ELBERT COUNTY LIBRARY DISTRICT
dba
PINES AND PLAINS LIBRARIES

FINANCIAL STATEMENTS

DECEMBER 31, 2022

ELBERT COUNTY LIBRARY DISTRICT
dba PINES AND PLAINS LIBRARIES
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Management Discussion and Analysis

This discussion and analysis of the Elbert County Library District, *dba* Pines and Plains Libraries, (the District) financial performance provides an overview of the District's financial activities for the year ended December 31, 2022. Review this discussion and analysis in conjunction with the District's financial statements.

Statement of Net Position and Statement of Activities – Governmental Activities

The Statement of Net Position includes all the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the District's financial position improvement or decline.

STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES DECEMBER 31, 2022 AND 2021			
	2022	2021	Variance
ASSETS:			
Cash	$ 1,721,201	$ 1,109,152	$ 612,049
Receivables, net	1,325,271	1,327,775	(2,504)
Prepaid Expenses	25,869	6,226	19,643
Capital assets, net	1,791,675	1,720,184	71,491
Total Assets	$ 4,864,016	$ 4,163,337	$ 700,679
DEFERRED OUTFLOWS OF RESOURCES:			
Pension related asset	98,058	205,693	(107,635)
Total Deferred Outflows of Resources	98,058	205,693	(107,635)
LIABILITIES:			
Accounts payable and accrued expenses	$ 28,355	$ 20,157	$ 8,198
Long-term liabilities:			
Due within one year	36,539	17,946	18,593
Due in more than one year	81,088	-	81,088
Net pension liability	(11,756)	396,023	(407,779)
Total Liabilities	134,226	434,126	(299,900)
DEFERRED IN FLOWS OF RESOURCES:			
Pension related liability	503,792	391,916	111,876
Property and specific ownership tax revenue:	1,325,271	1,327,775	(2,504)
Total Deferred Inflows of Resources	1,829,063	1,719,691	109,372
NET POSITION:			
Investment in capital assets, net of related debt	1,690,320	1,720,184	(29,864)
Restricted	355,450	74,500	280,950
Unrestricted	953,015	420,528	532,487
Total Net Position	$ 2,998,785	$ 2,215,212	$ 783,573

From 2021 to 2022, the District's total net position increased by $783,573. Cash increased by $612,049. Receivables, which are mostly tax revenue, decreased by $2,504. Capital assets increased by $71,491. The increase can be attributed to current year capital asset additions, depreciation, and the implementation of Governmental Accounting Standards Board Statement (GASB) No. 87, *Leases* (Note 2). As required by GASB 87, the District has recorded a right-of-use lease asset which will be amortized over the life of the lease. Overall, total assets increased by $700,679.

The District has recorded a lease liability as required by GASB 87 which represents future obligations in relation to the lease held at the Simla Library. Liabilities decreased by $299,900. PERA pension liabilities decreased by $407,779. As outlined in subsequent sections, the District cannot be held accountable for these liabilities, but standard government accounting practices dictate that these must be recorded as liabilities by the District. Two Thousand Twenty-Two continues an eight-year trend in significant improvement of net position.

The Statement of Activities reports information about the District as a whole, showing how the District's net position changed during the most recent fiscal year. These statements are prepared on the accrual basis of accounting, and reflect all the current year's revenues and expenses, regardless of when cash is received or paid.

STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021	Variance
Expenses:			
Operating	$ 731,239	$ 782,444	$ (51,205)
Pension expense	(121,600)	67,598	(189,198)
Capital outlay	83,076	68,093	14,983
Total Expenses	692,715	918,135	(225,420)
Program Revenues:			
Charges for services	3,592	1,714	1,878
Operating grants and contributions	21,079	33,279	(12,200)
Net Program Expense	(668,044)	(883,142)	215,098
General Revenues:			
Property tax	1,277,046	1,115,708	161,338
Specific ownership taxes	170,895	196,842	(25,947)
Miscellaneous	3,676	2,824	852
Total General Revenues	1,451,617	1,315,374	136,243
Change in net position	783,573	432,232	351,341
Net position - beginning	2,215,212	1,782,980	432,232
Net position - ending	$ 2,998,785	$ 2,215,212	$ 783,573

As shown in the table above, total expenses decreased by $225,420 from 2021 to 2022, which includes a decrease in operating expenses of $51,205. Pension expenses decreased by $189,198 in 2022, due to the necessary special treatment of PERA pension funding, as outlined below.

Program revenues in the District include charges for services such as fees for damaged items, copies, faxes, and meeting rooms, as well as grant monies. Charges for services revenues increased by $1,878. The District received $12,200 less in grant monies in 2022.

General revenues increased by $136,243, with property tax revenue increasing by $161,338 and SOT revenue decreasing by $25,947. All interest income is combined in the 2022 financial information in the miscellaneous category. Interest income includes interest earned on late Real Estate Property Tax payments and interest earned on investments. In 2022 the interest income increased by $852.

As described in Notes 6 and 8 of the financial statements, the District contributes to a cost-sharing multiple-employer defined benefit plan administered by the Public Employees' Retirement Association (PERA). During 2022, the District continued reporting for PERA in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 67" (GASB 68) and Statement No. 75, "Accounting and Financial Reporting for Post-employment Benefits other than Pensions" (GASB75), both of which require employers to record their proportionate share of the plan's net unfunded pension and other post-employment benefits liability.

As a result of the adherence to GASB 68 and 75, the District recorded a net pension liability of ($11,756) in addition to the related deferred outflows and inflows noted on the above statement of net position and more fully described in Notes 1, 6, and 8 to the financial statements. The District has no legal obligation to fund this shortfall, nor does it have any ability to affect funding, benefits or annual required contribution decisions made by PERA in administering the defined benefit pension plan.

The governmental fund financial statements provide detailed information about the District's general fund. Due to the fact the District does not operate business-type activities, the governmental fund financial statements closely mirror the Statement of Net Position and the Statement of Activities; the only differences being the method of accounting used to prepare the financial information. All the District's services are reported in the governmental fund, which focuses on how money flows into and out of those funds and the balances, left at year-end, which are available for spending.

These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. Therefore, capital expenditures are reported as a current period expense and long-term liabilities are recorded when currently payable, rather than when an obligation is incurred. As such, the amounts reported for 2022 in the governmental fund financial statements exclude capital assets, changes in liabilities for compensated absences, and the adoption of GASB 68 and 75. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent to finance the District's programs.

As the balance sheet indicates, the general fund increased by $623,495 from 2021 to 2022, and includes restricted funds of $325,000 and $30,450 for the District's capital improvements and TABOR, respectively. Total liabilities decreased by $8,198 during 2022. In 2022, the Board of Trustees restricted an additional $300,000 specifically for the purpose of capital improvements.

BALANCE SHEETS - GOVERNMENT FUND
DECEMBER 31, 2022 AND 2021

	2022	2021	Variance
ASSETS:			
Cash and investments	$ 1,721,201	$ 1,109,152	$ 612,049
Receivables, net	1,325,271	1,327,775	(2,504)
Prepaid expenses	25,869	6,226	19,643
Total Assets	$ 3,072,341	$ 2,443,153	$ 629,188
LIABILITIES:			
Accounts payable and accrued expenses	$ 28,355	$ 20,157	$ 8,198
Total Liabilities	28,355	20,157	8,198
DEFERRED INFLOWS OF RESOURCES:			
Property and specific ownership tax revenue	1,325,271	1,327,775	(2,504)
Total Deferred Inflows of Resources	1,325,271	1,327,775	(2,504)
FUND BALANCE:			
Nonspendable	25,869	6,226	19,643
Restricted	355,450	74,500	280,950
Unassigned	1,337,397	1,014,495	322,902
Total Fund Balance	1,718,716	1,095,221	623,495
Total Liabilities, Deferred Inflows of Resources			
and Fund Balances	$ 3,072,341	$ 2,443,153	$ 629,188

The Statement of Revenues, Expenditures, and Change in Fund Balance echoes much of the information covered in the explanations above.

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - GOVERNMENTAL FUND YEARS ENDED DECEMBER 31, 2022 AND 2021			
	2022	2021	Variance
Expenditures:			
Current			
Operating	$ 786,125	$ 813,972	$ (27,847)
Pension Expense	66,668	66,548	120
Total Expenses	852,793	880,520	(27,727)
Program Revenues:			
Charges for services	3,592	1,714	1,878
Operating grants and contributions	21,079	33,279	(12,200)
Net Program Expense	(828,122)	(845,528)	17,406
General Revenues:			
Property taxes	1,277,046	1,115,708	161,338
Specific ownership taxes	170,895	196,842	(25,947)
Interest income	3,676	2,824	852
Total General Revenues	1,451,617	1,315,374	136,243
Net change in fund balance	623,495	469,847	153,648
Net position - beginning	1,095,221	625,374	469,847
Net position - ending	$ 1,718,716	$ 1,095,221	$ 623,495

The Budgetary Comparison Schedule is included as a tool by which stakeholders can estimate whether the District is meeting its annual financial benchmarks. Generally, the District seeks to spend as much or, preferably, less than expressed in the budget. While developing the 2022 budget, the District sought to build reserves by keeping expenses less than revenues for the purpose of funding future capital improvements. The chart below shows how the district measured up to these goals.

BUDGET COMPARISON SCHEDULE - GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2022			
	Budget	Actual	Variance Favorable / (Unfavorable)
Revenues			
Property taxes	$ 1,200,000	$ 1,277,046	$ 77,046
Specific ownership taxes	150,000	170,895	20,895
Charges for services	1,700	3,592	1,892
Contributions and grants	9,389	21,079	11,690
Interest	2,000	3,676	1,676
Miscellaneous income	1,000	-	(1,000)
Total Revenues	1,364,089	1,476,288	112,199
Expenditures			
Salaries and benefits	637,696	559,296	78,400
Library materials	82,450	71,741	10,709
Facililties	146,550	92,941	53,609
Technology and support services	32,000	22,623	9,377
Programs and outreach	18,389	21,659	(3,270)
Administration	97,465	84,533	12,932
Total Expenditures	1,014,550	852,793	161,757
Net Change in Fund Balance	349,539	623,495	273,956
Fund Balance, Beginning of Year	1,095,221	1,095,221	
Fund Balance, End of Year	$ 1,444,760	$ 1,718,716	

The District made $112,199 more than it budgeted in revenues. This includes $77,046 more than it budgeted for property taxes and $20,895 more than it budgeted for specific ownership taxes. Charges for services, contributions and grants, and interest contributed $15,258 more than what was budgeted.

Expenditures were less than those allotted in the budget. Actual salaries and benefit expenses were $78,400 below budget, despite the Board of Trustees working with Employers Council to complete a compensation survey to increase employee salaries and wages. Materials expenditures were $10,709 less than what was budgeted. Overall expenditures were $161,757 under budget.

In summary, the District budgeted $349,539 less in expenses than revenues for 2022, expecting to place the extra revenues in reserves for future projects (explained below). The actual amount of surplus for 2022 was $623,495. This will allow the District to reserve funds for capital improvements at a faster pace than expected. Some expenses incurred do not affect cash, so the District was able to increase its cash position by $612,049 in 2022. The 2023 District Budget has been conservatively adopted to ensure a surplus will be available to continue to grow the cash reserves needed to fund capital improvements across the District.

The processes of budgeting slightly less revenues than those forecast, keeping strict control of expenditures both during the year and between years, and the accrual of reserves over the past several years illustrates the District's strategy toward saving for the libraries' expansion, while continuing to reward the service of the employees of the District.

First Fiscal Priority: Studying Library Needs in Elbert County

The District's first priority for 2023 will be the completion of a needs analysis of library services in all areas of Elbert County. The results of this study will provide the information needed to move forward with any expansions, renovations, or new library buildings in Elbert County.

The District has long prioritized service expansion for Elizabeth, the largest town in the county. The Elizabeth Library currently only occupies 5,225 square feet of space of a facility that spans 16,600 square feet. The non-library portion of the building is undeveloped warehouse space, currently unusable due to code. Developing that space will likely cost an estimated $4-8 million. As illustrated above, the District's relatively conservative approach to budget, which results in an aggressive accrual of reserves, will result in seed money for the pursuit of grants to create a bigger Elizabeth Library.

Facility improvement granters typically require 50%-or-above in "matching funds" from grantees. In other words, to get a grant for $2 million to improve the Elizabeth Library, the District would need at least $2 million of its own funds to qualify for the grant. The District may apply for other, lesser grants to help provide matching funds. However, the fact remains that development of the Elizabeth Library will require a substantial amount of cash from library reserves. During the next few years, the District will save matching funds. Both the Board and administration consider the development of the Elizabeth "warehouse" space into a public library as the best use for the facility. Renovation of the Elizabeth facility may happen incrementally to provide more immediate service capacity to that area of the county.

More and Better Libraries in Other Areas

With expansion of current housing developments in northwestern Elbert County, such as Spring Valley and Independence, the District is aware of the need new and established residents will have for convenient library services. Therefore, after the expansion of the existing Elizabeth facility, one of the top priorities may be for the district to create consistent, dedicated services for the northwestern area.

Simla's rural population is relatively sparse compared to that of Elizabeth. People in Simla indicate their abundant need for library services by way of material circulation, visits to the Simla branch, and more. The District leases the current Simla facility. The lessor has indicated it is amiable to expanding the building to create more library space. The potential expansion of the Simla Library may be another priority for the District.

Just as the District leveraged its partnership with Elbert School to provide more library services to residents in 2006, Pines & Plains Libraries is constantly seeking partnerships and potential ways in which it can serve residents in the more remote areas of the county. By partnering with local governments or businesses, the District may be able to get more books, technology, and lifelong learning into agricultural communities such as Agate and Matheson for a fraction of costs required by the four current branches. Therefore, continual pursuit of potential partnerships to create new, small facilities in existing buildings is also a priority. Agricultural communities deserve convenient access to culture, information, and lifelong learning opportunities, as do our new residents in the northwestern part of the county.

The above expansions may seem an ambitious agenda in the short term. However, with responsible fiscal management, patience, partnerships, and planning, new and better libraries will soon provide services to all Elbert County residents.

Respectfully,

Susan S Byrne

Susan Byrne
Director
Elbert County Library District
dba Pines and Plains Libraries

Traci L. May, CPA
Lenae A. Jackson, CPA
Lori K. Hendrick, CPA

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Elbert County Library District *dba* Pines & Plains Libraries
651 W. Beverly Street
Elizabeth, CO 80107

Opinion
We have audited the financial statements of the governmental activities and major fund of the Elbert County Library District *dba* Pines & Plains Libraries, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Elbert County Library District *dba* Pines & Plains Libraries, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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Traci L. May, CPA
Lenae A. Jackson, CPA
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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* 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 and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

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Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

May Jackson Hendrick, LLC

Parker, Colorado
May 24, 2023

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BASIC FINANCIAL STATEMENTS

ELBERT COUNTY LIBRARY DISTRICT dba PINES AND PLAINS LIBRARIES

BALANCE SHEET - GOVERNMENTAL FUND/ STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Primary Government		
	General - Governmental Fund	Adjustments	Statement of Net Position - Governmental Activities
ASSETS:			
Cash	$ 1,721,201	$ -	$ 1,721,201
Property and specific ownership taxes receivable, net of allowance for uncollectible accounts of $87,244	1,325,271	-	1,325,271
Prepaid expenses	25,869	-	25,869
Capital assets not being depreciated	-	362,467	362,467
Capital assets net of accumulated depreciation/amortization	-	1,429,208	1,429,208
Total Assets	$ 3,072,341	$ 1,791,675	$ 4,864,016
DEFERRED OUTFLOWS OF RESOURCES:			
Pension and other post employment benefits related assets	-	98,058	98,058
Total Deferred Outflows of Resources	-	98,058	98,058
LIABILITIES:			
Accrued expenses, salaries and payroll taxes	$ 28,355	$ -	28,355
Long-term liabilities:			
Due within one year	-	36,539	36,539
Due in more than one year	-	81,088	81,088
Net pension and other post employment benefits liability	-	(11,756)	(11,756)
Total Liabilities	28,355	105,871	134,226
DEFERRED INFLOWS OF RESOURCES:			
Pension and other post employment benefits related liability	-	503,792	503,792
Property and specific ownership tax revenue	1,325,271	-	1,325,271
Total Deferred Inflows of Resources	1,325,271	503,792	1,829,063
FUND BALANCE/NET POSITION:			
Fund Balance			
Nonspendable	25,869	(25,869)	-
Restricted for:			
Tabor	30,450	(30,450)	-
Committed for:			
Capital improvements	325,000	(325,000)	-
Unassigned fund balance	1,337,397	(1,337,397)	-
Total Fund Balance	1,718,716	(1,718,716)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 3,072,341		
Net Position			
Investment in capital assets		1,690,320	1,690,320
Restricted for:			
Tabor		30,450	30,450
Capital improvements		325,000	325,000
Unrestricted		953,015	953,015
Total Net Position		$ 2,998,785	$ 2,998,785

ELBERT COUNTY LIBRARY DISTRICT dba PINES AND PLAINS LIBRARIES

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

YEAR ENDED DECEMBER 31, 2022

	Primary Government		
	General - Governmental Fund	Adjustments	Statement of Activities - Governmental Activities
Expenditures/Expenses:			
Current			
Operating	$ 786,125	$ (54,886)	731,239
Pension and other post employment benefits expense	66,668	(188,268)	(121,600)
Capital Outlay	-	83,076	83,076
Total Expenses	852,793	(160,078)	692,715
Program Revenues:			
Operating grants and contributions	21,079	-	21,079
Charges for services	3,592	-	3,592
Total Program Revenues	24,671	-	24,671
Net Program Expenses	(828,122)	160,077	(668,044)
General Revenues:			
Property taxes	1,277,046	-	1,277,046
Specific ownership taxes	170,895	-	170,895
Interest income	3,676	-	3,676
Total General Revenues	1,451,617	-	1,451,617
Net change in fund balance	623,495	(623,495)	
Change in net position		783,573	783,573
Fund Balance/Net Position			
Beginning of year	1,095,221	1,119,991	2,215,212
End of year	$ 1,718,716	$ 1,280,069	$ 2,998,785

ELBERT COUNTY LIBRARY DISTRICT dba PINES AND PLAINS LIBRARIES

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION DECEMBER 31, 2022

Total fund balance - general fund		$ 1,718,716
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund.		
Capital assets	2,659,332	
Accumulated depreciation	(969,012)	1,690,320
Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund.		
Operating lease right-of-use asset	101,355	
Lease liability	(101,347)	8
Pension liability is not due and payable in the current period and therefore are not reported in the governmental fund.		
Pension related deferred outflows	98,058	
Pension related deferred inflows	(503,792)	
Pension liability	11,756	(393,980)
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental fund.		(16,279)
Net position of governmental activities		$ 2,998,785

ELBERT COUNTY LIBRARY DISTRICT dba PINES AND PLAINS LIBRARIES

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

YEAR ENDED DECEMBER 31, 2022

Net change in fund balance - general fund		$	623,495
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as a depreciation expense. This is the amount by which depreciation exceeds capital outlays.			
Capital asset additions	(83,076)		
Depreciation	112,941		(29,865)
Governmental funds report rent expense as an expenditure. However, in the statement of activities, the rent expense is reported as amortization and interest expense over life of the operating lease. This is the amount by which rent expense exceeds amortization and interest expense.			
Rent	23,625		
Amortization	(19,510)		
Interest	(4,107)		8
Pension liability does not require use of current financial resources and therefore is not reported as expenditures in the governmental fund.			188,268
Compensated absences in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund.			1,668
Change in net position of governmental activities		$	783,573

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Elbert County Library District (the District) was established in 2000 as a library district to provide library services within Elbert County, Colorado. A five-member Board of Trustees, initially appointed by the Elbert County Board of Commissioners and now appointed upon the recommendation of the Elbert County Library District Board of Trustees and ratified by the Board of Commissioners, governs the District.

The District maintains libraries in Kiowa, Elizabeth and Simla, Colorado. In addition, the District provides joint library services in Elbert, Colorado at the Elbert School.

Financial Reporting Entity

All activities of the District are included in the financial statements. The District does not have any component units over which it exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the District (as distinct from legal relationships).

Basis of Presentation

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

Governmental Fund Financial Statements: Governmental fund financial statements are organized into three major categories: governmental, proprietary and fiduciary; the District has no proprietary or fiduciary funds. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund balance, revenues and expenditures. An emphasis is placed on major funds within the governmental and proprietary categories.

A fund is considered a major fund if it is the primary operating fund. The general fund is the primary operating fund of the District and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. The District utilizes the general fund exclusively of which it is charged with all costs of operating the District due to the fact a separate fund has not been established.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Financial Statements: The Statement of Net Position and Statement of Activities display information about the reporting government as a whole and include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities; the District has no business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues.

Measurement Focus and Basis of Accounting
Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus:
In the governmental fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- Current Financial Resources - Only current financial assets and liabilities are generally included on the balance sheet. Operating statements present sources and uses of available spendable financial resources during a given period. The fund uses a fund balance as the measure of available spendable financial resources at the end of the period.

- Economic Resources - The accounting objectives of this measurement focus are the determination of operating income, changes in fund balance (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

- The agency fund is not involved in the measurement of results of operations; therefore, measurement focus is not applicable to it.

In the government-wide financial statements, governmental activities are presented using the economic resources measurement focus as defined above.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting:
In the governmental fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

In the government-wide financial statements, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Assets, Liabilities and Fund Balance/Net Position
Cash and Investments:
Colorado Revised Statutes (CRS) authorize the District to invest in certain obligations of the U.S. Treasury and U.S. agencies, commercial paper, repurchase agreements, local government investment pools and other specific investments.

The District limits its exposure to credit risk, which is the risk of loss due to the failure of the security issuer or backer, by diversifying the investment portfolio so that potential losses on individual securities will be minimized and by limiting investments to specific credit ratings.

Furthermore, District funds may only be deposited in banks that are members of the Federal Deposit Insurance Corporation (FDIC) and have been designated by the State Banking Board as an eligible public depository under the Colorado Public Deposit Protection Act (PDPA). Under the provisions of PDPA, amounts on deposit in excess of federal insurance levels must be collateralized by the depository using securities with a market value of 102% of the aggregate uninsured deposits. The State Regulatory Commission for banks and financial services is required by statute to qualify eligible PDPA depositories, limit the types of securities that can be used for collateral and monitor the reporting of uninsured deposits and assets maintained in the collateral pools.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable:
Accounts receivable consist of special ownership tax revenues earned at year-end and not yet received due to difficulties encountered with a software upgrade conducted statewide by the State of Colorado.

Property Taxes Receivables:
Property tax receivables are net of an allowance for uncollectable accounts. Property values are assessed and a lien placed on the property as of January 1. Property taxes are levied no later than December 22. Taxes are payable in the following year, either in full by April 30, or in two equal payments due February 28 and June 15. Property taxes levied in the current year and payable in the following year are reported as a receivable and deferred inflow of resources at December 31. Revenue is recognized upon collection; therefore, in the following year the receivable is recorded.

Prepaids:
Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the governmental fund and government-wide financial statements.

Capital Assets:
The accounting treatment over capital assets, which include land, buildings, furniture, equipment and library materials, depends on whether the assets are reported in the governmental fund or government-wide financial statements.

Governmental Fund Financial Statements: In the governmental fund financial statements, capital assets are expensed when purchased.

Government-wide Financial Statements: In the government-wide financial statements, capital assets with an initial, individual cost of $5,000 or more (except library material which are capitalized regardless of cost) and an estimated useful life of more than one year, are recorded at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Maintenance, repairs and minor renewals are charged as expenditures when incurred.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. Capital assets are depreciated over their estimated useful lives of five to forty years.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned Revenue:
Grant funds received from grantors, which are applicable to future accounting periods, are recorded as unearned revenue in both the governmental fund and government-wide financial statements; these funds will be recognized as revenue in the year earmarked by the grantor.

Deferred Outflows of Resources:
In addition to assets, the Statement of Net Position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period or periods and will not be recognized as an outflow of resources until that period. The District has recognized deferred outflows of resources in the government-wide financial statements in accordance with the presentation requirements for GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* (GASB 68) and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* (GASB 75).

Long-Term Debt:
The accounting treatment of long-term debt depends on whether it is reported in the governmental fund or government-wide financial statements.

Long-term debt for governmental funds is not reported as liabilities in the governmental fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures.

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. Long-term debt consists of accrued compensated absences and a capital lease.

Compensated Absences:
The District's liability for compensated absences consists of accrued vacation, personal and sick time due to employees. The liability for compensated absences is reported in the government-wide financial statements when accrued and only recorded in the governmental fund financial statements when the amount is due to the employee, for example, when an employee takes vacation, personal or sick time, resigns or retires.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions:
The District participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (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.

Other Post Employment Benefit (OPEB) Plan:
The District 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 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.

Deferred Inflows of Resources:
In addition to liabilities, the Statement of Net Position will sometimes include a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period or periods and will not be recognized as an inflow of resources until that period. The District has recognized deferred inflows of resources in the government-wide financial statements in accordance with the presentation requirements for property taxes, GASB 68 and GASB 75.

Fund Balance/Net Position:
The District reports fund balance and net position in accordance with the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This statement identifies fund balance categories to make the nature and extent of the constraints placed on a governmental entity's fund balances more transparent.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- *Nonspendable* – This classification represents all assets that are not expected to convert to cash (i.e. prepaid expenses).
- *Restricted* – This classification represents amounts constrained to specific purposes by external parties such as grantors, contributors or through constitutional provisions. Restricted fund balances also include revenues raised pursuant to legislations that restrict the use of funds to a specific purpose.
- *Committed* – This classification represents amounts constrained to specific purposes by the District's Board of Trustees. To be reported as committed, amounts cannot be used for any other purpose unless the District's Board of Trustees takes action to remove or change the constraint. Fund balance commitments are established, modified or rescinded by the adoption of Board resolutions.
- *Assigned* – This classification represents amounts the District intends to use for a specific purpose. Intent can be expressed either by the District's Board of Trustees or by an official or body to which the Board delegates the authority.
- *Unassigned/Unrestricted* – This classification represents amounts that are available for any purpose.
- *Investment in capital assets* – This classification represents capital assets net of accumulated depreciation and related debt.

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

NOTE 2 IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

Governmental Accounting Standards Board Statement No. 87

The District adopted the provisions of GASB Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. Under this Statement, the lessee is required to recognize an intangible right-to-use lease asset and a lease liability, thereby enhancing the relevance and consistency of information about governments' leasing activities.

NOTE 3 CASH

At December 31, 2022, the District had the following cash:

	Unrestricted	Restricted	Total
Cash and Investments:			
Cash	$ 1,721,201	$ -	$ 1,721,201
Total Cash	$ 1,721,201	$ -	$ 1,721,201

NOTE 4 CAPITAL ASSETS

During the year ended December 31, 2022, the District recorded depreciation and amortization expense of $112,941 and $19,510, respectively. Additionally, the District disposed of fully depreciated fixed assets no longer in use of $87,145. Capital assets activity for the year was as follows:

	December 31, 2021	Additions	Deletions	December 31, 2022
Capital Assets Not Being Depreciated				
Land	$ 362,467	$ -	$ -	$ 362,467
Total Capital Assets Not Being Depreciated	362,467	-	-	362,467
Capital Assets Being Depreciated				
Buildings	1,916,746	17,964	-	1,934,710
Library materials	329,308	65,112	(65,899)	328,521
Computers	16,291	-	(16,291)	-
Furniture and fixtures	38,590	-	(4,955)	33,635
Total Capital Assets Being Depreciated	2,300,935	83,076	(87,145)	2,296,866
Accumulated Depreciation				
Buildings	(692,070)	(47,237)	-	(739,307)
Library materials	(196,265)	(65,704)	65,899	(196,070)
Computers	(16,291)	-	16,291	-
Furniture and fixtures	(38,591)	-	4,955	(33,636)
Total Accumulated Depreciation	(943,217)	(112,941)	87,145	(969,013)
Net Capital Assets Being Depreciated	1,357,718	(29,865)	-	1,327,853
Lease Assets				
Buildings	-	120,865	-	120,865
Total Lease Assets Being Amortized	-	120,865	-	120,865
Accumulated Amortization				
Buildings	-	(19,510)	-	(19,510)
Total Accumulated Amortization	-	(19,510)	-	(19,510)
Net Lease Assets Being Amortized	-	101,355	-	101,355
Net Governmental Activities Capital Assets	$ 1,720,185	$ 71,490	$ -	$ 1,791,675

NOTE 5 COMMITMENTS

District as Lessee:
The District, as a lessee, has entered into a lease agreement for the Simla library facility; the lease is scheduled to expire in August 2027 and carries a $23,625 annual lease obligation ($1,969/month).

The total of the District's lease asset is recorded at a cost of $120,865, less accumulated amortization of $19,150.

The future lease payments under the lease agreement are as follows:

Year ending December 31,:	
2023	$ 23,625
2024	23,625
2025	23,625
2026	23,625
2027	15,750
Total	$ 110,250

Changes in Long-Term Liabilities:
The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended December 31, 2022:

	December 31, 2021	Additions	Deletions	December 31, 2022
Governmental Activities:				
Compensated absences	$ 17,946	$ 4,686	$ (6,353)	$ 16,279
Lease	-	120,865	(19,518)	101,347
Total	$ 17,946	$ 125,551	$ (25,871)	$ 117,626

NOTE 6 DEFINED BENEFIT PENSION PLAN

Plan Description: Eligible employees of the District are provided with pensions through the Local Government Division Trust Fund (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 comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-finacial-reports.

NOTE 6 DEFINED BENEFIT PENSION PLAN (Continued)

Benefits Provided as of December 31, 2022: PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. Section 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 annualized into a monthly benefit based on life expectancy and other actuarial factors.

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

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit

- $15 times the first 10 years of service credit plus $20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases, the service retirement benefit is limited to 100% of highest average salary and 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.

NOTE 6 DEFINED BENEFIT 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 retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, and the qualified survivor(s) who will receive the benefits.

Contributions provisions as of December 31, 2022: Eligible employees and the District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Employee contribution rates for the period of January 1, 2021 through December 31, 2022 are summarized in the table below:

	Jan. 1, 2021 Through June, 30 2021	July 1, 2021 Through Dec. 31, 2021	Jan. 1, 2022 Through June 30, 2022	July 1, 2022 Through Dec. 31, 2022
Employee contribution (all employees except State Troopers)	8.50%	8.50%	8.50%	9.00%
State Troopers Only	12.00%	12.50%	12.50%	13.00%

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

NOTE 6 DEFINED BENEFIT PENSION PLAN (Continued)

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

	Jan. 1, 2021 Through June 30, 2021	July 1, 2021 Through Dec. 31, 2021	Jan. 1, 2022 Through June 30, 2022	July 1, 2022 Through Dec. 31, 2022
Employer contribution rate	10.05%	10.50%	10.50%	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)%	(1.02)%	(1.02%)
Amount apportioned to the LGDTF	9.48%	9.48%	9.48%	9.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	2.20%	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	1.50%	1.50%	1.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.02%	0.02%	0.03%	0.03%
Total employer contribution rate to the LGDTF	**13.20%**	**13.20%**	**13.21%**	**13.71%**

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

NOTE 6 DEFINED BENEFIT PENSION PLAN (Continued)

The employer contribution requirements for State Troopers are summarized in the table below:

	Jan. 1, 2021 Through June 30, 2021	July 1, 2021 Through Dec. 31, 2021	Jan. 1, 2022 Through Dec. 31, 2022	July 1, 2022 Through Dec. 31, 2022
Employer contribution rate	13.60%	13.60%	13.60%	14.10%
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)%	(1.02)%	(1.02)%
Amount apportioned to the LGDTF	12.58%	12.58%	12.58%	13.08%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	2.20%	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	1.50%	1.50%	1.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.02%	0.02%	0.03%	0.03%
Total employer contribution rate to the LGDTF	**16.30%**	**16.30%**	**16.31%**	**16.81%**

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

NOTE 6 DEFINED BENEFIT PENSION PLAN (Continued)

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contribution to the LGDTF. Employer contributions recognized by the LGDTF from the District were $59,295 for the year ended December 31, 2022.

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

At December 31, 2022, the District reported a liability of $53,871 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll forward the total pension liability to December 31, 2021. The District proportion of the net pension liability was based on the District's contributions to the LGDTF for the calendar year 2021 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2021, the District's proportion was 6.28%, which was a decrease of .39% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the District recognized pension expense of ($124,802). At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 5,239	$ 20,060
Changes in assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and difference between contributions recognized and proportionate share of contributions	20,893	466,878
Contributions subsequent to the measurement date	61,627	N/A
Total	$ 87,759	$ 486,938

$61,627 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 December 31, 2023.

NOTE 6 DEFINED BENEFIT PENSION PLAN (Continued)

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,	
2023	$ 7,577
2024	111
Total	$ 7,688

Actuarial assumptions: The TPL in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	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]	1.00%
PERA Benefit Structure hired after 12/31/06	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.

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

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

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

NOTE 6 DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

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

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

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

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

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

NOTE 6 DEFINED BENEFIT PENSION PLAN (Continued)

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

Several factors were 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 by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

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

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

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

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:

NOTE 6 DEFINED BENEFIT PENSION PLAN (Continued)

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

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

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

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

- The AIR balance was excluded from the initial fiduciary net position, 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 fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

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

NOTE 6 DEFINED BENEFIT PENSION PLAN (Continued)

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 369,358	$ (53,869)	$ (407,880)

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

NOTE 7 DEFINED CONTRIBUTION PENSION PLANS

Voluntary Investment Program

Plan Description: Employees of the District that are also members of the LGDTF may voluntarily contribute to the Voluntary Investment Plan, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available CAFR, which includes additional information on the Voluntary Investment Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy: The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not match any of the employee contributions. Employees are immediately vested in their own contributions and investment earnings. For the year ended December 31, 2022, program members contributed $1,200 to the Voluntary Investment Program.

NOTE 8 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

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

Benefits provided: The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 *et seq.* specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

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

NOTE 8 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

PERA Benefit Structure
The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20.

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

DPS Benefit Structure
The maximum service-based premium subsidy is $230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum 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.

NOTE 8 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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 the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were $4,669 for the year ended December 31, 2022.

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

At December 31, 2022, the District reported a liability of $42,115 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TOL to December 31, 2021. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the District's proportion was .509%, which was an increase from .021%, its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the District recognized OPEB expense of $498. At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 935	$ 1,976
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	4,695	14,878
Contributions subsequent to the measurement date	4,669	-
Total	$ 10,299	$ 16,854

NOTE 8 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

$4,669 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 December 31, 2023.

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

Year ended December 31,:	
2023	$ 3,443
2024	1,785
2025	797
2026	49
2027	35
2028	12
Total	$ 6,121

NOTE 8 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method			Entry age	
Price inflation			2.30%	
Real wage growth			0.70%	
Wage inflation			3.00%	
Salary increases, including wage inflation				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40%	N/A
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation			7.25%	
Discount rate			7.25%	
Health care cost trend rates				
PERA benefit structure:				
Service-based premium subsidy			0.00%	
PERACare Medicare plans			4.50% in 2021, 6.00% in 2022 gradually decreasing to 4.50% in 2029	
Medicare Part A premiums			3.75% in 2021, gradually increasing to 4.50% in 2029	
DPS benefit structure:				
Service-based premium subsidy			0.00%	
PERACare Medicare plans			N/A	
Medicare Part A premiums			N/A	

NOTE 8 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

	Initial Costs for Members without Medicare Part A		
Medicare Plan	**Monthly Cost**	**Monthly Premium**	**Monthly Cost Adjusted to Age 65**
Medicare Advantage/Self-Insured Rx	$633	$230	$591
Kaiser Permanente Medicare	596	199	562

The 2021 Medicare Part A premium is $471 (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 heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2020, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

NOTE 8 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

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

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

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

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

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

NOTE 8 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

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

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

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

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

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

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

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

NOTE 8 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table 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:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2021 plan year.

- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

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

NOTE 8 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

1 The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates - The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$ 48,914	$ 42,117	$ 36,311

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

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

NOTE 8 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

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

- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.

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

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 40,907	$ 42,117	$ 43,518

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

NOTE 9 FUND BALANCE/NET POSITION

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

Governmental Fund Financial Statements:
At December 31, 2022, the District had a restricted fund balance of $30,450, which consists of emergency reserves required by Article X, Section 20 of the Colorado Constitution. In addition, the District had a committed fund balance of $325,000, which consists of capital improvement funds for the expansion of the Elizabeth Library.

Government-wide Financial Statements:
Amounts reported as net investment in capital assets of $1,690,320 represents the District's capital assets net of accumulated depreciation and amortization of $969,012 and $19,510, respectively.

Restricted fund balances of $30,450 and $325,000 represent emergency reserves required by Article X, Section 20 of the Colorado Constitution and capital improvement funds for the expansion of the Elizabeth Library, respectively.

NOTE 10 RELATED ORGANIZATIONS

The Elbert County Libraries Foundation dba Pines & Plains Libraries Foundation (the Foundation): The Foundation was established in 2009 to aid, assist and support financially and otherwise the libraries of the Elbert County Library District *dba* Pines and Plains Libraries. Although the Foundation was created for the direct benefit of the District, the Foundation is not reported as a component unit due to the following:

- The District does not appoint or elect a majority of the Foundation's board of directors
- The District cannot impose its will on the Foundation by significantly influencing the program, projects, activities, or level of service performed by the Foundation
- The District does not have the ability to access the economic resources received by the Foundation
- The Foundation is not fiscally depended on the District
- The Foundation does not have a financial benefit or burden relationship with the District

Information about the Foundation can be found at https://pplibraries.org/foundation/.

NOTE 10 RELATED ORGANIZATIONS (Continued)

Elizabeth Friends of the Library, Kiowa Friends of the Library, Elbert Friends of the Library and Simla Friends of the Library (the Friends): The Friends are a group of volunteers organized in each respective library's community who exist to provide advocacy, volunteer support, fundraising and community involvement for each library branch.

Funds are raised from book sales, silent auctions and general donations. Funds are contributed to the District to aid in improving the facilities and services provided at each library branch.

During 2022, each library branch received various in-kind contributions, which have been recorded in the financial statements in the amount of $3,502. The District recognizes the importance of and is grateful for the in-kind contributions and services provided by the Friends of the Library, which contribute to the District's overall success.

NOTE 11 ELBERT LIBRARY AGREEMENT

In August 2004, the Elbert County Library District and the Elbert School District #200 (the School) entered into an agreement for shared library space. Under the agreement, the School provides space to the District for the operations of the Elbert Library (the Library).

The School's responsibilities include:

- Provide the District with adequate space for the Library
- Provide staffing for the Library during regularly scheduled school hours
- Provide adequate facilities and equipment to allow for shelving of Library materials, research and recreational activities of the Library and its programs, a computer circulation system, telephones and data lines for communication and computer equipment and a copier for the general use of Library patrons
- Provide access to the Library for those hours which are not regularly scheduled school hours but during which the Library has established public hours
- Provide year round maintenance, custodial care, snow removal and all other operational aspects of the facility
- Maintain appropriate insurance on the facility
- Permit its library collection to be incorporated into and circulated as a part of the Library's collection available to the general public

The District's responsibilities include:

- Furnish and make available the Library's collection as a part of the Library

NOTE 11 ELBERT LIBRARY AGREEMENT (Continued)

- Provide staffing for the Library for those hours that are not regularly scheduled school hours
- Provide materials and equipment unique to its operation as a Library such as an outside book return for returns during non-public hours and signage directing patrons to the Library
- Maintain appropriate levels in insurance for its activities in the Library and for its materials that are incorporated as a part of the Library
- Be responsible for maintaining appropriate order and/or discipline in the Library during its non-school public hours
- Monitor patron activity during non-school public hours to keep patrons from accessing other parts of the school in which the Library is located but which are not part of the Library

The agreement automatically renews annually under the same terms and conditions as reflected in the agreement and any addendums at the time of renewal. Either party can terminate the agreement by giving written notice to the other party no later than March 1 of the year during which the termination is to occur.

In the event of termination of the agreement, all print and non-print material shall become the property of the School.

NOTE 12 TAX, SPENDING AND DEBT LIMITATIONS

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

TABOR also requires emergency reserves to be established. These reserves must be at least 3% of fiscal year spending. The District is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary and benefit increases. At December 31, 2022, there was a $30,450 restricted fund balance in the governmental fund financial statements and the same balance was reported in the government-wide financial statements as restricted, both for TABOR.

NOTE 13 MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at December 31, 2022, and revenues and expenditures during the year then ended. The actual outcome of the estimates could differ from the estimates made in the preparation of the financial statements.

NOTE 14 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and natural disasters for which the District carries commercial and worker's compensation insurance.

NOTE 15 CONCENTRATION OF CREDIT RISK

The District's financial instruments that are exposed to concentrations of credit risk consist of cash and accounts receivable. The District places its cash with high credit quality institutions. The District routinely assesses the financial strength of its customers and, consequently, believes that its accounts receivable credit risk exposure is limited. At times, cash may be held in accounts in excess of the FDIC insurance limit of $250,000. At December 31, 2022, the District had funds held at two financial institutions, which exceeded the FDIC insurance limit, by $755,759 and $464,781.

NOTE 16 EVALUATION OF SUBSEQUENT EVENTS

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through May 23, 2023, the date the financial statements were available to be issued. The District has not identified any subsequent events.

SUPPLEMENTARY INFORMATION

ELBERT COUNTY LIBRARY DISTRICT dba PINES AND PLAINS LIBRARIES
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	$ 1,200,000	$ 1,277,046	$ 77,046
Specific ownership taxes	150,000	170,895	20,895
Charges for services	1,700	3,592	1,892
Contributions and grants	9,389	21,079	11,690
Interest	2,000	3,676	1,676
Miscellaneous income	1,000	-	(1,000)
Total Revenues	1,364,089	1,476,288	112,198
Expenditures			
Salaries and benefits	637,696	559,296	78,400
Library materials	82,450	71,741	10,709
Facilities	146,550	92,941	53,609
Technology and support services	32,000	22,623	9,377
Programs and outreach	18,389	21,659	(3,270)
Administration	97,465	84,533	12,932
Total Expenditures	1,014,550	852,793	161,757
Net Change in Fund Balance	349,539	623,495	273,955
Fund Balance, Beginning of Year	1,095,221	1,095,221	
Fund Balance, End of Year	$ 1,444,760	$ 1,718,716	

ELBERT COUNTY LIBRARY DISTRICT dba PINES AND PLAINS LIBRARIES

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS

COLORADO PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION

FOR THE YEAR ENDED DECEMBER 31, 2022

	12/31/14	12/31/15	12/31/16	12/31/17	12/31/18	12/31/19	12/31/20	12/31/21
Proportionate Share of the Net Pension Liability								
District's Proportion of the Net Pension Liability	0.0717697929%	0.0615847508%	0.0569555414%	0.0553794564%	0.0597188073%	0.0613429078%	0.0667122542%	0.0628306146%
District's Proportionate Share of the Net Pension Liability	$ 643,279	$ 678,406	$ 769,094	$ 616,611	$ 750,791	$ 448,657	$ 347,656	$ (53,871)
District's Covered Payroll	$ 393,267	$ 349,754	$ 345,222	$ 349,357	$ 391,692	$ 422,436	$ 470,744	$ 467,511
District's Proportionate Share of the Net Pension Liability as a Percentage Covered Payroll	163.57%	193.97%	222.78%	176.50%	191.68%	106.21%	73.85%	-11.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.10%	76.90%	73.60%	79.37%	75.96%	86.26%	90.88%	101.49%
District Contributions								
Statutorily Required Contribution	$ 49,866	$ 44,349	$ 43,774	$ 44,298	$ 49,667	$ 53,565	$ 60,896	$ 61,712
Contributions in Relation to the Statutorily Required Contribution	49,866	44,349	43,774	44,298	49,667	53,565	60,896	61,712
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	393,267	349,754	345,222	349,357	391,692	422,436	470,744	467,511
Contributions as a Percentage of Covered Payroll	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%	12.94%	13.20%

Complete 10-year information to be presented in future years as it becomes available.

ELBERT COUNTY LIBRARY DISTRICT dba PINES AND PLAINS LIBRARIES

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND CONTRIBUTIONS
COLORADO PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION
FOR THE YEAR ENDED DECEMBER 31, 2022

	12/31/17	12/31/18	12/31/19	12/31/20	12/31/21
Proportionate Share of the Net OPEB Liability					
District's Proportion of the Net OPEB Liability	0.0043032370%	0.0046312019%	0.0046981304%	0.0050905125%	0.0048842326%
District's Proportionate Share of the Net OPEB Liability	$ 55,925	$ 63,008	$ 52,806	$ 48,371	$ 42,115
District's Covered Payroll	$ 349,357	$ 391,692	$ 422,436	$ 470,744	$ 467,511
District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	16%	16%	13%	10%	9%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18%	17%	24%	24%	39%
District Contributions					
Statutorily Required Contributions	$ 3,563	$ 3,995	$ 4,309	$ 4,802	$ 4,769
Contributions in Relation to the Statutorily Required Contribution	3,563	3,995	4,309	4,802	4,769
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 349,357	$ 391,692	$ 422,436	$ 470,744	$ 467,511
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%

Complete 10-year information to be presented in future years as it becomes available.