

**COLORADO LIBRARY CONSORTIUM
BASIC FINANCIAL STATEMENTS**

June 30, 2024

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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, 2024, 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, 2024, 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.

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
December 18, 2024

Colorado Library Consortium
Management’s Discussion and Analysis – June 30, 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, 2024. In the 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 and fund balance statements have been combined in this report, and each page shows the reconciliation between the two perspective presentations.

The governmental 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 statement of net position (page 1) includes capital assets, vacation payable (compensated absences), and pension and other postemployment liabilities. The difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported either as net position or as fund balance.

The statement of activities and governmental fund revenues, expenditures, and changes in fund balance – general fund (page 2) reflects CLiC’s revenues and expenditures. The difference between revenues and expenses represents annual operating results, and is reported either as a change in net position or as excess expenditures over revenues.

In addition to the governmental fund discussed in the statements above, CLiC has a second distinct governmental fund that, with the adoption of GASB 84, is now classified as a special revenue fund. These assets held for other library organizations and programs are accounted for in the Fund Balances section of the balance sheet (page 3). Since CLiC management does not exercise discretionary decision making (operational) associated with these special revenue categories, there are no operational activities reported.

Analysis of Overall Financial Position and Operations

Condensed Statements of Net Position

	30-Jun-24	June 30, 2023
Current Assets	\$ 4,468,214	\$ 4,130,247
Capital Assets	\$ 159,027	\$ 69,847
Net Pension Assets		
Total Assets	\$ 4,627,241	\$ 4,200,094
Deferred outflows of resources	\$ 416,216	\$ 567,634
Current liabilities	\$ 191,218	\$ 99,764
Unearned revenue	\$ 1,404,795	\$ 247,309
Member deposits		\$ 892,404
Compensated Absences	\$ 120,294	\$ 66,354
Lease Payable	\$ 78,687	\$ 79,827
Net OPEB Liability	\$ 70,027	\$ 78,149
Net Pension Liability	\$ 905,901	\$ 1,189,916
Total Liabilities	\$ 2,770,922	\$ 2,653,723
Deferred Inflows of Resources	\$ 50,365	\$ 112,364
Net (Deficit) Position		
Net Investment in Capital Assets	\$ 80,340	\$ (9,980)
Restricted: Net Pension Asset		
Unrestricted	\$ 2,141,830	\$ 2,011,621
Total Net Position	\$ 2,222,170	\$ 2,001,641

Net position may serve over time as one of several useful indicators of the organization's financial position. CLIC's ending net position is in a deficit when the liabilities and deferred inflows of resources of the organization exceed its assets and deferred outflows of resources. At June 30, 2024, the organization's overall net position increased \$220,529 over the prior fiscal. 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 FY22 and FY23.

Condensed Statements of Activities

	30-Jun-24	June 30, 2023
Program Revenue		
Program and Services	\$ 1,837,412	\$ 2,057,081
Cooperative Projects	\$ 2,824,047	\$ 2,680,745
General Revenue		
Colorado Department of Education	\$ 1,150,000	\$ 1,000,000
Miscellaneous Revenue		\$ 375
Interest Income	\$ 105,834	\$ 81,086
Total Revenue	\$ 5,917,293	\$ 5,819,287
Expenses		
Program and Services	\$ 1,998,793	\$ 1,875,664
Cooperative Projects	\$ 2,717,218	\$ 2,754,398
Operations	\$ 971,277	\$ 894,302
Interest Expense	\$ 9,476	\$ 3,614
Total Expenses	\$ 5,696,764	\$ 5,527,978
Change in Net Position	\$ 220,529	\$ 291,309
Net Position - Beginning of Year	\$ 2,001,641	\$ 1,710,332
Net Position - End of Year	\$ 2,222,170	\$ 2,001,641

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 17 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 FY23-24 CLiC received \$1,150,000 from the State of Colorado in operating funding. This was its first increase in state appropriations in nearly 18 years. In addition, CLiC brought in more than \$4.6 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 increased 2.11% over the previous fiscal year, reaching 1.93 million items. Relative volume remains depressed across the courier system in the wake of the COVID-19 pandemic, in particular with suburban and urban libraries statewide. Rural library resource sharing continues to increase and set new records in FY24.

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. The organization intends to review the expense, return on investment, and long-term operational viability of these out-of-state streams within the next 18 months.

CLiC also manages an open-source integrated library system called AspenCat, which serves more than 161 public, school, and academic libraries. Growth in participation continued to be manageable with existing staff, which has remained stable at 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

	30-Jun-24	June 30, 2023
Furniture and Fixtures	\$ 7,593.00	\$ 7,593.00
Lease Asset - Office Space	\$ 367,252.00	\$ 225,063.00
Lease Asset - Accumulated Depreciation	\$ (215,818.00)	\$ (162,809.00)
Net Capital Assets	<u>\$ 159,027.00</u>	<u>\$ 69,847.00</u>

CLiC’s capital assets remained consistent. The organization investigated options for shrinking its leased office space, a cost-saving measure reflective of the realities of post-pandemic operational activities. CLiC completed an office-reduction project in June 2024, and entered into a new three-year lease agreement beginning July 1, 2024.

General Fund Budgetary Highlights

The CLiC board approved the original budget in June 2023. 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. That appropriation was expected to remain stable for FY24-25. During FY23-24 and continuing in FY24-25, CLiC applied those additional appropriated funds as increased 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 and its deployment in FY24-25 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. Marketing 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 – but the reduction in administrative income resulting from that relationship represents a small percentage of CLiC's overall revenue.

The State of Colorado's financial situation continues to be monitored by CLiC's management and board. The overall health of the State of Colorado's budget – reports suggest a \$1B shortfall for the state – may have consequences for the library community. 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, 2024

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and Investments	\$ 4,353,926
Accounts Receivable, Net	109,910
Prepaid Expenses	4,378
Right to Use Assets, Net of Accumulated Amortization	<u>159,027</u>
TOTAL ASSETS	<u>4,627,241</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pensions	405,355
Related to OPEB	<u>10,861</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>416,216</u>
LIABILITIES	
Accounts Payable	177,440
Accrued Salaries and Benefits	13,778
Unearned Revenue	1,404,795
Noncurrent Liabilities	
Due Within One Year	78,687
Due in More Than One Year	120,294
Net Pension Liability	905,901
Net OPEB Liability	<u>70,027</u>
TOTAL LIABILITIES	<u>2,770,922</u>
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	9,804
Related to OPEB	<u>40,561</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>50,365</u>
NET POSITION	
Net Investment in Capital Assets	80,340
Unrestricted	<u>2,141,830</u>
TOTAL NET POSITION	<u>\$ 2,222,170</u>

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

COLORADO LIBRARY CONSORTIUM

STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
Governmental Activities					
Program and Service Expense	\$ 1,998,793	\$ 1,837,412	\$ -	\$ -	\$ (161,381)
Cooperative Projects	2,717,218	2,824,047	-	-	106,829
Operations	971,277	-	-	-	(971,277)
Interest and Fiscal Charges	9,476	-	-	-	(9,476)
Total Primary Government	\$ 5,696,764	\$ 4,661,459	\$ -	\$ -	\$ (1,035,305)
		GENERAL REVENUES			
					1,150,000
					105,834
					1,255,834
					CHANGE IN NET POSITION
					220,529
					NET POSITION, Beginning
					2,001,641
					NET POSITION, Ending
					\$ 2,222,170

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

COLORADO LIBRARY CONSORTIUM

BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2024

	GENERAL FUND
ASSETS	
Cash and Investments	\$ 4,353,926
Accounts Receivable, Net	109,910
Prepaid Expenses	4,378
TOTAL ASSETS	<u>4,468,214</u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts Payable	177,440
Accrued Salaries and Benefits	13,778
Unearned Revenues	1,404,795
TOTAL LIABILITIES	<u>1,596,013</u>
FUND BALANCES	
Nonspendable	4,378
Assigned	
CLEL	9,706
Collaborative Librarian	17,036
Colorado Virtual Library (CVL)	44,540
Ebook Collection	108,501
ILL	24,420
Colorado Library Card	6,285
Unassigned	2,657,335
TOTAL FUND BALANCES	<u>2,872,201</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,468,214</u>

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

COLORADO LIBRARY CONSORTIUM

RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION
Year Ended June 30, 2024

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

Total fund balances of governmental funds	\$ 2,872,201
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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	367,252	
Accumulated Amortization	<u>(208,225)</u>	159,027

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	(150,456)	
Compensated Absences	(48,525)	
Net Pension Liability	(905,901)	
Net OPEB Liability	<u>(70,027)</u>	(1,174,909)

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	405,355	
Deferred inflows of resources - Related to Pensions	(9,804)	
Deferred outflows of resources - Related to OPEB	10,861	
Deferred inflows of resources - Related to OPEB	<u>(40,561)</u>	<u>365,851</u>

Net position of governmental activities	<u><u>\$ 2,222,170</u></u>
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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, 2024

	GENERAL FUND
REVENUES	
State Appropriation	\$ 1,150,000
Administrative Fees	49,217
AspenCat Catalog	338,106
Courier Income	753,900
Continuing Education and Workshops	18,104
No Store Income	19,697
Interest Income	105,834
Colorado Virtual Library	598,178
Ebooks	60,210
Cooperative Projects	2,824,047
TOTAL REVENUES	<u>5,917,293</u>
EXPENDITURES	
Payroll, Taxes, and Benefits	1,083,934
Program and Service Expenditures	1,261,932
Operational Expenditures	197,070
Colorado Virtual Library	639,512
Ebooks	97,349
Cooperative Projects	2,717,218
Debt Service	
Principal	71,560
Interest	9,476
TOTAL EXPENDITURES	<u>6,078,051</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(160,758)
OTHER FINANCING SOURCES (USES)	
Lease Proceeds	<u>142,189</u>
CHANGE IN FUND BALANCE	(18,569)
FUND BALANCES, Beginning	<u>2,890,770</u>
FUND BALANCES, Ending	<u>\$ 2,872,201</u>

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

COLORADO LIBRARY CONSORTIUM

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

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

Net change in fund balances - total governmental funds \$ (18,569)

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	142,189	
Amortization	<u>(53,009)</u>	89,180

Lease proceeds are reported as financial resources in the governmental funds and increase fund balance. In the government-wide financial statements, however, debt increases long-term liabilities in the statement of net position and do not affect the statement of activities.

(142,189)

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	17,829	
Principal Payments on Lease Liability	<u>71,560</u>	89,389

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	184,717	
Deferred charges related to OPEB	<u>18,001</u>	<u>202,718</u>

Change in net position of governmental activities

\$ 220,529

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

COLORADO LIBRARY CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

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 representing diverse geographies of the state and different sizes of library. Representatives align with different library types: 2 public library representatives, 2 academic library representatives, 2 school library representatives, and 1 special library representative. CLiC is partially funded through the Colorado state budget and partially funded through fees for services paid by participating libraries. CLiC 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.

COLORADO LIBRARY CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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.

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.

COLORADO LIBRARY CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

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

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

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, 2024.

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

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.

COLORADO LIBRARY CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

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

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

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.

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, 2024.

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), 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.

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).

COLORADO LIBRARY CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

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 represents 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, 2024.
- 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

COLORADO LIBRARY CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (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, 2024.

- Assigned – 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, 2024.
- Unassigned – 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, 2024 through December 18, 2024, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

COLORADO LIBRARY CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 3: CASH AND INVESTMENTS

Cash and investments on June 30, 2024 consist of the following:

Deposits	\$ 2,368,587
Investments	<u>1,985,339</u>
Total	<u>\$ 4,353,926</u>

Deposits

Custodial Credit Risk – Deposits

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, 2024, 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, 2024, CLiC had deposits with financial institutions with a carrying amount of \$2,368,587. The bank balances with the financial institutions were \$2,393,335. Of these balances, \$250,000 were covered by federal depository insurance and \$2,143,335 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

Investments

Local Government Investment Pools

CLiC had invested \$1,985,339 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 (net asset value). 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.

COLORADO LIBRARY CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

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, 2024, is summarized below:

	Balance 6/30/2023	Additions	Deletions	Balance 6/30/2024
Governmental Activities				
Equipment	\$ 7,593	\$ -	\$ -	\$ 7,593
Right to Use Asset - Office Space	225,063	142,189	-	367,252
Accumulated Depreciation - Equipment	(7,593)	-	-	(7,593)
Accumulated Amortization - Right to Use Asset - Office Space	(155,216)	(53,009)	-	(208,225)
Capital Assets, Net	<u>\$ 69,847</u>	<u>\$ 89,180</u>	<u>\$ -</u>	<u>\$ 159,027</u>

Amortization expense of \$53,009 was charged to operational expense for the year ended June 30, 2024.

NOTE 5: LONG-TERM LIABILITIES

The changes in long-term liabilities for the year ended June 30, 2024 was as follows:

	Balance 6/30/2023	Additions	Payments	Balance 6/30/2024	Due In One Year
Lease Payable	\$ 79,827	\$ 142,189	\$ 71,560	\$ 150,456	\$ 46,175
Compensated Absences	66,354	-	17,829	48,525	32,512
Total	<u>\$ 146,181</u>	<u>\$ 142,189</u>	<u>\$ 89,389</u>	<u>\$ 198,981</u>	<u>\$ 78,687</u>

COLORADO LIBRARY CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

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. In May, 2024, the original lease was modified. The lease term was extended an additional 3 years, expiring in June, 2027. In addition, the lease payments were adjusted. The revised lease payments range from \$4,378 to \$4,645 per month. The interest on the modified lease agreement is calculated using an estimated incremental borrowing rate of 5%.

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

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 46,175	\$ 6,477	\$ 52,652
2026	50,031	4,084	54,115
2027	54,250	1,486	55,736
Total	<u>\$ 150,456</u>	<u>\$ 12,047</u>	<u>\$ 162,503</u>

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.

COLORADO LIBRARY CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

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

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.

Benefits provided as of December 31, 2023. 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.

COLORADO LIBRARY CONSORTIUM
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2024

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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.

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, 2024: 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, 2023, through June 30, 2024 are summarized in the table below:

	July 1, 2023 Through December 31, 2023	January 1, 2024 Through June 30, 2024
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).

COLORADO LIBRARY CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

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, 2023 Through December 31, 2023	January 1, 2024 Through June 30, 2024
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	0.06%	0.08%
Total employer contribution rate to the LGDTF	13.74%	13.76%

** 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 \$143,040 for the year ended June 30, 2024.

COLORADO LIBRARY CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 6: DEFINED BENEFIT PENSION PLAN (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, 2023, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TPL to December 31, 2023. CLiC proportion of the net pension liability was based on CLiC's contributions to the LGDTF for the calendar year 2023 relative to the total contributions of participating employers.

At June 30, 2024 CLiC reported a liability of \$905,901 for its proportionate share of the net pension liability.

At December 31, 2023, CLiC's proportion was 0.1234%, which was an increase of 0.0047% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024 CLiC recognized pension expense of (\$184,717). At June 30, 2024, 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	\$49,024	\$931
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	264,527	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	14,135	8,873
Contributions subsequent to the measurement date	77,669	N/A
Total	\$405,355	\$9,804

COLORADO LIBRARY CONSORTIUM
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2024

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)

\$77,669 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, 2025. 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,	
2025	\$ 55,617
2026	\$112,032
2027	\$223,102
2028	(\$72,869)

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.

COLORADO LIBRARY CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

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.

COLORADO LIBRARY CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

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

Actuarial Assumptions (Continued)

The actuarial assumptions used in the December 31, 2022, 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%.

COLORADO LIBRARY CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

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.

COLORADO LIBRARY CONSORTIUM
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2024

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

Discount Rate (Continued)

Benefit payments and contributions were assumed to be made at the middle of the year.

Beginning with the December 31, 2023 measurement date and thereafter, the FNP as the current measurement date is used as a starting point for the GASB 67 projection test.

As of the December 31, 2023 measurement date the FNP and related disclosure components for the Local Government Division reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of December 31, 2023, yearend, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023 and a \$2 million receivable. The employer disaffiliation payment and receivable allocation to the Local Government Division Trust Fund and HCTF were \$24.967 million and \$1.033 million, respectively.

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)	\$1,775,666	\$905,901	\$177,331

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.

COLORADO LIBRARY CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

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

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.

COLORADO LIBRARY CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (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.

COLORADO LIBRARY CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 7: **DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (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 \$10,613 for the year ended June 30, 2024.

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

At June 30, 2024 CLiC reported a liability of \$70,027 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2023, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the TOL to December 31, 2023. CLiC's proportion of the net OPEB liability was based on CLiC's contributions to the HCTF for the calendar year 2023 relative to the total contributions of participating employers to the HCTF.

COLORADO LIBRARY CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

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, 2023, CLiC’s proportion was 0.00981%, which was an increase of 0.00024% from its proportion measured as of December 31, 2022.

For the year ended June 30 2024 CLiC recognized OPEB expense of (\$9,879). June 30, 2024, CLiC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$-	\$14,353
Changes of assumptions or other inputs	823	7,425
Net difference between projected and actual earnings on OPEB plan investments	2,166	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,115	18,783
Contributions subsequent to the measurement date	5,757	N/A
Total	\$10,861	\$40,561

\$5,757 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, 2025. 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,	
2025	(\$12,691)
2026	(\$ 8,677)
2027	(\$ 5,719)
2028	(\$ 7,272)
2029	(\$ 1,086)
Thereafter	(\$ 12)

COLORADO LIBRARY CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

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

Actuarial Assumptions

The TOL in the December 31, 2022 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	7.00% in 2023, gradually decreasing to 4.50% in 2033
Medicare Part A premiums	3.50% in 2023, gradually increasing to 4.50% in 2035

COLORADO LIBRARY CONSORTIUM
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2024

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

Actuarial Assumptions (Continued)

Each year the per capita health care costs are developed by plan option; currently based on 2023 premium rates for 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 and PERA benefit structure.

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-68	2.2%	2.3%
69	2.8%	2.2%
70	2.7%	1.6%
71	3.1%	0.5%
72	2.3%	0.7%
73	1.2%	0.8%
74	0.9%	1.5%
75-85	0.9%	1.3%
86 and older	0.0%	0.0%

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	\$1,692	\$1,406	\$579	\$481	\$1,913	\$1,589
70	\$1,901	\$1,573	\$650	\$538	\$2,149	\$1,778
75	\$2,100	\$1,653	\$718	\$566	\$2,374	\$1,869

COLORADO LIBRARY CONSORTIUM
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2024

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

Actuarial Assumptions (Continued)

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	\$6,469	\$5,373	\$4,198	\$3,487	\$6,719	\$5,581
70	\$7,266	\$6,011	\$4,715	\$3,900	\$7,546	\$6,243
75	\$8,026	\$6,319	\$5,208	\$4,101	\$8,336	\$6,563

The 2023 Medicare Part A premium is \$506 (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.

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, 2022, 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.

COLORADO LIBRARY CONSORTIUM
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2024

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

Actuarial Assumptions (Continued)

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

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
2023	7.00%	3.50%
2024	6.75%	3.50%
2025	6.50%	3.75%
2026	6.25%	3.75%
2027	6.00%	4.00%
2028	5.75%	4.00%
2029	5.50%	4.00%
2030	5.25%	4.25%
2031	5.00%	4.25%
2032	4.75%	4.25%
2033	4.50%	4.25%
2034	4.50%	4.25%
2035+	4.50%	4.50%

Mortality assumptions used in the December 31, 2022, 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.

COLORADO LIBRARY CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

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

COLORADO LIBRARY CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 7: **DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (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, 2022, 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 2023 plan year.
- The morbidity rates used to estimate the individual retiree and spouse costs by age and by gender were updated effective for the December 31, 2022, actuarial valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender, and status (active versus retired) from actuary's claims data warehouse.
- 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..

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.

COLORADO LIBRARY CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

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

Actuarial Assumptions (Continued)

The actuarial assumptions used in the December 31, 2022, valuation were based on the results of the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, 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%.

COLORADO LIBRARY CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

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	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$68,017	\$70,027	\$72,213

¹For 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, 2023, 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.

COLORADO LIBRARY CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 7: **DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (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.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for GAS 74 projection test.
- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health Department as a PERA - affiliated employ, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Governments Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

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.

COLORADO LIBRARY CONSORTIUM
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2024

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

Discount Rate (Continued)

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$82,711	\$70,027	\$59,176

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.

COLORADO LIBRARY CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

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. During the year ended June 30, 2024, CLiC received state funding of \$1,150,000 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 \$598,178 including reimbursements and administrative fees, and expenditures of \$639,512 during the year ended June 30, 2024 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 \$471,694 for CSL Services and \$44,540 for Colorado Virtual Library.

REQUIRED SUPPLEMENTARY INFORMATION

COLORADO LIBRARY CONSORTIUM

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND - BUDGETARY BASIS

Year Ended June 30, 2024

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2023 ACTUAL
REVENUES				
State Appropriation	\$ 1,150,000	\$ 1,150,000	\$ -	\$ 1,000,000
Administrative Fees	158,600	49,217	(109,383)	190,165
AspenCat Catalog	220,000	338,106	118,106	238,898
Courier Income	821,000	753,900	(67,100)	754,935
Continuing Education and Workshops	5,500	18,104	12,604	5,706
No Store Income	8,000	19,697	11,697	11,353
Miscellaneous Revenue	142,850	-	(142,850)	375
Interest Income	30,000	105,834	75,834	81,086
TOTAL REVENUES	2,535,950	2,434,858	(101,092)	2,282,518
EXPENDITURES				
Payroll, Taxes, and Benefits	1,042,000	1,083,934	(41,934)	912,375
Program and Service Expenditures				
AspenCat Catalog	110,000	119,622	(9,622)	115,237
Dues, Travel, and Lodging	39,000	28,990	10,010	36,892
Continuing Education and Workshops	20,000	30,540	(10,540)	26,459
Courier Contract and Expense	1,134,650	1,051,363	83,287	1,046,526
Other Program Expense	-	-	-	-
Telecommunications and Internet	24,000	31,417	(7,417)	26,773
Operational Expenditures				
Audit, Accounting, and Legal	57,300	30,773	26,527	46,173
Insurance	9,000	9,647	(647)	9,212
Repairs and Maintenance	22,000	19,590	2,410	21,165
Capital Outlay	8,000	150,420	(142,420)	12,525
Space Cost	61,000	61,649	(649)	64,499
Other Operational Expense	9,000	6,027	2,973	19,809
TOTAL EXPENDITURES	2,535,950	2,623,972	(88,022)	2,337,645
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(189,114)	(189,114)	(55,127)
OTHER FINANCING SOURCES (USES)				
Lease Proceeds	-	142,189	142,189	-
CHANGE IN BUDGETARY FUND BALANCE	\$ -	\$ (46,925)	\$ (46,925)	\$ (55,127)
FUND BALANCES, Beginning, GAAP Basis				
		2,890,770		2,787,303
Non-Budgeted Library Organization Revenues				
		3,482,435		3,536,769
Non-Budgeted Library Organization Expenditures				
		(3,454,079)		(3,378,175)
FUND BALANCES, Ending, GAAP Basis		\$ 2,872,201		\$ 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,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the Net Pension Liability (Asset)	0.1234%	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)	\$ 905,901	\$ 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	\$ 1,084,204	\$ 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	83.55%	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	88.03%	82.99%	101.50%	90.90%	86.30%	76.00%	79.40%	73.60%	76.90%	80.70%

See the accompanying independent auditor's report

COLORADO LIBRARY CONSORTIUM

SCHEDULE OF CONTRIBUTIONS
PERA LOCAL GOVERNMENT TRUST FUND PLAN

Years Ended June 30, 2023

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 143,040	\$ 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	143,040	139,048	127,052	139,157	133,555	134,381	127,018	130,160	111,408	108,450
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,040,416	\$ 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	13.75%	13.73%	13.20%	13.19%	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%

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,

	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the Net OPEB Liability (Asset)	0.0981%	0.0096%	0.0015%	0.0116%	0.0116%	0.0123%	0.0126%	0.0125%
Proportionate Share of the Net OPEB Liability (Asset)	\$ 70,027	\$ 78,149	\$ 90,546	\$ 110,111	\$ 130,460	\$ 166,972	\$ 164,002	\$ 161,618
Covered payroll	\$ 1,084,204	\$ 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	6.46%	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	46.16%	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%

NOTE: Information for the prior two 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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 10,613	\$ 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	10,613	10,331	9,814	10,762	10,743	10,810	10,217	10,470	8,962	8,724
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,040,416	\$ 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%	1.02%

See the accompanying independent auditor's report

COLORADO LIBRARY CONSORTIUM
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

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	\$	2,577,047
Cooperative Projects Revenue, Gross		2,824,047
Coop Ebook Collection		60,210
Colorado Virtual Library		598,178
Total Revenue, General Fund		6,059,482
Expenditures, Budgetary Basis		2,623,972
Cooperative Projects Expenditures, Gross		2,717,218
Coop Ebook Collection		97,349
Colorado Virtual Library		639,512
Total Expenditures, General Fund		6,078,051
CHANGE IN FUND BALANCE		(18,569)
Beginning Fund Balance		2,890,770
Ending Fund Balance	\$	2,872,201

COLORADO LIBRARY CONSORTIUM
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

NOTE 3: **SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUARIAL INFORMATION – LOCAL GOVERNMENT DIVISION TRUST FUND**

2023 Changes in Plan Provisions Since 2022

- As of the December 31, 2023, measurement date, the fiduciary net position (FNP) and related disclosure components for the Local Government Division reflect payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023 and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the Local Government Division Trust Fund and Health Care Trust Fund (HCTF) were \$24.967 million and \$1.033 million, respectively.

- As of the December 31, 2023, measurement date, the total pension liability (TPL) recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months (including, but not limited to positions in the School and DPS Divisions) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.

NOTE 4: **SIGNIFICANT CHANGES IN ASSUMPTIONS AND OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION – LOCAL GOVERNMENT DIVISION TRUST FUND**

2023 Changes in Assumptions or Other Inputs Since 2022

- There were no changes made to the actuarial methods or assumptions.

COLORADO LIBRARY CONSORTIUM
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

NOTE 5: **SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUARIAL INFORMATION – PERA HEALTH CARE TRUST FUND PLAN**

2023 Changes in Plan Provisions Since 2022:

- As of the December 31, 2023, measurement date, the fiduciary net position (FNP) and related disclosure components for the Health Care Trust Fund (HCTF) reflect payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

NOTE 6: **SIGNIFICANT CHANGES IN PLAN ASSUMPTIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION – PERA HEALTH CARE TRUST FUND PLAN**

There were no changes made to the actuarial methods or assumptions in 2023.