2,890,770