

Pikes Peak Library District

Comprehensive Annual Financial Report

For the year ended December 31, 2018

Board of Trustees

(As of December 31, 2018)

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Debbie English	Trustee
Cathy Grossman	Trustee
Mina Liebert.....	Trustee
Scott Taylor.....	Trustee

Chief Librarian and Chief Executive Officer
John Spears

Prepared by
Michael E. Varnet, CPA, CPFO
Chief Financial Officer

Administrative Offices
20 N. Cascade Avenue
Colorado Springs, Colorado 80903

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(719) 531-6333

ppld.org

P.O. Box 1579

Colorado Springs, CO 80901

Members of the Board of Trustees
Pikes Peak Library District
20 N. Cascade Avenue
Colorado Springs, Colorado 80903

Dear Trustees:

I am pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Pikes Peak Library District (the District) for the year ended December 31, 2018.

This is the 28th consecutive year that an annual financial report has been submitted to you in CAFR format, in accordance with guidelines of the Government Finance Officers Association of the United States and Canada (GFOA).

Please refer to pages 31 to 43 for the section of the CAFR called "Management's Discussion and Analysis." This section provides a discussion of the significant issues and analysis of the District's 2018 financial statements.

Last year's CAFR received the Certificate of Achievement for Excellence in Financial Reporting from the GFOA for the 27th consecutive year. This award represents affirmation that the District has achieved excellence in financial reporting. The District will submit the 2018 CAFR for recognition again this year.

I want to take this opportunity to thank PPLD's Chief Financial Officer and the Finance Office staff for their operational support that ensures financial excellence, and the Board of Trustees for their stewardship of the District's fiscal activities and their supportive and future-oriented planning.

Respectfully submitted,

A handwritten signature in black ink that reads "John Spears". The signature is written in a cursive style and is positioned above a thin blue horizontal line.

John Spears
Chief Librarian and Chief Executive Officer
June 23, 2019



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(719) 531-6333

ppld.org

P.O. Box 1579

Colorado Springs, CO 80901

June 23, 2019

To the Board of Trustees and the Citizens of the Pikes Peak Library District:

State law requires that every general-purpose local government publish within seven months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2018.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

BKD, LLP, our independent certified public accountants, has issued an unmodified (“clean”) opinion on the Pikes Peak Library District’s (the District or PPLD) financial statements as of and for the year ended December 31, 2018. The independent auditor’s report is located at the front of the financial section of this report.

Management’s Discussion and Analysis (MD&A) immediately follows the Independent Auditor’s Report, and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

Government Structure

The District is considered a “Library District,” which is a separate legal entity, and was created through Colorado State Statute (C.R.S. 24-90-110). The District is not considered a component unit of any other government entity, including El Paso County, Colorado, and is financially, managerially and operationally independent, and meets the guidelines outlined by the Governmental Accounting Standards Board.

Pikes Peak Library District has one component unit affiliation: Pikes Peak Library District Foundation, Inc. (a discretely presented component unit), which organized in 2003 to raise funds for the sole benefit of PPLD. PPLD provides library services to all of El Paso County, excluding Security/Widefield School District #3. Security/Widefield and the town of Manitou Springs did not join the Library District when it was formed in 1962. The town of Manitou Springs subsequently voted to join PPLD effective January 1, 2013.

There are 14 library facilities and 3 mobile libraries covering a service area of approximately 2,070 square miles. PPLD owns seven facilities: East Library, Fountain Library, High Prairie Library, Library 21c, Old Colorado City Library, Penrose Library Complex, and Sand Creek Library. The District leases the other seven facilities: Cheyenne Mountain Library, Manitou Springs Library, Monument Library, Palmer Lake Library, Rockrimmon Library, Ruth Holley Library, and Ute Pass Library. Additionally, a mobile fleet delivers library services to remote sites and to special non-mobile populations.

PPLD's 14 library facilities and mobile fleet are structured by region—north, southeast, and west—and their daily operations include circulation, shelving, and security. Library Services encompasses Adult Education, Adult Services, Children's Services, Collection Management, Creative Services, Regional History and Genealogy (including Special Collections), and Young Adult Services. The administrative offices and departments comprise of the Chief Librarian and CEO, Communications (branding, marketing, video production, and community relations), Development, Facilities, Finance, Human Resources, and Information Technology.

PPLD's Board of Trustees consists of seven members from the community. The citizen volunteers are appointed jointly by the Colorado Springs City Council and El Paso County Commissioners for a maximum of two five-year terms. The Trustees convene at regular meetings, as well as at special meetings when necessary, to conduct the business of PPLD. Trustees are prohibited by law from receiving compensation, and their duties and responsibilities are defined in law (C.R.S. 24-90-109).

The Board of Trustees is required to adopt a final budget no later than December 15 of each fiscal year. The annual budget serves as a foundation of PPLD's financial planning and control. The budget is prepared by fund and by department. Managers and supervisors may transfer funds within the same expenditure category, but transfers between expenditure categories require special approval by the Board of Trustees.

About Pikes Peak Library District

Pikes Peak Library District (PPLD) seeks to engage and transform people's lives via its 14 library facilities, online resources, and mobile library services. With a mission to provide resources and opportunities that impact individual lives and build community, PPLD welcomes all community members to enrich their minds, make connections, and reach their full potential.

As a national leader and the second largest library system in Colorado, the District serves a population of more than 650,000 residents across 2,070 square miles of El Paso County. Thanks to an employee base of nearly 475 full- and part-time staff and about 1,700 volunteers, PPLD continues to be recognized for its commitment to diversity and community collaboration, its innovative and community-focused programs, and excellent customer service.

The history of public libraries in the Pikes Peak Region began in October 1885 when the Colorado Springs Social Union established a library on the corner of Tejon and Cucharras Streets in downtown Colorado Springs. In 1905, a new library opened at 21 West Kiowa Street, with funds donated by Andrew Carnegie and land granted by General William Jackson Palmer. In 1962, a majority of El Paso County citizens voted to establish a special taxing district and PPLD was formed. The District serves residents of El Paso County, with the exception of Security/Widefield School District #3, including all unincorporated areas and municipalities of Calhan, Colorado Springs, Ellicott, Falcon, Fountain, Manitou Springs, Monument, and Palmer Lake.

The District's Strategic Plan for the years 2017 – 2020 follows:

Providing resources and opportunities that impact individual lives and build community.

Pikes Peak Library District
Strategic Plan 2017-2020



STRATEGIC FOCUS	EFFORTS	OUTCOMES
COMMUNITY	<p>Steward the alignment of the community's talents, abilities and relationships to enrich lives.</p> <p>Facilitate enlightened dialogues to serve as a social connector.</p>	<p>PPLD is a people-focused public library that embraces new ways of working together to advance greater integration and cooperation in our community.</p>
RESOURCES	<p>Provide, maintain and improve a variety of flexible, sustainable and innovative resources.</p> <p>Explore and develop opportunities with other organizations for collaborative resources both internal and external, throughout the District.</p>	<p>PPLD is the center of a thriving community.</p>
INNOVATION/CREATIVITY	<p>Focus on community interests and trends to create opportunities for individuals to collaborate, innovate, inspire one another and generate content.</p> <p>Utilize innovation and creativity to highlight the history and culture of the Pikes Peak Region.</p>	<p>PPLD will support lifelong learning and foster a learning community that allows each individual to maximize their creative potential.</p>
SERVICE	<p>Design and implement services to anticipate and meet the needs of increasingly diverse communities with unique needs and expectations.</p> <p>Remove barriers and take bold risks to design and deliver exemplary services that set a national standard of excellence for libraries.</p>	<p>The customer experience at PPLD will emphasize convenience, speed, ease and satisfaction.</p> <p>PPLD collections and services will be responsive to community needs and relevant to residents' lives.</p>
INTERNAL – STAFF	<p>Create and maintain an environment that allows employees to take maximum advantage of their abilities to grow personally and professionally in alignment with PPLD's mission.</p> <p>Offer competitive compensation, benefits and work environment to attract and retain quality employees.</p> <p>Develop and maintain an organizational structure that is responsive, agile and quality focused.</p>	<p>PPLD staff members are community-focused, confident and motivated.</p>
ACCOUNTABILITY	<p>Build institutional capacity to ensure the future of PPLD.</p> <p>Promote efficient and effective use of financial resources entrusted to PPLD.</p> <p>Foster community understanding of PPLD with a focus on initiatives tied to strategic efforts.</p>	<p>PPLD will be prudent in the utilization of its financial resources.</p> <p>PPLD will have a strong brand as a trusted community resource, asset and partner.</p>

MAJOR INITIATIVES IN 2018

Pikes Peak Library District continued its focus on the 2017-2020 Strategic Plan by building community, providing valuable resources, fostering innovation and creativity, delivering exemplary services, empowering staff, and ensuring accountability. Here are some key accomplishments, introductions, and milestones during 2018:

For four consecutive years, PPLD has surpassed 1 million digital circulations via OverDrive. PPLD ended the year with nearly 1,682,000 checkouts—the most of any library system in Colorado.

PPLD and Urban Peak Colorado Springs launched a first-of-its-kind initiative in the state. Aimed at helping teen runaways and youth experiencing homelessness, the partnership resulted in PPLD facilities becoming a part of the National Safe Place Network.

PPLD honored its first groups of Career Online High School graduates in February and October of 2018. The nationally accredited 18-month program, which Adult Education began offering in 2017, allows students to earn a high school diploma, prepare for career entry or advancement by earning a career certificate, and gain employment search skills and support tools. There is no cost to students, thanks to scholarships provided by the PPLD Foundation.

As the use of electronic resources continues to grow, PPLD expanded its CyberShelf with new additions of Kanopy and eComics on hoopla. Kanopy, a popular on-demand streaming service, showcases more than 30,000 of the world's best films and documentaries. eComics on hoopla provides instant access to more than 12,000 titles, with the option of kids mode and action view technology.

PPLD transitioned to a new online reservation system for meeting and study rooms, migrating from Evanced to Library Market during May of 2018. Patrons and staff made more than 53,000 reservations over the course of 2018.

Past and present staff members, patrons, and supporters celebrated Penrose Library's 50th anniversary on July 15, 2018, with a ceremony and full day of activities.

The top official of the world's oldest and largest library association kicked off a national tour of six library systems at PPLD during October of 2018. Loida Garcia-Febo, president of the American Library Association, explored four of the 14 libraries during her two-day visit. First, Garcia-Febo participated in Culture Mash at Sand Creek Library, addressing the crowd in Spanish and recording her speech in the library's studio. Then, she discussed why “Libraries = Strong Communities” during a special event at Library 21c. Garcia-Febo concluded her visit with a rally at the annual Harvest Festival, hosted by High Prairie Library, and a tour of Penrose Library.

PPLD introduced "Family Stargazing Backpacks" to its catalog during November of 2018, in partnership with the Space Foundation Discovery Center (SFDC), to encourage families to get outdoors and explore the night sky. The backpacks include binoculars, star and moon charts, a book about astronomy, and a free family admission pass to SFDC.

East Library, Library 21c, and Sand Creek Library acted as Voting Services and Polling Centers as well as ballot drop-off sites for the November 2018 elections. Sand Creek Library, which provided such services to voters for the first time, was one of only three voting and polling locations in Southeast Colorado Springs.

PPLD released a new mobile app in November of 2018. It has a number of new features that make it easy for users to access millions of resources as well as library information. With the new app, library cardholders can easily place holds and search for materials across PPLD's locations, as well as link accounts and use "my barcode" to initiate service at PPLD self-checkout stations.

Renovations within the 1905 Carnegie Building of Penrose Library resulted in transitions and moves for Special Collections of Regional History and Genealogy during the fall of 2018. For example, Genealogy now resides in the Carnegie Reading Room.

PPLD hosted several successful annual programs and events throughout the year, including but not limited to: Winter Adult Reading Program, Human Library, Mountain of Authors, Teen Fiction Writing Contest, Summer Adventure, Pikes Peak Regional History Symposium, All Pikes Peak Reads, Indie Author Day, Colorado Springs Mini Maker Faire, and two naturalization ceremonies.

LOCAL ECONOMY

The information included in the following paragraphs under this caption has been extracted and summarized from the Colorado Springs Chamber of Commerce, Colorado Department of Revenue, Colorado Springs Economic Development Corporation, Colorado Department of Education, the Bureau of Labor Statistics, U.S. Census Bureau, and the Colorado Springs Convention and Visitors Bureau.

Population

As of December 31, 2018, the population of El Paso County is 709,959 (the District’s legal service is 639,625 and is included in this total). Colorado Springs, the largest municipality within El Paso County (the County), is the 42nd largest city in the nation. The County’s population has increased by approximately 190,100 since 2000, with approximately half of the increase due to migration from other states and the balance due to natural growth.

Age

The projected median age for El Paso County is 34.4 at the end of 2018. The following are estimates of the population for El Paso County by certain age categories:

	<u>2018</u>		<u>2017</u>	
Under 15	143,940	20.3%	142,475	20.4%
15-24	114,430	16.1%	112,412	16.1%
25-44	195,048	27.5%	188,375	27.0%
45-64	168,836	23.8%	170,320	24.4%
65+	87,705	12.3%	84,771	12.1%
Total	<u>709,959</u>		<u>698,353</u>	

Industries

The following chart shows the percentage of employment by industry type:

	2018	2017
Government, including military	18.1%	18.1%
Professional and business	15.6%	15.1%
Wholesale and retail trade	15.2%	15.7%
Education, health care	13.2%	13.8%
Leisure and hospitality	13.6%	12.9%
Financial	6.3%	6.4%
Manufacturing	4.0%	4.0%
All other	14.0%	14.0%

Wage/Salary

Wages are competitive with similarly sized cities, but the average education of the El Paso County employee is greater, providing employers with a high value workforce.

In regularly conducted surveys, local employers rank the quality, dependability and stability of the El Paso County workforce as some of the community's top strengths. Local employers also consistently rank the caliber of their employees as higher than that of employees in sister facilities elsewhere.

The following chart depicts the estimated annual mean of wage levels for certain occupations.

Occupation	2018 Annual Wages	2017 Annual Wages
Accountants and Auditors	\$ 79,920	\$ 76,940
Bank Tellers	30,090	28,600
Bookkeeping, Accounting, and Auditing Clerks	37,490	36,180
Carpenters	45,080	41,930
Civil Engineers	92,460	92,330
Computer Programmers	90,960	99,000
Correctional Officers	56,180	68,980
Dental Hygienists	76,410	77,300
Electrical Engineers	113,580	105,870
Elementary School Teachers	47,580	47,290
Executive Secretaries	52,460	51,740
Financial Analysts	87,050	91,960
Graphic Designers	53,190	54,380
Order Clerks	28,820	26,950
Payroll Clerks	43,460	43,630
Physicians and Surgeons	208,690	235,520
Property Managers	64,700	68,250
Social Workers	66,300	65,650
Systems Analysts	102,440	93,710

Consumer Spending

Retail sales for 2018 were about 3.7% higher than 2017. Population and per capita income drive consumer spending. Both are expected to increase in the future.

Cost of Living

Colorado Springs' cost of living index for 2018 was 98.8, which is slightly lower than the nation as a whole. The following chart compares the cost of living index for Colorado Springs to other cities:

	2018	2017
Seattle, WA	154.8	149.0
Los Angeles, CA	148.2	148.0
Portland, OR	131.0	129.3
Denver, CO	113.2	112.0
Dallas, TX	105.4	102.1
Salt Lake City, UT	102.8	97.1
National Average	100.0	100.0
Colorado Springs, CO	98.8	95.7
Phoenix, AZ	97.4	95.0
Boise, ID	97.2	92.5
Albuquerque, NM	96.9	94.9

Housing

Colorado Springs currently has a supply of reasonably affordable housing, which is important because much of the country is having a difficult time providing this necessity. Colorado Springs' median household income is currently above the levels needed to meet the average cost of housing.

The following chart compares the average price of a new 2,400 sq. ft. home in Colorado Springs to other cities at the end of 2018.

	2018	2017
Los Angeles, CA	\$ 809,182	\$ 786,269
Seattle, WA	725,929	649,370
Portland, OR	549,358	507,368
Denver, CO	489,272	442,949
Salt Lake City, UT	361,743	317,989
National Average	347,825	336,448
Dallas, TX	327,946	317,177
Colorado Springs, CO	323,230	312,724
Boise, ID	320,087	297,092
Phoenix, AZ	319,590	317,372
Albuquerque, NM	315,185	314,655

At the end of 2018, apartment rental rates are equally reasonable when compared to approximately 950 square foot apartments with two bedrooms and one and a half or two full baths in other cities:

	2018	2017
	Per Month	Per Month
Los Angeles, CA	\$ 2,730	\$ 2,633
Portland, OR	2,595	2,482
Seattle, WA	2,508	2,366
Dallas, TX	1,440	1,318
Denver, CO	1,439	1,414
Colorado Springs, CO	1,273	1,201
Salt Lake City, UT	1,109	1,010
National Average	1,094	1,044
Phoenix, AZ	1,065	1,032
Albuquerque, NM	963	968
Boise, ID	958	893

Tourism

Tourism remains one of the main draws to the Colorado Springs area. More than 23 million visitors per year put nearly \$2.3 billion dollars into the local economy. Top attractions include the world-renowned Garden of the Gods followed by the United States Air Force Academy. Most visitors to the Colorado Springs area come from Colorado followed by Texas and California.

Roads

Colorado Springs is conveniently located near the geographical center of the United States, providing easy access to Interstate 70 heading east and west and Interstate 25 heading north and south. To the city's east, Powers Boulevard is a major north-south thoroughfare providing rapid access for the city's growing eastern edge. Highway 24 bypass provides an east-west route.

Airport

Air travel is easy from Colorado Springs with two airports from which to choose in close proximity. The Colorado Springs airport features 12 gates and a 13,500-foot runway, which allows modern aircraft to reach any city in North America. The airport is capable of handling all jet aircraft including wide body planes. Denver International Airport is just 75 miles to the north (about 1 hour and 30 minutes by car on Interstate 25 and E-470).

Legislation

The State of Colorado operates under the Taxpayer Bill of Rights (TABOR), which imposes restrictions on collected property tax revenues in relation to fiscal year spending. Both amounts cannot exceed the prior year's amount (adjusted for inflation and a growth factor) without voter approval. TABOR also imposes restrictions and stipulations on elections, including bond issuances and mill levy increases.

Education

El Paso County has 17 school districts, as well as private elementary/high schools, charter schools, and the state-sponsored Colorado School for the Deaf and the Blind. The 82.5% high school graduation rates in El Paso County are higher than those for Colorado, but are still below the Colorado Department of Education's target of 90%.

Colorado Springs has 18 institutions of higher education. The three largest are:

	Total Enrollment	Total Enrollment
Pikes Peak Community College	13,572	15,299
University of Colorado at Colorado Springs	12,932	12,258
United States Air Force Academy	4,276	4,237

National Rankings

- Colorado Springs ranked #1 in U.S. News and World Report's 25 Most Desirable Places to live in 2018. Affordability and job market were cited as contributing factors in the decision.
- Colorado Springs ranked #7 in *Money's* Top 10 Best Big Cities to live in Right Now. The score was based primarily on the city's outdoor attractions, livability and reasonable cost of living.
- CompTIA scored Colorado Springs #20 on their 2018 Tech Town Index as one of the best places in the country for IT professionals to live and work based on cost of living, number of open IT positions, and projected job growth over the next five years.
- Colorado Springs ranked #3 on WalletHub's 2018 Best Places for Veterans to Live based on four key dimensions: employment, economy, quality of life and health.

- Colorado Springs was ranked the nation's fourth most business friendly city according to Thumbtack's [2018 Small Business Friendliness Survey](#). The survey ranked 57 cities and 7,500 small business owners based on eight factors, including licensing requirements, tax regulations, and labor and hiring regulations.
- *Chief Executive* released its new state business report, the [Best and Worst States for Business 2018](#). Colorado ranked #8, experiencing an increase of five spots from 2017. The ranking considered state regulations, workforce quality, and living environment.
- Colorado Springs ranked #12 on Forbes' 2018 Best Places for Business and Careers list. Major industries, median home price, and job growth factored into the ranking.
- Colorado Springs ranked #2 best large metro area for first-time homebuyers by WalletHub. The survey compared 300 cities of varying size across 27 key indicators of market attractiveness, affordability, and quality of life.

OTHER ITEMS

Internal Controls

The District has a number of policies and procedures, which govern the operations of the District to ensure effective cash management, compliance with government accounting regulations, and good business practice. The objectives of these policies and procedures are commensurate with our District-wide goals to effectively manage the current assets and resources of the District.

The oversight responsibilities of the financial operations of the District rest with the Board of Trustees. Each month the Board is provided detailed financial information, prepared by the Finance Office, including financial statements and budget analysis for each fund. The Board is responsible for all budgetary resolutions and approvals, and for setting the mill levy annually. The Board is also responsible for the approval of any real estate transactions, bonded debt, borrowing of funds, and major contracts.

The Chief Librarian and Chief Executive Officer has the authority to negotiate and sign regular operational contracts, and to approve expenditures up to \$100,000. The Chief Financial Officer can authorize purchase orders under \$100,000. Purchases in excess of \$100,000 are submitted to the Board of Trustees for approval. These, and other stipulations, are included in an extensive Financial Guidelines Policy, which was approved by the Board of Trustees.

Segregation of duties is a guiding principle in the Finance Office. For example, the staff members who count the cash and prepare deposit slips are not authorized to record deposits in the accounting system. Only a few staff members are given the combination to the safe, and only the Chief Finance and Business Officer and the Executive Director are authorized to affect wire transfers or banking transactions.

The Chief Financial Officer approves all purchase orders, payments of services, and journal entries. The accounting system is carefully set up to allow rights for certain functions to the appropriate staff members only. A staff member who does not have cash receipt or cash disbursement responsibility processes bank reconciliations, but such reconciliations must be reviewed and approved by the Chief Finance and Business Officer.

Internally performed cash audits of all petty cash and cash registers banks are scheduled periodically at the Library locations.

We believe that the cash management procedures in place are thorough and comprehensive, providing an effective environment of safety and good stewardship of the taxpayers' trust.

FINANCIAL POLICIES

The 2018 CAFR has been prepared in compliance with the District's Financial Guidelines without exception.

AWARDS and ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Pikes Peak Library District for its Comprehensive Annual Financial Report for the year ended December 31, 2017. This was the 27th consecutive year that the District has received this prestigious award.

In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, the government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must justify both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement for Excellence in Financial Reporting program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

We wish to thank the members of the Board of Trustees for their leadership and support.

Finally, we would like to offer special thanks to the following individuals who are (or have been) employed by the District's Finance Office, and whose efforts and contributions made the preparation of the 2018 CAFR a success:

Dana Austin, Sarah Brooks, Randy Green, Tisha Mueller, Dawn Ouradnik, Tatiana Zonte, Merry Zumwalt

Respectfully submitted,

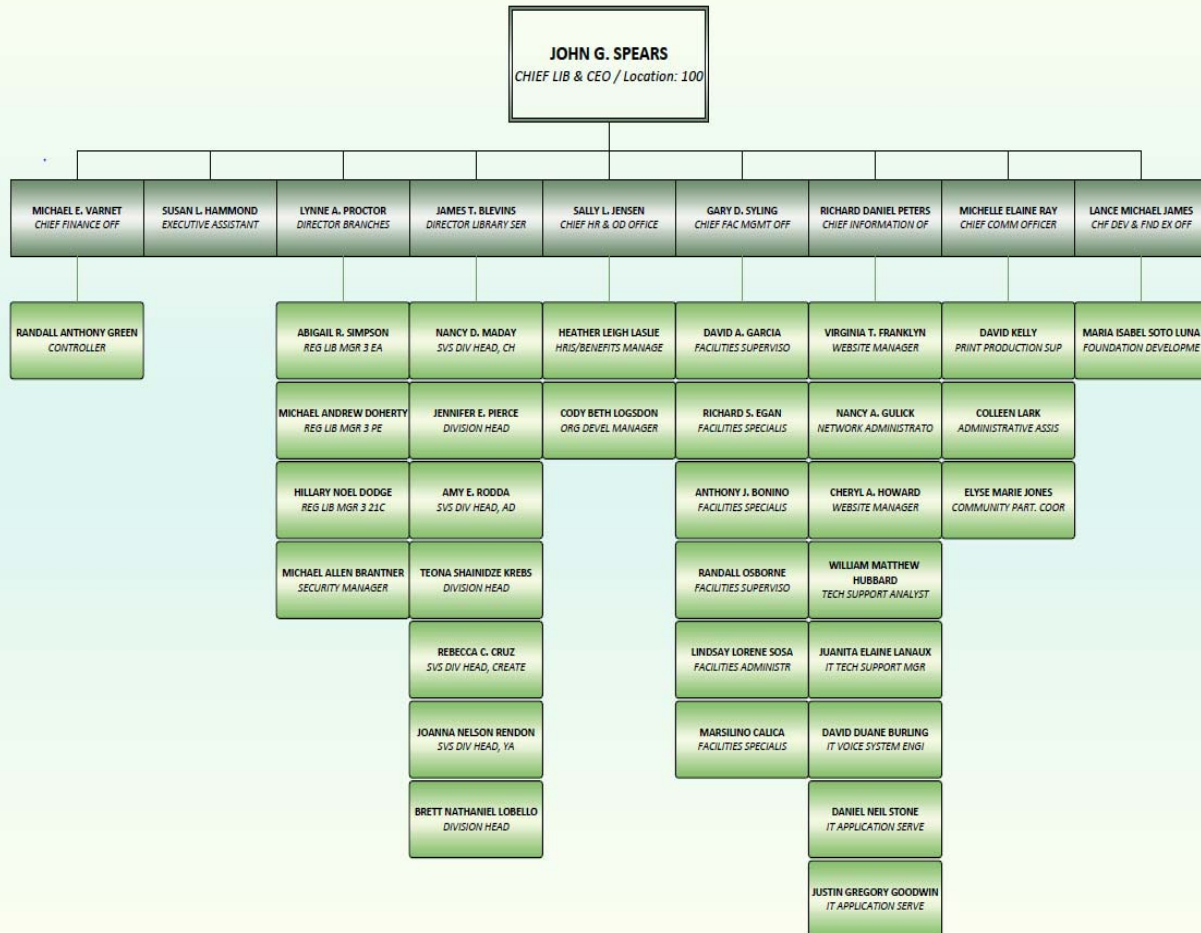


John Spears
Executive Director



Michael E. Varnet, CPA, CPFO
Chief Financial Officer

MUNIS ORG CHART



**Chief Librarian and
Chief Executive Officer's Leadership Team
December 31, 2018**

John SpearsChief Librarian and Chief Executive Officer
Tim Blevins.....Director Library Services
Lance James Chief Development Officer and Foundation Executive Officer
Sally Jensen.....Chief Human Resources and Organizational Development Officer
Lynne Proctor Director Branches
Rich Peters Chief Information Officer
Michelle RayChief Communications Officer
Gary Syling Chief Facilities Management Officer
Michael Varnet, CPA, CPFO..... Chief Financial Officer
Sue Hammond.....Assistant to the Chief Librarian and Chief Executive Officer

**Pikes Peak Library District
List of Managers
As of December 31, 2018**

<u>Manager's Name</u>	<u>Job Title</u>
Abbott, Steve	Branch Manager 2, Rockrimmon Library
Asmar, Michael	Circulation Services Supervisor, Penrose
Blakely, Evelyn	Supervisor, Old Colorado City Library
Blevins, James	Director, Library Services
Carrier, Jean	Supervisor, Monument Library
Cruz, Rebecca	Division Head, Creative Services
Dodge, Hillary	Regional Library Manager, North
Doherty, Michael	Regional Manager, West
Fletcher, Mark	Supervisor, Fountain Library
Ford, Terry	Supervisor, East Library Circulation Services
Foye, Laura	Supervisor, High Prairie Library
Fuqua-Jones, Linda	Supervisor, Palmer Lake Library
Garcia, David	Facilities Lead, East Library Facilities
Garcia, Lisa	Supervisor, Sand Creek Library
Brantner, Michael	Program Supervisor, Security
Gomori, Alicia	Branch Manager 1, Fountain
Goodwin, Janina	Branch Manager 3, East Library
Green, Randall	Manager, Finance
Hancock, Sandy	Branch Manager 1, Old Colorado City
Hart, Andrew	Branch Manager 2, Monument/Palmer Lake Libraries
Holton-Johnson, Christy	Supervisor, Cheyenne Mountain Library
Krupicka-Smith, Antonia	Branch Manager 3, Penrose Library
Kelly, David	Supervisor, Print Production
Lanaux, Juanita	ITVS Support Manager
Lobello, Brett	Division Head, Regional History & Genealogy
Logsdon, Cody	Organization Development Manager
London, Laura	Supervisor, Rockrimmon Library
Maday, Nancy	Division Head, Children's Services
Marez-Frutchey, Amanda	Supervisor, Interlibrary Loan
Maxon, Scott	Supervisor, Adult Education
Morris, Margaret	Branch Manager 2, Manitou Springs, Ute Pass Library
Morris, Tim	Manager, Special Collections
Osborne, Randall	Facilities Lead, Penrose Library Facilities
Paisley, Tiffany	Branch Manager 2, Cheyenne Mountain Library
Pierce, Jenny	Division Head, Collection Management
Proctor, Lynne	Director , Branches
Rendon, Joanna	Division Head, Young Adult Services
Robert, Marion	Supervisor, East Library Shelving Services

**Pikes Peak Library District
List of Managers
As of December 31, 2018**

Rodda, Amy	Division Head, Adult Services
Roes, Greg	Supervisor, 21c Shelving & Circulation Services
Rundle, Jacob	Branch Manager 2, Sand Creek Libraries
Shainidze-Krebs, Teona	Division Head, Adult Education
Simpson, Abby	Regional Manager, Southeast
Tierney, Catie	Branch Manager 3, Library 21c
Toledo, Fran	Supervisor, Ruth Holley Library
Ward, Lisa	Supervisor, Mobile Library Services
Willhoff, Elizabeth	Branch Manager 2, High Prairie Libraries
Wren, Joelle	Branch Manager 2, Ruth Holley



Government Finance Officers Association

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**Pikes Peak Library District
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morrill

Executive Director/CEO

Independent Auditor's Report

Board of Trustees
Pikes Peak Library District
Colorado Springs, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Pikes Peak Library District (the District), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Board of Trustees
Pikes Peak Library District

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Pikes Peak Library District as of December 31, 2018, 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The 2018 combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 2018 combining and individual fund statements and schedules are fairly stated, in all material respects in relation to the basic financial statements as a whole. We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the District's basic financial statements as of and for the year ended December 31, 2017, which are not presented with the

Board of Trustees
Pikes Peak Library District

accompanying financial statements. In our report dated June 12, 2018, we expressed unmodified opinions on the respective financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. In our opinion, the 2017 comparative combining and individual fund financial statements and schedules supplementary information is fairly stated in all material respects in relation to the basic financial statements as of and for the year ended December 31, 2017, taken as a whole.

The Statistical Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BKD, LLP

Colorado Springs, Colorado
June 24, 2019

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Pikes Peak Library District
Management's Discussion and Analysis (Unaudited)
December 31, 2018

As management of the Pikes Peak Library District, we offer readers of the Pikes Peak Library District financial statements this narrative overview and analysis of the financial activities of the Pikes Peak Library District (the District or PPLD) for the year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 11 through 21 of this report.

Financial Highlights

- The District's total assets and deferred outflows of resources was \$93,615,738 as of December 31, 2018. Included in this total is current assets of \$44,944,558 (primarily cash and investments of \$15,867,839 and property taxes receivable of \$28,349,290), noncurrent assets (capital assets) of \$35,446,350, and deferred outflow of resources (pension-related amounts) of \$13,224,830.
- The District's total liabilities and deferred inflows of resources was \$58,536,783 as of December 31, 2018. Included in this total is current liabilities of \$2,714,586 (accounts payable of \$1,464,404 and accrued compensation payable of \$1,250,182), noncurrent liabilities of \$27,205,854 (accrued compensation absences of \$1,305,423 and net pension liability of \$25,900,431), and deferred inflows of resources of \$28,616,343 (property taxes of \$28,349,290 and pension-related amounts of \$267,053).
- The District's assets exceed its liabilities by \$35,078,956 (net position) as of December 31, 2018.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$34,938,136 includes property and equipment, net of accumulated depreciation.
 - (2) Net position of \$1,131,310 is restricted by constraints imposed from outside the District, such as gifts, grantors, laws or regulations.
 - (3) Unrestricted net position of (\$990,490) represents the portion available to maintain the District's continuing obligations to citizens and creditors. As discussed below, the District implemented GASB Statement No. 68 effective January 1, 2015. As of December 31, 2018, the District's proportionate share of the Net Pension Liability was \$25,900,431. This balance is included in the unrestricted net position.
- The District's total assets in its Governmental Funds was \$48,080,416 as of December 31, 2018 (primarily cash and investments of \$15,318,262 and property taxes receivable of \$28,349,290).
- The District's total liabilities of its Governmental Funds was \$5,739,707 as of December 31, 2018 (accounts payable of \$1,325,120, accrued compensation payable of \$690,715, and amounts due to other funds of \$3,723,872).
- The District's total deferred inflows of resources was \$28,411,841 (property taxes of \$28,349,290 and unavailable fund resources of \$62,551).

Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2018

- The District's General Fund reported total ending fund balance of \$10,725,941 as of December 31, 2018. This compares to the prior year ending fund balance of \$10,432,837, showing an increase of \$293,104 during the current year.
- At the end of the current calendar year, unassigned fund balance for the General Fund was \$8,900,930, or 28.5%, of total General Fund expenditures, including transfers for the year ended December 31, 2018.
- Overall, the District continues to maintain a moderately strong financial position.

The above financial highlights are explained in more detail in the "Financial Analysis of the District as a Whole" section of this document.

Overview of the Financial Statements

This Management's Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves. Comparative data is presented when available.

Government-wide Financial Statements

The District's annual report includes two District government-wide financial statements. These statements provide both long-term and short-term information about the District's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination of internal activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of financial position presenting information that includes all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of District infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the District's net position changed during the current calendar year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the Statement of Activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by the District's taxpayers.

Both government-wide financial statements distinguish governmental activities of the District that are principally supported by property taxes and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general library operations. The District has no business-type activities.

Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2018

The government-wide financial statements also include the financial statements of Pikes Peak Library District Foundation, Inc., a legally separate entity. Financial information for this component unit is reported separately from the financial information presented for the District (primary government) in accordance with GASB standards.

The government-wide financial statements are presented on pages 45 through 50 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's significant funds. Each major fund is separately reported.

The District has the following fund types:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financial requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 51 through 54 of this report.

The Internal Service Fund (Employee Health Plan) is reported in the fund financial statements, and generally reports employee and employer contributions along with benefit claims paid and administrative costs related to the District's partially self-insured health plan offered to employees with a regularly scheduled workweek of 30 or more hours.

The basic internal service fund financial statements are presented on pages 55 through 57 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because those resources are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for the government-wide statements.

The basic fiduciary fund financial statement can be found on page 58 of this report.

Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2018

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin on page 57 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's detailed budget presentations for its General Fund, the District's proportionate share of the net pension liability, and District contributions. These statements and schedules demonstrate compliance with the District's adopted and final revised budget. The required supplementary information can be found on pages 88 through 93.

As discussed, the District reports one major fund and several non-major funds in the basic financial statements. The individual governmental fund comparative statements are presented in a subsequent section of this report beginning on page 95.

Financial Analysis of the District as a Whole

The District's net position at calendar year-end is \$35,078,956. The following table provides a summary of the District's net position as of December 31, 2018 and 2017:

Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2018

	Summary of Net Position			
	2018		2017	
	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total
Assets				
Current and other assets	\$ 44,944,558	56%	\$ 41,283,472	53%
Capital assets	35,446,350	44%	36,862,309	47%
Total assets	80,390,908	100%	78,145,781	100%
Deferred Outflows of Resources	13,224,830	100%	1,057,282	100%
Liabilities				
Current liabilities	2,714,586	9%	2,360,801	18%
Noncurrent liabilities	27,205,854	91%	10,790,009	82%
Total liabilities	29,920,440	100%	13,150,810	100%
Deferred Inflows of Resources	28,616,343	100%	27,308,811	100%
Net Position				
Net investment in capital assets	34,938,136	99%	36,767,440	95%
Restricted	1,131,310	3%	1,004,708	3%
Unrestricted	(990,490)	-2%	971,294	2%
Total net position	\$ 35,078,956	100%	\$ 38,743,442	100%

The District continues to maintain a moderately high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. However, to make this ratio meaningful, we have eliminated the property taxes receivable for governmental activities. After this elimination, governmental activities' current assets are \$16,595,268. As a result, the current ratio for the District overall is 6.1 to 1, which is comparable to the December 31, 2017 ratio of 6.2 to 1. This ratio is strong.

The District reported positive balances in net position. Net position decreased by (\$3,664,486) for governmental activities.

Approximately 99% of the District's net position is comprised of capital assets as of December 31, 2018. The District uses these capital assets to provide services to its citizens.

The following table provides a summary of the District's changes in governmental activities' net position for the years ended December 31, 2018 and 2017:

Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2018

	Summary of Changes in Net Position			
	2018		2017	
	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total
Revenues				
Program				
Charges for services, sales and fines	\$ 114,964	0%	\$ 274,186	1%
Operating grants/donations	426,310	1%	596,824	2%
Capital grants/donations	914,553	3%	342,593	1%
General				
Taxes	30,244,545	94%	29,310,125	95%
Other	552,058	2%	370,425	1%
Total revenues	32,252,430	100%	30,894,153	100%
Program expenses				
Public services	23,333,788	64%	20,382,695	64%
Human Resources Office	495,338	1%	-	0%
Administrative services	-	0%	3,914,245	13%
Chief Librarian and CEO's Office	311,333	1%	474,077	2%
Development Office	182,018	1%	-	0%
Finance Office	629,124	2%	551,706	2%
Facilities Office	3,885,930	11%	-	0%
Information Technology Office	2,794,960	8%	1,868,122	6%
Communications Office	979,183	3%	830,962	3%
Other administration	3,299,412	9%	3,222,456	10%
Total expenses	35,911,086	100%	31,244,263	100%
Special item - TABOR refund	(5,830)		(543,196)	
Change in net position	(3,664,486)		(893,306)	
Beginning net position	38,743,442		39,636,748	
Ending net position	\$ 35,078,956		\$ 38,743,442	

During 2018, the District completed a reorganization of its departmental operations, and the changes are part of the 2018 balances. The 2017 balances reflect the structure prior to the reorganization, and the balances may not be comparable between the two years.

Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2018

Governmental Revenues

The District is heavily reliant on taxes to support governmental activities. Taxes provided 94% of the District's total revenues. Also, note that program revenues generated only 4% of governmental activities' revenues for the year ended December 31, 2018. This means that the District's taxpayers and the District's other general revenues fund provided 100% of the governmental activities. As a result, the general economy and the changes in both residential and commercial property values have a major impact on the District's revenue streams.

Governmental Function Expenses

Approximately 72% of the District's expenses provide supporting services to the public service and information technology functions. In addition, approximately \$1.4 million of depreciation expense on the District's buildings is included in total expenses, and total depreciation expense was approximately \$3.8 million.

Financial Analysis of the District's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflows and outflows of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$13,928,868.

Fund balances as of December 31, 2018 and 2017 include:

	2018	2017
Nonspendable	\$ 311,114	\$ 345,662
Restricted	1,131,310	1,004,708
Committed	3,199,791	2,710,995
Assigned	385,723	377,741
Unassigned	8,900,930	7,848,739
	\$ 13,928,868	\$ 12,287,845

Major Governmental Funds

General Fund

The General Fund is the District's primary operating fund and the largest source of day-to-day service delivery. The General Fund's balance increased by \$293,104 during 2018. The total fund balance of the

Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2018

General Fund as of December 31, 2018 was \$10,725,941. The total fund balance as of December 31, 2017 was \$10,432,837.

The fund balance of the General Fund is broken down as follows as of December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Nonspendable	\$ 311,114	\$ 339,785
Restricted	1,128,386	1,001,784
Committed	-	865,000
Assigned	385,511	377,529
Unassigned	<u>8,900,930</u>	<u>7,848,739</u>
	<u>\$ 10,725,941</u>	<u>\$ 10,432,837</u>

The total Committed Fund Balance was fully utilized during 2018 to help fund the renovation of the Penrose Library.

As noted previously, total fund balance increased during 2018 by \$293,104. This figure is net of the \$865,000 that was utilized as discussed above. Excluding this total, the fund balance increased by \$1,158,104, which approximates the change in Unassigned Fund Balance from 2017 to 2018.

Nonmajor Governmental Funds

Nonmajor governmental funds include one Special Revenue Fund and four Capital Projects Funds.

Special Revenue Fund – Total fund balance as of December 31, 2018 was \$160,758. This amount is \$70,824 less than the fund balance of \$231,582 as of December 31, 2017.

Capital Projects Funds – As of December 31, 2018, fund balance for specific funds equals the following and represents ongoing projects; funds not listed have zero balances and were closed as the projects were completed:

	<u>2018</u>	<u>2017</u>
North Facility Project Fund	\$ 252,263	\$ 177,499
East Library Renovation Fund	78,224	107,231
Penrose Library Renovation Fund	1,003,369	84,339
Capital Reserve Fund	<u>1,708,313</u>	<u>1,254,357</u>
	<u>\$ 3,042,169</u>	<u>\$ 1,623,426</u>

Pikes Peak Library District
Management’s Discussion and Analysis (Unaudited) (Continued)
December 31, 2018

The fund balance for the Penrose Library Renovation Fund increased by \$919,030 from 2017 to 2018 primarily because a major phase of the renovation was in progress as of December 31, 2018, and it was completed in 2019.

For 2018, capital outlay for those specific funds equaled the following:

North Facility Project Fund	\$ 92,364
East Library Renovation Fund	61,508
Penrose Library Renovation Fund	843,102
Capital Reserve Fund	736,618

Budgetary Highlights

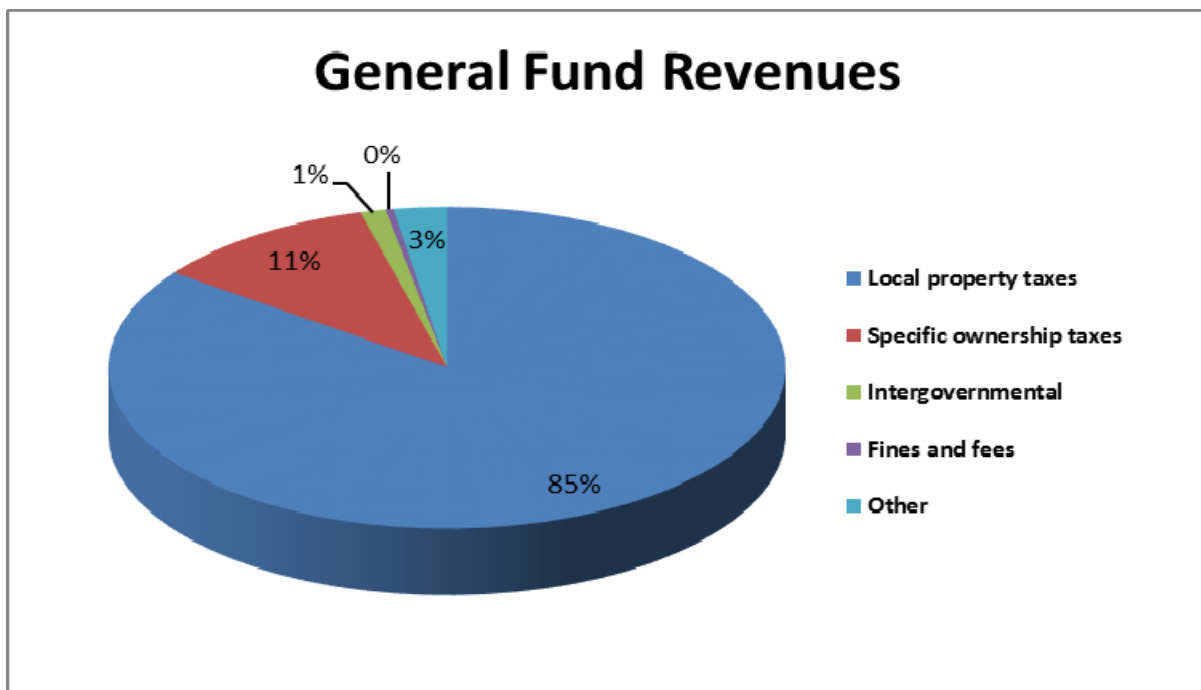
General Fund

The original budget (expenditures and transfers out) was amended by \$657,859, principally to utilize prior year fund balances that were primarily either reserved for encumbrances or designated for specific capital projects. Such reserves and designations of fund balance were not included in the original 2018 budget.

General Fund Revenues

Total General Fund actual revenues for fiscal year 2018 were \$31,546,749. This amount was less than the 2018 budget, as amended, by (\$525,300) which is approximately (1.6%) of the total revenue budget.

The following chart depicts General Fund revenue for 2018 by category:

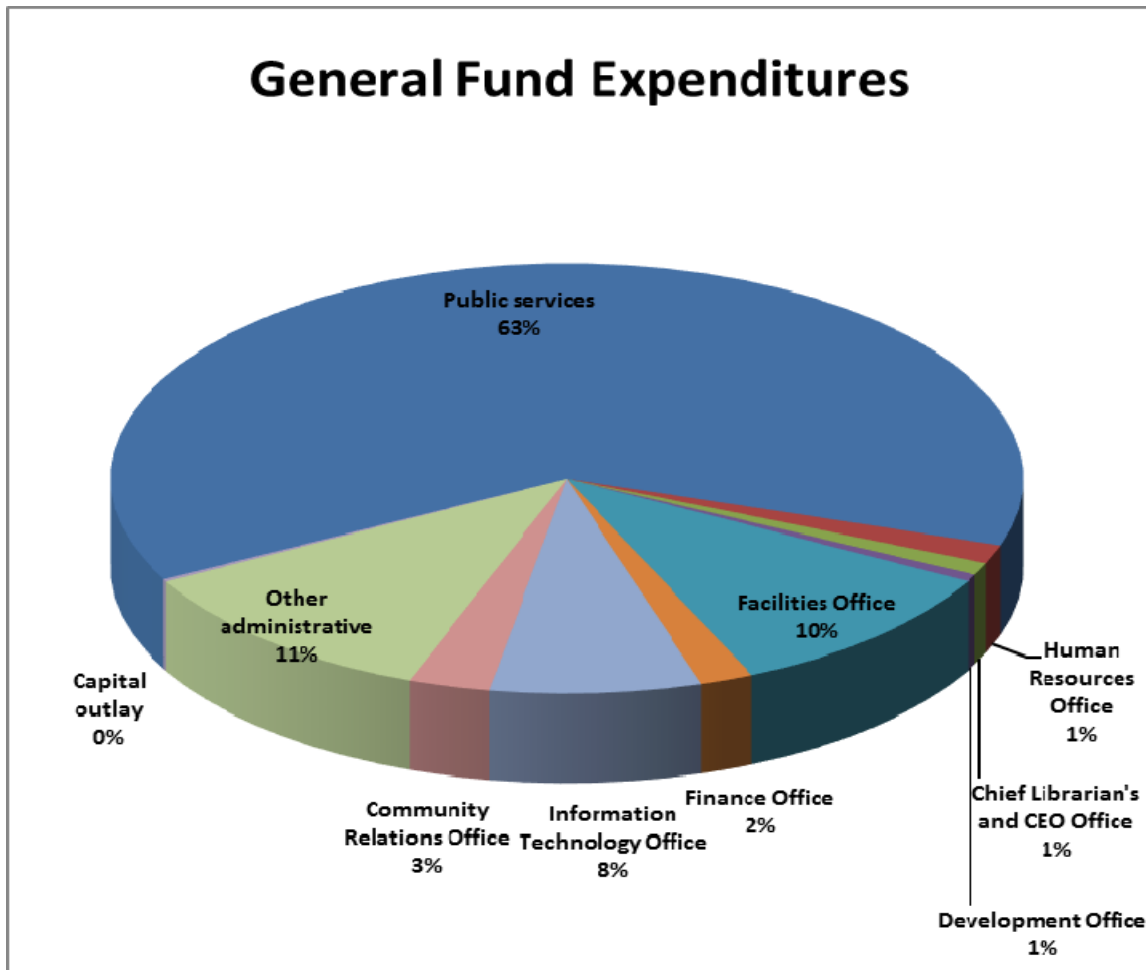


Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2018

General Fund Expenditures

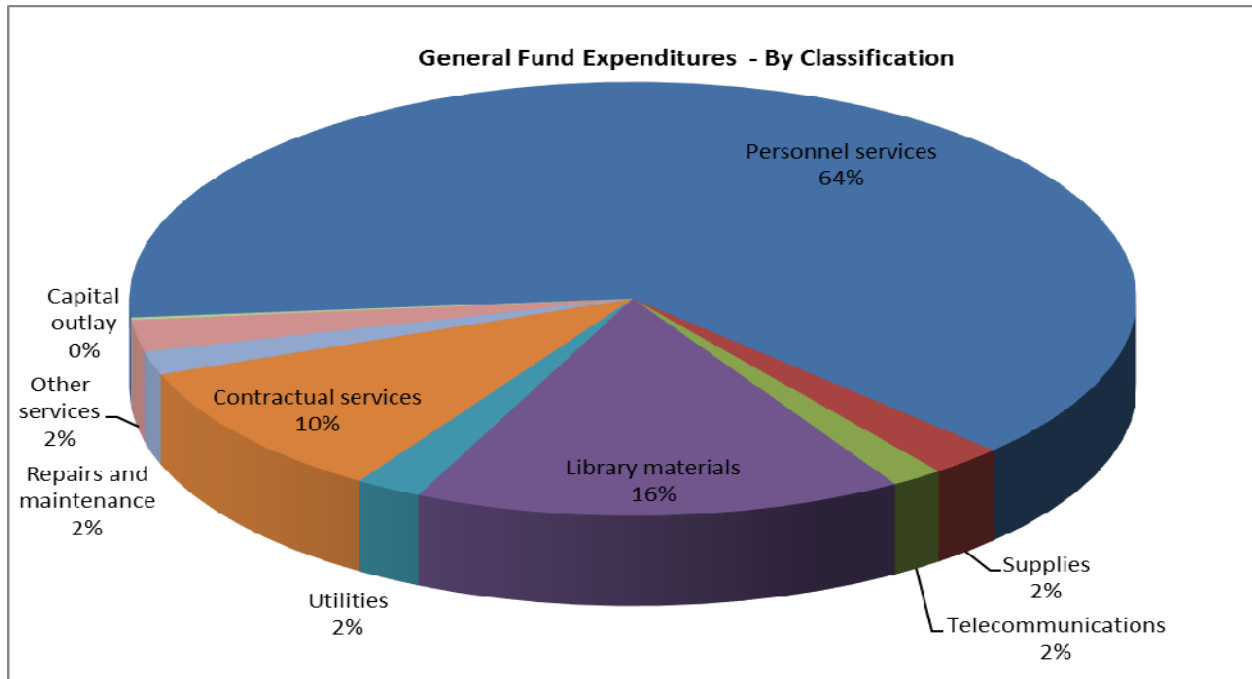
Total General Fund actual expenditures for fiscal year 2018 was \$28,826,256. This amount was less than the 2018 budget, as amended, by \$2,938,810, which is approximately 9.3% of the total budget.

The following chart depicts 2018 General Fund expenditures by function:



Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2018

The following chart depicts 2018 General Fund expenditures by classification:



The following is a summary of the departments or accounts that significantly contributed to the difference between the 2018 budget and actual expenditures:

Reorganization – The District completed its reorganization during 2018. Certain departments (Facilities Office, Human Resources Office, and the Development Office) are shown separately for financial statement purposes. In addition, the District’s Collection Management Department, which was previously shown as part of the District’s Information Technology Office, is now presented under Public Services.

Public Services – For 2018, this function was under budget by \$1,478,868. The primary cause is due to staff positions that were vacant at some point throughout 2018. The District’s 2018 budget included the 26 new full-time positions, and the majority of these positions were included under Public Services. They were filled at different times throughout the year. The annual budget includes all authorized positions budgeted at the amount for full employment for the entire year. The time periods that such positions were vacant resulted in budget savings.

Other Administrative Services – For 2018, this function was under budget by \$576,870. Included in this total is \$300,000, which is a contingency for unanticipated designated fund activity at the time the 2018 budget was approved. This same amount appears under revenue as well.

Information Technology – For 2018, this function was under budget by \$261,330. The primary reason for the budget savings is the amount spent on repairs and maintenance was less than budget by \$102,532. In general, budget accounts under this category include estimates for contingencies for unknown items at the time the budget was prepared. Actual expenditures may vary from year to year depending on identified needs throughout the year.

Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2018

Capital outlay – For 2018, this function was under budget by \$109,717.

Capital Assets

The District's capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2018 was \$35,446,350. See note III-D on page 77 for additional information about changes in capital assets during the calendar year and balances at the end of the year.

The following table provides a summary of capital assets as of December 31, 2018 and 2017:

	Capital Assets			
	2018		2017	
	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total
Nondepreciable assets				
Land	\$ 5,317,363	6%	\$ 5,317,363	6%
Collections of historical treasures	9,795,541	12%	9,789,208	12%
Construction in progress	957,786	1%	38,644	0%
Total nondepreciable assets	16,070,690		15,145,215	
Depreciable assets				
Land improvements	871,954	1%	871,954	1%
Leasehold improvements	1,017,507	1%	1,017,507	1%
Buildings	42,501,662	51%	42,378,101	51%
Equipment, furniture and fixtures	5,792,171	8%	6,087,291	7%
Vehicles	866,609	1%	825,471	1%
Books and materials	16,066,399	19%	17,381,081	21%
Total depreciable assets	67,116,302	100%	68,561,405	100%
Less accumulated depreciation	(47,740,642)		(46,844,311)	
Book value - depreciable assets	19,375,660		21,717,094	
Percentage depreciated	71%		68%	
Book value - all capital assets	\$ 35,446,350		\$ 36,862,309	

At December 31, 2018, the depreciable capital assets for governmental activities were 71% depreciated. This compares consistently to the December 31, 2017 percentage of 68%.

Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2018

Economic Factors and Next Year's Budget and Mill Levy

The following factors were considered when the 2018 budget was prepared:

1. The unemployment rate for El Paso County, Colorado was 2.8%, which is a decrease from a rate of 3.5% a year ago.
2. Inflationary trends in the region and cost of living indices in the region compare favorably to national indices.

At December 31, 2018, unassigned fund balance in the General Fund totaled \$8,900,930. The District has appropriated \$2,099,116 of this balance for spending in the 2019 fiscal year budget.

For the fiscal year 2019 budget, the total mill levy is 4.000 mills (4.000 mills for general operating expenses, 0.018 mills for refunds and abatements, and a temporary mill levy credit of (0.018) for a refund to taxpayers for excess revenue collected during 2018 above the legal limit). The mill levy for fiscal year 2018 was 3.812 mills. The gross assessed valuation for all taxable property within the District's legal service area is \$7,198,824,710 and \$7,080,595,440 for taxes to be paid in 2019 and 2018, respectively.

Requests for Information

This Financial Report is designed to provide a general overview of the District's finances, compliance with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have any questions about this report, or would like to request additional information, contact the District's Financial Office at 1175 Chapel Hills Drive, Colorado Springs, Colorado 80920.

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Pikes Peak Library District
Statement of Net Position
December 31, 2018

	Primary Government Governmental Activities
Assets and Deferred Outflows of Resources	
Current Assets	
Cash and investments	\$ 15,867,839
Property taxes receivable	28,349,290
Other receivables	80,328
Due from other governments	299,320
Prepaid items	347,781
Total current assets	44,944,558
Noncurrent Assets	
Capital assets	
Nondepreciable property	16,070,690
Depreciable building, property and equipment, net	19,375,660
Total noncurrent assets	35,446,350
Total assets	80,390,908
Deferred Outflows of Resources	
Pension-related amounts	13,224,830
Total assets and deferred outflows of resources	93,615,738
Liabilities and Deferred Inflows of Resources	
Current Liabilities	
Accounts payable	1,341,543
Due to discretely presented component unit	122,861
Accrued compensation payable	1,250,182
Total current liabilities	2,714,586
Noncurrent Liabilities	
Noncurrent portion of long-term obligations	
Net pension liability	25,900,431
Accrued compensated absences	1,305,423
Total noncurrent liabilities	27,205,854
Total liabilities	29,920,440
Deferred Inflows of Resources	
Property taxes	28,349,290
Pension-related amounts	267,053
Total deferred inflows of resources	28,616,343
Total liabilities and deferred inflows of resources	58,536,783
Net Position	
Net investment in capital assets	34,938,136
Restricted for	
Declared emergencies	931,085
Gifts and grants	200,225
	1,131,310
Unrestricted	(990,490)
Total net position	\$ 35,078,956

Pikes Peak Library District Foundation, Inc.
Statement of Financial Position
December 31, 2018

Assets

Cash	\$ 241,718
Contributions receivable, net	10,400
Accounts receivable	40,607
Due from PPLD	120,826
Prepaid items	4,726
Investments	<u>1,456,042</u>
Total assets	<u><u>\$ 1,874,319</u></u>

Liabilities and Net Assets

Liabilities

Accounts payable	<u>\$ 7,618</u>
------------------	-----------------

Net Assets

Without donor restrictions	
Undesignated	82,007
Board-designated	<u>709,688</u>
	791,695
With donor restrictions	<u>1,075,006</u>
Total net assets	<u>1,866,701</u>
Total liabilities and net assets	<u><u>\$ 1,874,319</u></u>

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Pikes Peak Library District
Statement of Activities
Year Ended December 31, 2018

Functions/Programs	Expenses	Charges for Services, Sales and Fines
Primary Government		
Governmental activities		
Public Services	\$ 23,333,788	\$ 114,964
Human Resources Office	495,338	-
Chief Librarian and CEO's Office	311,333	-
Development Office	182,018	-
Finance Office	629,124	-
Facilities Office	3,885,930	-
Information Technology Office	2,794,960	-
Communications Office	979,183	-
Other administration	3,299,412	-
	\$ 35,911,086	\$ 114,964
General revenues		
Property taxes levied for library purposes		
Specific ownership taxes		
Investment earnings		
Miscellaneous		
Total general revenues		
Special item		
TABOR refund of property tax revenue in excess of limit		
Total general revenues and special item		
Change in net position		
Net position, January 1		
Net position, December 31		

Program Revenues		Net (Expense) Revenue and Changes in Net Position
Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
\$ 426,310	\$ 709,178	\$ (22,083,336)
-	-	(495,338)
-	-	(311,333)
-	-	(182,018)
-	-	(629,124)
-	118,863	(3,767,067)
-	86,512	(2,708,448)
-	-	(979,183)
-	-	(3,299,412)
<u>\$ 426,310</u>	<u>\$ 914,553</u>	<u>(34,455,259)</u>
		26,834,122
		3,410,423
		386,768
		<u>165,290</u>
		<u>30,796,603</u>
		(5,830)
		<u>30,790,773</u>
		<u>(3,664,486)</u>
		<u>38,743,442</u>
		<u>\$ 35,078,956</u>

Pikes Peak Library District Foundation, Inc.

Statement of Activities

Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions	\$ 92,148	\$ 377,944	\$ 470,092
Contributed services	154,830	-	154,830
Gifts in kind	268	8,706	8,974
Investment loss, net	(61,762)	(42,384)	(104,146)
Net assets released from restrictions	1,121,550	(1,121,550)	-
Total revenues, gains and other support	1,307,034	(777,284)	529,750
Expenses			
Program services			
Distributions to PPLD	1,154,393	-	1,154,393
Other	8,974		8,974
	1,163,367	-	1,163,367
Support services			
General and administrative Contributed services	15,484	-	15,484
Fundraising			
Contributed services	139,346	-	139,346
Other	18,054	-	18,054
	157,400	-	157,400
Total support services	172,884	-	172,884
Total expenses	1,336,251	-	1,336,251
Change in Net Assets	(29,217)	(777,284)	(806,501)
Net Assets, Beginning of Year	820,912	1,852,290	2,673,202
Net Assets, End of Year	\$ 791,695	\$ 1,075,006	\$ 1,866,701

Pikes Peak Library District
Balance Sheet – Governmental Funds
December 31, 2018

	General	Other Funds	Total Governmental Funds
Assets			
Cash and investments	\$ 15,318,262	\$ -	\$ 15,318,262
Property taxes receivable	28,349,290	-	28,349,290
Other receivables	78,558	-	78,558
Due from other governments	299,320	-	299,320
Due from other funds	-	3,723,872	3,723,872
Prepaid items	311,114	-	311,114
Total assets	\$ 44,356,544	\$ 3,723,872	\$ 48,080,416
Liabilities			
Accounts payable	\$ 681,314	\$ 520,945	\$ 1,202,259
Due from discretely presented component unit	122,861	-	122,861
Accrued compensation payable	690,715	-	690,715
Due to other funds	3,723,872	-	3,723,872
Total liabilities	5,218,762	520,945	5,739,707
Deferred Inflows of Resources			
Unavailable revenue - property taxes	28,349,290	-	28,349,290
Unavailable fund resources	62,551	-	62,551
Total deferred inflows of resources	28,411,841	-	28,411,841
Fund Balances			
Nonspendable:			
Prepaid expenditures	311,114	-	311,114
Restricted for:			
Declared emergencies	931,085	-	931,085
Gifts and grants	197,301	2,924	200,225
Committed to:			
Capital projects	-	3,199,791	3,199,791
Assigned to:			
Purchased contracts	157,962	-	157,962
Library materials	227,549	-	227,549
Gifts and grants	-	212	212
Unassigned	8,900,930	-	8,900,930
Total fund balances	10,725,941	3,202,927	13,928,868
Total liabilities, deferred inflows of resources, and fund balances	\$ 44,356,544	\$ 3,723,872	\$ 48,080,416

Pikes Peak Library District
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
December 31, 2018

Amounts reported for governmental activities in the statement of net position (page 45) are different because:

Fund balances - total governmental funds (page 51)		\$ 13,928,868
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Cost of capital assets	\$ 83,186,992	
Less: accumulated depreciation	<u>(47,740,642)</u>	
Net capital assets		35,446,350
Certain long-term pension related costs and adjustments are not payable currently and are therefore not reported in the funds.		
Net pension-related amounts		(12,942,653)
Liabilities that are not due and payable in the current period and, therefore, are not reported in the funds		
Accrued compensated absences		(1,864,890)
Certain revenue earned but not available, classified as deferred inflows in governmental funds is susceptible to full accrual on the entity-wide statements		
		62,551
Internal service funds are used by management to charge the costs of certain activities, such as health insurance, to the individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position		
		<u>448,730</u>
Net position - governmental activities (page 45)		<u><u>\$ 35,078,956</u></u>

Pikes Peak Library District
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2018

	General	Other Funds	Total Governmental Funds
Revenues			
Taxes	\$ 30,244,545	\$ -	\$ 30,244,545
Intergovernmental	384,404	-	384,404
Fines and fees	114,964	-	114,964
Interest earnings	386,768	-	386,768
Donations	270,283	711,271	981,554
Miscellaneous	145,785	-	145,785
Total revenues	31,546,749	711,271	32,258,020
Expenditures			
Current			
Public Services	18,108,679	-	18,108,679
Human Resources Office	408,698	-	408,698
Chief Librarian and CEO Office	270,454	-	270,454
Development Office	154,831	-	154,831
Finance Office	541,527	-	541,527
Facilities Office	3,005,864	-	3,005,864
Information Technology Office	2,154,427	-	2,154,427
Communications Office	827,575	-	827,575
Other administrative	3,299,412	-	3,299,412
Capital outlay	54,789	1,804,416	1,859,205
Total expenditures	28,826,256	1,804,416	30,630,672
Excess (deficiency) of revenues over (under) expenditures	2,720,493	(1,093,145)	1,627,348
Other financing sources (uses)			
Transfers in	-	2,441,064	2,441,064
Transfers out	(2,441,064)	-	(2,441,064)
Proceeds from sale of capital assets	19,505	-	19,505
Total other financing sources (uses)	(2,421,559)	2,441,064	19,505
Special item			
TABOR refund of property tax revenue in excess of limit	(5,830)	-	(5,830)
Net change in fund balances	293,104	1,347,919	1,641,023
Fund balances, beginning of year	10,432,837	1,855,008	12,287,845
Fund balances, end of year	\$ 10,725,941	\$ 3,202,927	\$ 13,928,868

Pikes Peak Library District
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2018

Amounts reported for governmental activities in the statement of activities (pages 48 and 49) are different because:

Net change in fund balances - total governmental funds (page 53)	\$ 1,641,023
Revenues in the statement of activities that do not provide current financial resources are not reported in the fund statements until they become available. This amount is the difference in the treatment of revenue recognition.	(25,095)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this difference are as follows:	
Depreciation expense	(3,796,705)
Capital outlay for building, furniture, land and vehicles	1,161,114
Amounts paid for books, audio visual materials and historical collections	1,812,545
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the capital assets sold.	(592,913)
Pension expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amounts represent the actuarial cost of the benefits for the fiscal year.	
Pension related amounts	(3,732,930)
Compensated absences expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(90,288)
Internal service funds are used by management to charge the costs of certain activities, such as health insurance, to the individual funds. The net revenue of the internal service fund is reported with governmental activities.	(41,237)
Change in net position - governmental activities (page 49)	\$ (3,664,486)

Pikes Peak Library District
Statement of Net Position
Proprietary Fund
December 31, 2018

	Governmental Activities - Internal Service Fund
Assets	
Current Assets	
Cash and cash equivalents	\$ 549,577
Accounts receivable	1,770
Deposit	36,667
Total current assets	\$ 588,014
 Liabilities	
Current Liabilities	
Claims payable	\$ 139,284
 Net Position	
Total Net Position - Unrestricted	\$ 448,730

Pikes Peak Library District
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
Year Ended December 31, 2018

	Governmental Activities - Internal Service Fund
Operating revenues	
Employer contributions	\$ 1,664,100
Employee contributions	375,737
	2,039,837
Total operating revenues	2,039,837
Operating expenses	
Claims incurred	1,281,802
Administrative	799,404
	2,081,206
Total operating expenses	2,081,206
Operating loss	(41,369)
Nonoperating revenues	
Investment earnings	132
	132
Change in net position	(41,237)
Total net position, beginning of year	489,967
Total net position, end of year	\$ 448,730

Pikes Peak Library District
Statement of Cash Flows
Proprietary Fund
Year Ended December 31, 2018

	Governmental Activities - Internal Service Fund
Cash flows from operating activities	
Employee and employer contributions	\$ 2,040,533
Payment of claims and administrative expenses	<u>(2,013,454)</u>
Net cash provided by operating activities	<u>27,079</u>
Cash flows from investing activities	
Interest received	<u>132</u>
Net increase in cash and cash equivalents	27,211
Cash and cash equivalents - January 1	<u>522,366</u>
Cash and cash equivalents - December 31	<u><u>\$ 549,577</u></u>
Reconciliation of operating gain to net cash provided by operating activities	
Operating loss	<u>\$ (41,369)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities	
Change in accounts receivable	696
Change in claims payable	<u>67,752</u>
Total adjustments	<u>68,448</u>
Net cash provided by operating activities	<u><u>\$ 27,079</u></u>

Pikes Peak Library District
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
December 31, 2018

	Agency Fund
Assets	
Cash and cash equivalents	\$ 69,465
Liabilities	
Accounts payable	\$ 69,465

Pikes Peak Library District
Notes to Financial Statements
December 31, 2018

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Pikes Peak Library District
Notes to Financial Statements
December 31, 2018

Note I: Summary of Significant Accounting Policies

The financial statements of the Pikes Peak Library District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

I-A. Reporting Entity

The District is considered a "Special Library District" and was created through state statute (C.R.S. 24-90-110). A joint committee equally represented by the City of Colorado Springs, Colorado and El Paso County, Colorado appoints members of the District's seven-member Board of Trustees.

As required by US GAAP, these financial statements present the District and its discretely presented component unit, the Pikes Peak Library District Foundation, which is reported in a separate statement in the financial statements to emphasize it is legally separate from the District.

Depending upon the significance of the District's financial and operational relationships with various separate entities, the organizations are classified as blended or discrete component units, related organizations, joint ventures, or jointly governed organizations, and the financial disclosure is treated accordingly.

Related Organizations – The District had no financial relationships of this type during the fiscal year ended December 31, 2018.

Joint Ventures – The District did not participate in any joint venture during the fiscal year ended December 31, 2018.

Jointly Governed Organizations – The District had no financial relationships of this type during the fiscal year ended December 31, 2018.

Discretely Presented Component Unit

The Pikes Peak Library District Foundation, Inc. (the Foundation).

The Foundation, which was formed in 2003, was established exclusively for the benefit of, to perform the function of, or to carry out the charitable and educational purposes of the Pikes Peak Library District. The Foundation is a tax-exempt corporation under the provisions of 501(c)(3) of the Internal Revenue Code. The Foundation issues separate financial statements and a copy can be obtained from the District's Financial Office at 1175 Chapel Hills Drive, Colorado Springs, Colorado 80920.

The District maintains control of the Foundation in the following areas:

- The Board of Trustees of the District originally elected members of the Foundation's Board of Directors. The Members of the Foundation Board make subsequent Board appointments.

Pikes Peak Library District

Notes to Financial Statements

December 31, 2018

- The Foundation may not disburse funds for costs that have not been recommended by the District's Board of Trustees.
- Two members of the District's Board of Trustees serve on the Foundation's Board of Directors at all times.

I-B. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position, a statement of financial position and statements of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements – The government-wide financial statements include the District's statement of net position, the Foundation's statement of financial position and a statement of activities for the District and the Foundation. These statements report financial information on all of the non-fiduciary activities of the District and its component unit. The effect of interfund activity has been removed from these statements. The primary government and the discretely presented component unit are presented separately within these financial statements with the focus on the primary government. Individual funds are not displayed and the statements report governmental activities, generally supported by taxes and District general revenues. The District does not have any business-type activities, which rely to a significant extent on fees and charges for support.

The District's statement of net position presents the financial position of the governmental activities of the District at year-end. The Foundation's statement of financial position presents the financial position of the Foundation at year-end using not-for-profit accounting and financial reporting principles promulgated by the Financial Accounting Standards Board.

The District's statement of activities presents a comparison between direct expenses and program revenues for the year for each function of the District's governmental activities. The Foundation's statement of activities presents the activities of the Foundation using not-for-profit accounting and financial reporting principles promulgated by the Financial Accounting Standards Board. Direct expenses are those that are specifically associated with a function and, therefore, clearly identifiable to that particular function. The District does not allocate indirect expenses to functions in its statement of activities.

The Foundation reports under not-for-profit accounting and financial reporting principles promulgated by the Financial Accounting Standards Board, including FASB Codification ASC 958-205. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the District's financial reporting entity for these differences. Because the Foundation uses generally accepted accounting principles (GAAP) reporting model that is different from the District's reporting model, the District has elected to present the Foundation's financial statements separately from those of the District as provided for under GASB standards.

The District's statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the

Pikes Peak Library District

Notes to Financial Statements

December 31, 2018

expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services that report fees and other charges to users of the District's services; (2) operating grants and contributions that finance annual operating activities including restricted investment income; and (3) capital grants and contributions that fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which functions the revenues are *restricted*.

Taxes and other revenue sources not properly included with program revenues are reported as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements – During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. Fund financial statements are provided for governmental, proprietary and fiduciary funds.

The major individual governmental fund (the General Fund) is reported in a separate column with a composite column for non-major funds.

Fund Accounting – The District uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The District uses three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds – Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The District reports the difference between governmental fund assets, liabilities, and deferred inflows of resources as fund balance.

The following is the District's major governmental fund:

General Fund – The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Colorado.

Additionally, the District reports the following non-major governmental fund type:

Special Revenue Fund – This fund accounts for resources that are restricted or committed for specific purposes, specifically gifts and grants.

Capital Projects Funds – These funds account for the financial activity related to significant capital projects.

The District also reports the following proprietary fund type:

Pikes Peak Library District

Notes to Financial Statements

December 31, 2018

Internal Service Fund – This fund accounts for the health insurance plan that is provided to eligible District employees (employees with a regularly scheduled workweek of 30 hours or more).

Additionally, the District reports the following fiduciary fund type:

Agency Fund – This fund is used to report resources held by the District in a purely custodial capacity. This fund is used to account for contributions made by employees who elect to participate in the District’s Flexible Spending Program as authorized under Section 125 of the Internal Revenue Code.

As a rule, interfund services provided and used are not eliminated in the process of consolidation of the government-wide statement of activities.

Proprietary funds distinguish operating revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the District’s Internal Service Fund are charges to customers for sales and services. Operating expenses for the District’s Internal Service Fund include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, and then unrestricted resources as they are needed.

I-C. Measurement Focus

Government-wide Financial Statements – The District’s government-wide financial statements are prepared using the economic resources measurement focus. All assets, all liabilities, and all deferred inflows of resources associated with the operation of the District are included on the statement of net position. The statement of activities reports revenues and expenses.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities, and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenue and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

I-D. Basis of Accounting

District

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, governmental funds use the modified accrual basis of accounting and the fiduciary fund uses the accrual basis of accounting. Differences in the

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accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

The District considers revenues, other than grants, to be measurable and available if collected within three months after year-end. Grants are considered measurable and available if 1) they are collected within one year after year-end, and 2) all eligibility requirements, including incurring allowable costs, have been met.

Revenues – Non-exchange Transactions – Non-exchange transactions in which the District receives value without directly giving equal value in return, include property taxes, specific ownership taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note III-B-1.). Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 90 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered susceptible to accrual: property taxes, specific ownership taxes, interest and federal and state grants.

Unearned Revenue – Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) also are recorded as unearned revenue.

Deferred Outflows and Inflows of Resources – Deferred outflows related to pensions arise from differences between expected and actual experience with regard to economic and demographic factors, changes in assumptions or other inputs, projected and actual pension plan earnings, and changes in proportional share. These deferrals are amortized over a closed period. The amounts not recognized as a pension expense in the current year are reported as deferred outflows related to pensions.

Deferred inflows of resources is an acquisition of net position by the District that is applicable to a future reporting period, and deferred outflows of resources is a consumption of net position by the District that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statements as revenues and expenses until the period(s) to which they relate.

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Under the modified accrual basis of accounting, revenues and other fund financial resources are recognized in the period in which they become both measurable and available. Assets recorded in the fund financial statements for which the revenues are not available are reported as deferred inflows of resources. In addition, property tax receivables are reported as deferred inflows of resources when levied in the fund statements.

Since property taxes are levied in December (i.e., there is a legal claim) for the next calendar year's operations, the total levy is reported as taxes receivable and deferred inflows.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred inflows (i.e., they are measurable but not available) rather than as revenue.

In addition, deferred outflows related to pension liabilities are presented separately under this category, and they are more fully described under note IV-A.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

Foundation

The Foundation uses the accrual basis of accounting.

Temporarily restricted net assets are those whose use by the Foundation has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Foundation in perpetuity.

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Gifts and investment income that are originally restricted by the donor, and for which the restriction is met in the same time period, are recorded as temporarily restricted and then released from restriction.

Gifts of land, buildings, equipment and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional.

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In addition to receiving cash contributions, the Foundation receives in-kind contributions from various donors. It is the policy of the Foundation to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase contribution revenue by a like amount.

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income. The Foundation had no unrelated business taxable income for the year ended December 31, 2018. The Foundation is not considered a private foundation.

I-E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Fund Balances

I-E-1. Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the District.

Investments are stated at fair value based on quoted market prices.

Under Colorado statutes, the District, its funds and fund types may lawfully invest eligible funds in the following securities:

- a. Obligations of the United States and certain U.S. government agencies' securities;
- b. Certain international agency securities;
- c. General obligation and revenue bonds of U.S. local government entities;
- d. Bankers' acceptances of certain banks;
- e. Commercial paper;
- f. Local government investment pools;
- g. Written repurchase agreements collateralized by certain authorized securities;
- h. Certain money market funds;
- i. Guaranteed investment contracts;
- j. Certain corporate bonds

The District may also deposit funds in Colorado financial institutions that are members of the Federal Deposit Insurance Corporation.

I-E-2. Receivables

All trade and property tax receivables are reported net of an allowance for uncollectible amounts, when applicable. Property tax allowance as of December 31, 2018 was \$105,000.

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I-E-3. Restricted Assets

Restricted assets are reported when restrictions on asset use change the nature or normal understanding of the availability of the asset. Restrictions on assets can be externally imposed by creditors, grantors, contributors, laws, or regulations of other governments, or can be imposed by law through constitutional provisions or enabling legislation.

I-E-4. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in the Internal Service Fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Transfers between funds reported in the governmental activities column are eliminated.

I-E-5. Prepaid Items

Payments made to vendors for services (e.g., insurance, rents, and library services from other libraries) that will benefit periods beyond December 31, 2018, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is classified as nonspendable, as this amount is not available for general appropriation.

I-E-6. Capital Assets

Capital assets include land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, books and audiovisual materials and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. These assets generally result from expenditures in governmental funds. The District reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the governmental fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of \$5,000. Improvements to capital assets are capitalized. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend an asset's life are expensed.

All reported capital assets are depreciated except for land, collections of historical treasures and construction-in-progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Leasehold improvements are depreciated over the shorter of the term of the lease or the estimated useful life of the asset. Depreciation is computed using the straight-line method over the following useful lives:

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Description	Estimated
Land improvements	20 years
Buildings	20 years
Vehicles	5 to 10 years
Computer equipment	3 to 5 years
Other equipment	3 to 5 years
Furniture and fixtures	10 to 30 years
Books and audio visual materials	6 years

The District capitalizes its library books and audiovisual materials. Purchased items are recorded at cost, and donated items are capitalized at fair value on the date donated. Damage and lost materials are deleted from the inventory, using the specific identification method.

I-E-7. Compensated Absences

Employees earn 15 to 20 days of vacation leave annually based on length of service. District policy allows employees to carryover up to 320 hours of unused vacation leave into the next year for full-time employees, prorated for part-time employees. All outstanding vacation leave is payable upon resignation, termination, retirement or death.

Employees also earn sick leave and can accumulate up to 180 days of sick leave. Accumulated sick leave is payable only upon retirement or termination after twenty years of service at 50% of the accrued balance as specified in the District’s policies. Upon resignation, termination or death prior to 20 years of service, any outstanding sick leave is forfeited.

The District estimates its accrued sick leave liability based on the sick leave accumulated at the statement of net position date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the District’s past experience of making termination payments.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Governmental funds report the compensated absence liability at the fund reporting level only “*when matured*”.

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I-E-8. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, and are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are “due for payment” during the current year.

I-E-9. Net Position or Fund Balances

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “net position”.

Net Position – Net position is assets minus liabilities plus deferred inflows of resources. Net investment in capital assets consist of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

Fund Balance – Generally, fund balances reflect assets minus liabilities and deferred inflows of resources. Financial reporting standards establish criteria for classifying fund balance amounts into specifically defined categories to make the nature and extent of constraints on these amounts more useful and understandable. The categories comprise a hierarchy based on the extent to which constraints must be honored for a specified purpose and for which amounts can be spent. Fund balances of governmental funds may be categorized as nonspendable, restricted, committed, assigned, and unassigned.

Nonspendable Fund Balance – cannot be spent because it is either in nonspendable form or is legally or contractually required to be maintained intact. Examples include items not expected to be converted to cash such as inventories and prepaid assets.

Restricted Fund Balance – is restricted for specific purposes based on constraints externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – is constrained for a specific purpose by formal action (resolution or ordinance) adopted by the Board of Trustees, and can be rescinded only through the same type of formal action used to establish the original commitment. Trustee actions require either an ordinance or resolution. Both are equally binding for their respective purposes and are mutually exclusive, not interchangeable with one another.

Assigned Fund Balance – is constrained for specific purposes as determined by management and the Board of Trustees through the budget process. The Executive Director is the only employee authorized to assign fund balance.

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Unassigned Fund Balance – is unconstrained and comprised of residual uncategorized fund balance amounts. The General Fund is the only fund that reports a positive unassigned fund balance. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative fund balance in those funds.

As previously discussed, the District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted resources are available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are considered to be reduced first, followed by assigned amounts and then unassigned amounts.

I-E-10. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note II: Stewardship, Compliance and Accountability

II-A. Budgetary Information

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

1. The District adopts an annual operating budget for its General Fund, Special Revenue Fund, Debt Service Fund (none for 2018) and Capital Projects Funds. During October, the Chief Librarian/CEO submits to the Board of Trustees a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and means of financing them.
2. Public hearings are conducted by the Board of Trustees to obtain taxpayer comments.
3. Prior to December 15, the budget is adopted by formal resolution.
4. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments within any fund and the reallocation of budget line items within any department in the General Fund rests with the Executive Director and/or Chief Finance Officer. The Board of Trustees must approve revisions that alter the total expenditures of any fund.
5. Budgets for all fund types are adopted on a basis consistent with generally accepted accounting principles.

Budgeted amounts reported in the accompanying financial statements are as originally adopted per a separate budget report, and as amended by the Executive Director and/or the Board of Trustees throughout the year.

The original appropriation (including transfers out) for all governmental funds has been amended as follows:

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Changes to Original Budget

	Original Budget	Revised Budget	Budget Change
General Fund	\$ 33,853,819	\$ 34,511,678	\$ 657,859
Designated Purpose Fund	-	149,282	149,282
North Facility Project Fund	208,500	344,627	136,127
East Library Renovation Fund	70,700	139,732	69,032
Penrose Library Renovation Fund	1,351,000	1,846,471	495,471
Capital Reserve Fund	842,618	2,444,931	1,602,313

6. All original and supplemental appropriations for all funds lapse at the end of the year.

II-B. Encumbrances

Appropriations in governmental funds are encumbered upon issuance of purchase orders, contracts or other forms of legal commitments. While appropriations lapse as of the end of the fiscal year, the succeeding year's budget is amended for the re-appropriation of year-end encumbrances.

Note III: Detailed Notes on All Funds

III-A. Deposits and Investments

III-A-1. Deposits

Deposits include bank accounts and short-term investments.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by State regulators. Amounts on deposit in excess of federal deposit insurance levels must be collateralized. The eligible collateral is determined by PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another financial institution or held in trust. The fair value of the collateral must be equal to 102% of the aggregate uninsured deposits.

The District has transaction accounts that are covered under FDIC insurance. The FDIC insurance limit for cash accounts is \$250,000. The carrying amount of the District's deposits, excluding the cash held in the Agency Fund of \$69,465, as of December 31, 2018 was \$1,264,457. The bank balances, excluding the cash held in the agency fund of \$69,465, were \$2,041,534, of which \$1,791,534 is not covered by federal deposit insurance. While this amount is uninsured, it is collateralized in accordance with provisions of the PDPA. Additionally, the District had \$17,818 in cash on hand as of December 31, 2018.

III-A-2. Investments

Investment decisions are governed by the District's investment policy.

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The primary objectives of the investment policy are:

Safety of Principal – The primary objective is to protect against the loss of any principal.

Liquidity – Investments will be managed to ensure that funds are available to meet obligations as necessary.

Yield – Investments will be managed to optimize returns within the appropriate safety and liquidity constraints.

The standard of prudence to be used shall be the “prudent investor” standard which states “Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for preservation, considering the probable safety of their capital as well as probable income to be derived.”

Interest Rate Risk – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The following is a list of eligible instruments for investments:

U.S. Treasury Obligations – Treasury Bills, Notes and Bonds with a maturity of five years or less.

Federal Agency Securities – Instruments such as those issued by the Government National Mortgage Association (GNMA) that are backed by the full faith and credit of the U.S. Treasury. Such securities must have a maturity of five years or less.

Federal Instrumentality Securities – Instruments such as those issued by the Federal National Mortgage Association (FNMA), Federal Farm Credit Bank (FFCB), Federal Home Loan Bank (FHLB), and the Federal Home Loan Mortgage Corporation (FHLMC). These obligations carry only an implied government guarantee. Such securities must have a maturity of five years or less.

Repurchase Agreements – Such instruments must be collateralized at 102% by U.S. Treasury securities, Federal Agency securities, or Federal Instrumentality securities.

Prime Commercial Paper – Such instruments must have a maturity of 270 days or less, and be rated in the highest category by one or more nationally recognized rating services.

Bonds – Instruments/debt issued by a U.S. corporation or bank with a net worth in excess of \$250 million. Securities must mature within three years and must be rated at least AA or Aa3 by two or more nationally recognized rating services.

Bankers Acceptances – Instruments issued by a state or national bank with a combined capital surplus of at least \$250 million.

General Obligation Debt or Revenue Obligation Debt – Debt with a maturity of five years or less, issued by any state or any political subdivision of any state.

Local Government Investment Pools – Investment pools, such as COLOTRUST, which are authorized by C.R.S. 24-75-701 and 702 at seq.

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Money Market Mutual Funds – Funds that are registered under the Investment Company Act of 1940 that are no load and maintain a constant share price. Funds must be rated in the highest category by one or more nationally recognized rating services and must have a weighted average maturity in accordance with Federal Securities Regulation 2a-7.

Interest-bearing Accounts, Certificates of Deposit – Such accounts either must be fully insured by the FDIC or are approved to accept public deposits and which have pledged eligible collateral to secure uninsured public funds on deposit with such institution in accordance with the requirements of the PDPA.

The District has invested in the Colorado Government Liquid Asset Trust (COLOTRUST). This investment vehicle has been established for local government entities in Colorado to pool surplus funds for investment purposes by state statute. This fund operates similarly to a money market fund and each share is equal in value to \$1.00. This investment pool operates under the authority and in conformity with Part 6 of Article 75 of Title 24 of the Colorado State Revised Statutes.

Credit Risk

The composition of the portfolio will vary according to market opportunities; however, the investment should be diversified by security type and institution.

Instrument	Allowed	Per Issuer
U.S. Treasury Obligations	100%	100%
Federal Agency Securities	75%	50%
Federal Instrumentality Securities	75%	50%
Repurchase Agreements	100%	50%
Prime Commercial Paper	100%	100%
Bonds	50%	50%
Banker's Acceptances	50%	50%
General Obligation Debt or Revenue Obligation Debt	50%	50%
Local Government Investment Pools	100%	100%
Money Market Mutual Funds	100%	100%
Interest-bearing Accounts, Certificates and Deposits	100%	100%

The maturity of the securities shall be structured to avoid undue concentration in any sector of the yield curve. No investment maturity shall exceed three years. Exceptions to this structure may be allowed where maturities can be structured to accommodate readily identifiable cash flows as approved by the Board.

The District's policy permits investment in local government investment pools. Current investments of \$14,585,563 are held in COLOTRUST, which was rated AAAM by Standard & Poor's at December 31, 2018. The District policy also encourages diversification of investments, limited to the Colorado Revised Statute CRS 24-75-701.

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Cash and Investment Reconciliation

	Cash and Cash Equivalents	Investments	Total
Governmental activities - statement of net position	\$1,282,276	\$14,585,563	\$15,867,839
Agency Fund	69,465	-	69,465
Less cash on hand and petty cash	(17,818)	-	(17,818)
	<u>\$1,333,923</u>	<u>\$14,585,563</u>	<u>\$15,919,486</u>
 Total deposits and investments			
Per note disclosure above			
Deposits			\$1,333,923
Investments			<u>14,585,563</u>
 Primary government total			<u>\$15,919,486</u>

The Foundation's cash and investments are comprised of the following as of December 31, 2018:

	2018 Amount	Institutions	Insurance or Collateral	Credit Ratings of Underlying Securities *
Money market savings account	\$241,717	ENT Federal Credit Union	\$241,717	N/A
Investments (stocks, bonds, mutual funds)	1,388,564	Members Trust Company	-	A/AAA
Investment level money market account	<u>67,478</u>	Members Trust Company	-	A1/P1
 Total	<u>\$1,697,759</u>			

* As applicable

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the

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possession of an outside party. The Foundation's cash and investments are exposed to \$1,456,042 of custodial credit risk as of December 31, 2018.

Investment in a State Investment Pool

During the year, the District invested in Colotrust, a public fund investment pool. The fair value of the position of the pool is measured at net asset value and is designed to approximate the share value. The pool's governing body is comprised of individuals who are employees, officers, or elected officials of the participants in the fund or do not have a business relationship with the fund and are qualified to advise. Investment objective and strategies of the pool are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The pool offers same day access to the investment funds.

III-B. Taxes

III-B-1. Property Taxes

Property taxes for the current year are certified in arrears to El Paso County on December 15 and attach as a lien on property the previous January 1. For example, property taxes owed in 2018 are certified to the County in December 2017 and are available for collection on the due date, January 1, 2018. Property taxes are payable in full by April 30 or in two equal installments due February 28 and June 15. El Paso County bills and collects property taxes for all taxing districts in the County. The property tax receipts collected by El Paso County are remitted to the District in the subsequent month.

Property taxes are reported as a receivable and as deferred inflows of resources when the District has an enforceable legal claim to the taxes and as revenue when available for collection in the following year.

III-B-2. Specific Ownership Taxes

Specific ownership taxes are collected by El Paso County for motor vehicles and other personal property registered in the District's assessment area. Specific ownership taxes are recorded as revenue when collected by El Paso County.

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III-C. Interfund Receivables, Payables, and Transfers

The following schedule reflects the District's interfund receivables and payables as of December 31, 2018.

Receivable Fund	Payable Fund
	General Fund
Designated Purpose Fund	\$ 173,489
Penrose Library Renovation Fund	1,281,802
East Library Renovation Fund	93,224
North Facility Project Fund	271,331
Capital Reserve Fund	1,904,026
Total	<u>\$ 3,723,872</u>

Interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers:

Transfers In	Transfers Out
	General Fund
Penrose Library Renovation Fund	1,335,841
Capital Reserve Fund	1,105,223
	<u>\$ 2,441,064</u>

Transfers are used to:

- (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them,
- (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and
- (3) as residual equity transfers of remaining fund balances when funds are closed out.

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III-D. Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	Balance January 1, 2018	Additions	Deletions	Transfers	Balance December 31, 2018
Governmental activities					
Capital assets not being depreciated					
Land	\$ 5,317,363	\$ -	\$ -	\$ -	\$ 5,317,363
Collections of historical treasures	9,789,208	12,411	(6,078)	-	9,795,541
Construction in progress	38,644	939,442	-	(20,300)	957,786
Total capital assets not being depreciated	15,145,215	951,853	(6,078)	(20,300)	16,070,690
Capital assets, being depreciated					
Land improvements	871,954	-	-	-	871,954
Leasehold improvements	1,017,507	-	-	-	1,017,507
Buildings	42,378,101	103,261	-	20,300	42,501,662
Equipment, furniture and fixtures	6,087,291	69,601	(364,721)	-	5,792,171
Vehicles	825,471	48,810	(7,672)	-	866,609
Books and audio visual materials	17,381,081	1,800,134	(3,114,816)	-	16,066,399
Total capital assets being depreciated	68,561,405	2,021,806	(3,487,209)	20,300	67,116,302
Less accumulated depreciation for					
Land improvements	(48,124)	(43,572)	-	-	(91,696)
Leasehold improvements	(1,014,551)	(985)	-	-	(1,015,536)
Buildings	(27,431,667)	(1,362,593)	-	-	(28,794,260)
Equipment, furniture and fixtures	(4,565,071)	(555,101)	355,642	-	(4,764,530)
Vehicles	(664,990)	(47,595)	7,672	-	(704,913)
Books and audio visual materials	(13,119,908)	(1,786,859)	2,537,060	-	(12,369,707)
Total accumulated depreciation	(46,844,311)	(3,796,705)	2,900,374	-	(47,740,642)
Total capital assets, being depreciated, net	21,717,094	(1,774,899)	(586,835)	20,300	19,375,660
Governmental activities capital assets, net	\$ 36,862,309	\$ (823,046)	\$ (592,913)	\$ -	\$ 35,446,350
Governmental activities depreciation expense					
Public services					\$ 3,345,369
Administrative services					261,216
Information Technology					190,120
Total governmental activities depreciation expense					\$ 3,796,705

Pikes Peak Library District
Notes to Financial Statements
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III-E. Long-term Liabilities

III-E-1. Changes in Long-term Liabilities

Long-term liability activity of the District for the year ended December 31, 2018 was as follows:

	Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018	Due Within One Year
Governmental activities					
EPCRP net pension liability	\$ 9,547,787	\$ 16,352,644	\$ -	\$ 25,900,431	\$ -
Compensated absences *	1,774,603	1,747,914	1,657,627	1,864,890	559,467
Total governmental activities long-term liabilities	<u>\$ 11,322,390</u>	<u>\$ 18,100,558</u>	<u>\$ 1,657,627</u>	<u>\$ 27,765,321</u>	<u>\$ 559,467</u>

Compensated absences are generally liquidated by the General Fund.

* Reported in accrued compensation payable in the statement of net position.

III-E-2. Computation of Legal Debt Margin

Assessed valuation	<u>\$7,080,595,440</u>
Debt limitation - 1.5% of total assessed value	<u>\$ 106,208,932</u>
Total debt (excluding compensated absences)	<u>-</u>
Total debt applicable to limitation	<u>-</u>
Legal debt margin	<u>\$ 106,208,932</u>

Capital leases are not included as debt for purposes of calculating legal debt margin (Colorado Revised Statute 22-42-104).

III-F. Operating Agreements

The District has entered into several agreements for building leases, equipment and services. All agreements are renewable on a year-to-year basis. Should the Board of Trustees fail to appropriate funds for the subsequent budget year, the agreements can be terminated. The total cost for such agreements was \$1,034,405 for the year ended December 31, 2018.

Pikes Peak Library District
Notes to Financial Statements
December 31, 2018

The future minimum payments for the agreements, subject to the renewal process described above, are as follows:

Year Ending

2019	\$ 1,015,495
2020	670,383
2021	486,526
2022	413,640
2023	413,854
Future years	<u>1,968,239</u>
Total	<u><u>\$ 4,968,137</u></u>

Note IV: Other Information

IV-A. Retirement Plan

The District participates in the El Paso County Retirement Plan (the Plan), a cost-sharing multiple-employer defined benefit pension plan. The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the Plan have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General — The Plan is a cost-sharing multiple employer defined benefit plan covering all permanent, full-time and job-share employees of the participating employers upon their date of employment. Employers, as defined in the plan document, include El Paso County, El Paso County Public Health, Pikes Peak Library District, 4th Judicial District Attorney and El Paso County Retirement Plan. All employees hired after September 1, 1967 are required to participate. Employees hired from 1974 through 1981 who were age 60 or older at their date of employment could elect to become a member as of January 1, 1982.

The participants of the Plan consisted of the following as of January 1, 2018 (the most recent actuarial valuation date):

Inactive plan members or beneficiaries currently receiving benefits	1,630
Inactive plan members entitled to but not yet receiving benefits	330
Active plan members	<u>2,693</u>
Total	<u><u>4,653</u></u>

Pikes Peak Library District

Notes to Financial Statements

December 31, 2018

The El Paso County Board of Retirement (the Board) manages and administers the Plan. The Board consists of five members, one of whom is the El Paso County Treasurer, two of whom are appointed by the El Paso County Board of Commissioners (the Board of Commissioners) and two of whom are employees of the participating employers elected by participants. The Board shall have all powers necessary to effect the management and administration of the Plan in accordance with its terms. The Board has the powers set forth in Part 1, Title 24, Article 54, of the Colorado Revised Statutes.

Plan Amendments — The Board has the right to alter, amend, or terminate the Plan or any part thereof in such manner as it may determine; provided that no such alteration or amendment shall provide that a retirement benefit payable to any retired member shall be less than that provided by his or her accumulated contributions or affect the right of any member to receive a refund of his accumulated contributions and provided further that no alteration, amendment or termination of the Plan or any part thereof shall permit any part of the Plan to revert to or be recoverable by any employer or be used for or diverted to purposes other than the exclusive benefit of members, retired members, terminated vested members or beneficiaries under the Plan, except such funds, if any, as may remain at termination of the Plan after satisfaction of all liabilities with respect to members, retired members, terminated vested members and beneficiaries under the Plan and are due solely to erroneous actuarial calculations.

The Plan is intended to comply with the requirements of the applicable provisions of Internal Revenue Service Code Section 401(a) as now in effect or hereafter amended, and any modification or amendment of the Plan may be made retroactive, as necessary or appropriate, to establish and maintain such compliance.

Contributions — Contribution requirements are established and may be amended by the Board. Through December 31, 2009, participants contributed 6% of their monthly compensation to the Plan. The Plan was amended during 2009 to increase the participant monthly contribution rate to 6.5% effective January 1, 2010, 7.0% effective January 1, 2011 and 7.5% effective January 1, 2012. The Plan was further amended in 2013 to increase the participant monthly contribution rate to 8.0% effective January 1, 2014. The participating employers make monthly contributions at least equal to the contributions made by the participants. Interest is credited on employee contributions at the rate of 3% per annum, compounded monthly. Employee and employer basic contributions amounted to 16% of covered payroll for both 2018 and 2017.

Contributions are tax-deferred to the participants for federal income tax purposes. If participants have at least five or eight years of credited service (see Retirement Benefits below), they are eligible to receive a future monthly retirement benefit. Any refund of contributions paid waives all future rights to any benefits. However, eligible participants who return to employment with a participating employer within 48 months and were previously refunded their contributions may reinstate withdrawn service if they repay the Plan the amount received when employment was terminated, plus interest, within twelve months of rehire.

Active participants who have completed five years of service if hired before January 1, 2013 and eight years of service if hired on or after January 1, 2013 may purchase up to five years of service credit for any period of full-time, nonvested previous employment with any public or private

Pikes Peak Library District
Notes to Financial Statements
December 31, 2018

employer. One month of service credit may be purchased for each full month of full-time, nonvested, noncovered employment. The cost to purchase one month of service credit for noncovered employment is the “actuarial equivalent cost”, as determined by the actuary for the Plan.

Participants may elect to pay for purchases of service credit in a lump sum or on an installment basis. Effective July 2016, service credit purchases may also be made by rollover contributions from an eligible retirement plan. Payments may be made on a monthly, quarterly or annual basis with interest due at the actuarial equivalent interest rate for periodic benefits. The period over which installment payments may be made cannot exceed a period equal to the total amount of credited service to be purchased. Purchased service is recognized when paid.

Contributions to the plan by the District were \$806,737 for 2018.

Administrative Expenses — The Plan's administrative expenses are paid from the assets of the Plan accumulated from contributions and investment earnings. During 2018 and 2017, the Plan received \$1,099,000 and \$450,000, respectively, from the Plan's employers for reimbursement of administrative and investment expenses, which is included in Other Income in the accompanying financial statements.

Termination Benefits — Participants vest in accumulated contributions as follows:

- (a) If hired before January 1, 2013 and credited with less than five years of service or hired on or after January 1, 2013 and credited with less than eight years of service: Refund of the participant's accumulated contributions.
- (b) If hired before January 1, 2013 and credited with five or more years of service or hired on or after January 1, 2013 and credited with eight or more years of service:
 - (i) The participant may elect to receive a deferred retirement benefit which shall be equal to the participant's accrued benefit as of the date of termination and payable on the participant's normal retirement date. The participant may elect to receive a reduced retirement benefit beginning on the first day of any month subsequent to the participant's attainment of age 55. The reduction shall be 3% for each year by which payments commence prior to the first of the month following the participant's normal retirement date.
 - (ii) In lieu of (i), a participant may elect a current refund of accumulated contributions made by the participant.

Retirement Benefits — Participants hired before January 1, 2010 are eligible for normal retirement on the first of the month coincident with attainment of age 62. Participants hired after December 31, 2009 are eligible for normal retirement after attainment of age 62, but not before the completion of 60 months of continuous service. Participants hired after December 31, 2012 are eligible for normal retirement after attainment of age 62, but not before the completion of 96 months of continuous service.

Pikes Peak Library District
Notes to Financial Statements
December 31, 2018

If hired before January 1, 2010, the monthly benefit payable at normal retirement is equal to 2.22% times the final average monthly compensation, times years of credited service earned through December 31, 2012 and 2.00% times the final average monthly compensation, times years of credited service earned after December 31, 2012. If hired on or after January 1, 2010, the monthly benefit payable at normal retirement is equal to 2.00% times final average monthly compensation times years of credited service.

The normal retirement benefit will not be greater than 75% of the participant's final average monthly compensation if hired before January 1, 2013 and not greater than 60% of final average monthly compensation if hired on or after January 1, 2013. Final average compensation is the highest monthly average of considered compensation during the 36 consecutive calendar months of credited service out of the last 120 calendar months of credited service.

A participant is eligible for an early retirement benefit at age 55, provided the member has completed five or eight years of credited service. If the participant is hired before January 1, 2013, five years is required. If hired on or after January 1, 2013, eight years is required. The monthly pension is based on the vested portion of the normal retirement benefit, reduced by 3% for each year the early retirement date precedes the normal retirement date.

A participant is eligible for special early retirement benefits if the sum of the participant's age and credited service equals 75 or more. Employees hired on or after January 1, 2016 must be a minimum age of 50 to be eligible under this provision. The monthly benefit is equal to the normal retirement benefit and is not reduced for early commencement.

The annuity for delayed retirement is computed by the normal retirement formula considering credited service and compensation to actual retirement.

Disability Benefits — A participant is eligible for disability benefits if the participant's employment is terminated due to total and permanent disability as determined by eligibility for and receipt of disability benefits continuously until the normal retirement date under (1) the employer's long-term disability plan, or (2) Title II of the Federal Social Security Act. The annuity, payable at age 62, shall be calculated as for normal retirement considering the credited service that would have accrued had the participant been employed until the normal retirement date and the final average compensation during the calendar year preceding the year of the member's disability retirement.

Payment of Benefits — The monthly benefit, computed as set forth above, shall be paid in equal monthly payments commencing one month after the actual retirement date continuing at monthly intervals for the retired participant's lifetime thereafter. If the retired participant's death occurs prior to the payment of 120 monthly payments, the remainder of the 120 payments shall be paid to the participant's beneficiary.

Death Benefits Prior to Retirement — Death benefits prior to retirement are as follows:

Pikes Peak Library District

Notes to Financial Statements

December 31, 2018

In the event that an active participant or vested participant dies prior to their normal retirement date, the participant's surviving beneficiary will be entitled to either two times the participant's accumulated contributions payable immediately or a monthly benefit equal to 60% of the monthly retirement benefit earned by the member prior to the date of death. Payment of the monthly benefit to the beneficiary will begin on the first of the month following the death or the date the member would have attained age 55, if later. If the participant met the rule of 75 while working and had not applied for retirement nor ceased employment as of date of death, their beneficiary will be entitled to a monthly benefit. Under these circumstances, the participant will be deemed to have retired on the first day of the month of their death. If no optional benefit had been elected prior to death, the participant shall be deemed to have elected the full joint and survivor benefit and such benefit shall be payable for the life of the participant's designated beneficiary, if living, following the participant's death.

Between normal and delayed retirement — In the event that a participant dies after their normal retirement date but prior to their actual retirement, their beneficiary will be entitled to a monthly benefit. Under these circumstances, the participant will be deemed to have retired on the first day of the month of their death. If no optional benefit had been elected prior to death, the participant shall be deemed to have elected the full joint and survivor benefit and such benefit shall be payable for the life of the participant's designated beneficiary, if living, following the participant's death.

Death Benefits After Retirement — Death benefits after retirement consist of a lump-sum benefit of \$3,000 payable upon the death of a retired participant.

Plan Termination — Although not presently contemplated, the Board has the right to terminate the Plan at any time, subject to limitations. In the event of termination, after payment of expenses, accumulated contributions would be returned to the participants, and the remaining assets distributed on a pro rata method to the participants based on accrued benefits. Participating employers would not receive any Plan assets.

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

At December 31, 2018, the District reported a liability of \$25,900,431 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. Standard update procedures were used to roll forward the total pension liability to December 31, 2018. The District's proportion of the net pension liability was based on the District's contribution to the El Paso County Retirement Plan for the calendar year 2017 relative to the total contributions of participating employers to the EPCRP. The net pension liability is the difference between the total pension liability and fiduciary net position as of December 31, 2018.

As of December 31, 2018, the District's proportion was 6.54%, which was an increase of 0.12% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2018, the District recognized pension expense of \$4,539,670. As of December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Pikes Peak Library District
Notes to Financial Statements
December 31, 2018

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 245,722	\$ 35,882
Changes in actuarial assumptions	10,644,577	-
Net difference between projected and actual earnings on pension plan investments	1,730,553	-
Changes in proportion	603,978	231,171
Total	\$13,224,830	\$ 267,053

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,	Amount
2019	\$ 3,673,304
2020	3,208,066
2021	3,268,195
2022	2,808,211
2023	-
Total	\$ 12,957,776

The Plan determined that the average expected remaining service lives for active and inactive members at January 1, 2017 was 4.80 years.

Actuarial Assumptions — The total pension liability was determined by an actuarial valuation as of December 31, 2017, and rolled forward to the measurement date of December 31, 2018. The liability reflects various actuarial assumption changes adopted by the Board in October 2018. The following is a summary of the actuarial assumptions:

Inflation	2.5%
Salary increases	Graded by service, from 8.00% to 3.00%
Investment rate of return	7.5%, net of investment expenses. This is based on an average inflation rate of 2.5% and a real rate of return of 5.0%.

Pikes Peak Library District
Notes to Financial Statements
December 31, 2018

Mortality rates were based on the RP-2000 Sex-Distinct Mortality Table projected generationally using Projection Scale MP-2017. Mortality rates used for disabled members is based on the RP-2000 Disabled Mortality Table projected generationally using Projection Scale MP-2017.

The actuarial assumptions were based on the results of an actuarial experience study for the period from January 1, 2013 to December 31, 2017, resulting in changes in actuarial assumptions adopted by the Board to better reflect expected future experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are 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 adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table (note that the rates shown below exclude the inflation component):

Asset Class	Long-Term Expected Real Rate of Return
US equity	7.91%
International equity	6.43%
Emerging markets	9.82%
Private equity	11.39%
Fixed income	3.99%
Real estate	4.89%
Hedge funds of funds	3.96%

Pikes Peak Library District
Notes to Financial Statements
December 31, 2018

Discount Rate — The discount rate used to measure the total pension liability was 5.23%. The projection of cash flows used to determine the discount rate assumed that employer contributions will continue to follow the current funding policy adopted by the Board. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate — The following presents the District's proportionate share of the net pension liability, calculated using the discount rate of 5.23%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.23%) or 1-percentage-point higher (6.23%) than the current rate:

	1% Decrease (4.23%)	Current Discount Rate (5.23%)	1% Increase (6.23%)
District's proportionate share of the net pension liability	\$ 32,940,161	\$ 25,900,431	\$ 20,105,620

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial reports found at www.epcreirement.org.

Additional Information - Additional information supporting the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer is located in the Plan's financial statements. This information is available by contacting the Executive Director of the Plan at: El Paso County Retirement Plan, 2880 International Circle, Suite N030, Colorado Springs, CO 80910.

IV-B. Deferred Compensation Plan

The District offers its employees the Pikes Peak Library District Deferred Compensation Plan, an Internal Revenue Code Section 457 deferred compensation plan. Participation is voluntary. The District does not contribute to the Plan, and the maximum amount that may be deferred under the Plan for 2018 excluding catch-up provisions, was the lesser of \$18,500 or 33-1/3 percent of the participant's includable compensation. The District does not have fiduciary accountability for the Plan and does not hold the Plan's assets in a trustee capacity. Accordingly, the Plan's assets and related liabilities to Plan participants are not recorded on the financial statements of the District.

Pikes Peak Library District
Notes to Financial Statements
December 31, 2018

IV-C. Contingencies

IV-C-1. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District carries commercial insurance for the risks of loss, including worker’s compensation and employee accident insurance. There were no significant reductions in insurance coverage from the prior year, and there have been no settlements that exceed the District’s insurance coverage during the past three years.

The following is a summary of claims activity for the District’s employee health plan for the years ended December 31, 2018 and 2017:

	Claims Payable Beginning of Year	Claims Incurred	Claims Paid	Claims Payable End of Year
Fiscal Year 2018	\$ 71,532	\$ 1,281,802	\$ (1,214,050)	\$ 139,284
Fiscal Year 2017	\$ 67,661	\$ 1,240,751	\$ (1,236,880)	\$ 71,532

The plan is partially self-insured and is offered to employees with a regularly scheduled workweek of 30 or more hours.

IV-C-2. Grants

The District periodically receives federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. District management believes disallowances, if any, will be immaterial.

IV-C-3. TABOR Amendment

In November 1992, the people of the State of Colorado passed an amendment to the State’s constitution (Article X, Section 20) known as the Taxpayer’s Bill of Rights (TABOR), which was effective December 31, 1992. TABOR’s intended purpose was to reasonably restrain the growth of government by imposing spending and revenue limits on the state and any local government, excluding enterprises. Provisions of TABOR require, among other things, that:

- Each district shall reserve for use in declared emergencies 3% or more of its fiscal year spending (as defined by TABOR) excluding bonded debt service, and this amount is set aside as part of reserved fund balance, called “declared emergencies”.

Pikes Peak Library District
Notes to Financial Statements
December 31, 2018

- If revenue from sources not excluded from fiscal year spending exceeds the limits prescribed by TABOR in dollars for that fiscal year, the excess shall be refunded in the next fiscal year unless voters approve a revenue change as an offset.
- Revenue collected, kept, or spent illegally since four full fiscal years before an individual or class action enforcement suit is filed shall be refunded with 10% annual simple interest from the initial conduct.
- With minor exceptions, advance voter approval is required for any new tax, tax rate increase, or mill levy above that for the prior year or creation of any multiple-fiscal year direct or indirect district debt or other financial obligation without certain cash reserve amounts or a non-appropriation clause contained within the legal documents.
- Management believes it complies with all aspects of TABOR.

IV-C-4. Claims and Litigation

There are various claim(s) pending against the District as of December 31, 2018. Although the outcome of such claim(s) cannot be predicted with certainty, the District believes that adequate insurance coverage exists and that the final settlements of such matters will not materially affect the financial statements of the District.

IV-D. Commitments

Total encumbrances outstanding as of December 31, 2018 by fund are as follows:

Fund	Balance
General Fund	\$ 346,236
Penrose Library Fund	605,852
Capital Reserve Fund	91,624
North Facility Fund	17,822

Required Supplementary Information

Pikes Peak Library District
Schedule of the District's Proportionate Share
Of the Net Pension Liability
(Required Supplementary Information)
EI Paso County Retirement Plan

	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>
Proportionate share of total pension liability	\$ 49,488,139	\$ 34,179,173	\$ 30,304,461	\$ 30,891,857
Proportionate share of fiduciary net position	<u>(23,587,708)</u>	<u>(24,631,386)</u>	<u>(20,673,246)</u>	<u>(20,867,698)</u>
Proportionate share of net pension liability	<u>\$ 25,900,431</u>	<u>\$ 9,547,787</u>	<u>\$ 9,631,215</u>	<u>\$ 10,024,159</u>
District's proportion of the net pension liability	<u>6.54%</u>	<u>6.42%</u>	<u>5.98%</u>	<u>6.45%</u>
District's covered payroll	<u>\$ 10,084,281</u>	<u>\$ 9,584,675</u>	<u>\$ 8,456,687</u>	<u>\$ 8,572,275</u>
District's proportionate share of the net pension liability as a percentage of its covered payroll	<u>256.84%</u>	<u>99.62%</u>	<u>113.89%</u>	<u>116.94%</u>
Plan fiduciary net position as a percentage of the total net pension liability	<u>46.34%</u>	<u>72.07%</u>	<u>68.22%</u>	<u>67.55%</u>

Note - Information determined under the provisions of GASB 68 is not available prior to 2015. In future years, additional years will be added until 10 years of historical data are presented. Information provided in this schedule has been determined as of the District's measurement date (December 31) of the net pension liability in accordance with GASB Statement No. 68.

**Pikes Peak Library District
Schedule of District's Contributions
(Required Supplementary Information)
El Paso County Retirement Plan**

	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>
Contractually required contributions	\$ 806,737	\$ 766,774	\$ 676,535	\$ 685,782
Actual contributions	<u>(806,737)</u>	<u>(766,774)</u>	<u>(676,535)</u>	<u>(685,782)</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 10,084,281</u>	<u>\$ 9,584,675</u>	<u>\$ 8,456,687</u>	<u>\$ 8,572,275</u>
Contributions as a percentage of covered payroll	<u>8.0%</u>	<u>8.0%</u>	<u>8.0%</u>	<u>8.0%</u>

Note - Information determined under the provisions of GASB 68 is not available for years prior to 2015. In future reports, additional years will be added until 10 years of historical data is presented. Information presented in this schedule has been determined as of the District's most recent fiscal year-end (December 31) in accordance with GASB Statement No. 68.

Note - The following are the changes in actuarial assumptions made during 2018:

- * Inflation from 3.5% in 2017 to 2.5% in 2018
- * Graded by service, from 7.76% to 3.75% in 2017 to 8.0% to 3.0% in 2018
- * Investment rate of return from 8.0% in 2017 to 7.5% in 2018
- * Discount rate from 8.0% in 2017 to 5.23% in 2018

Pikes Peak Library District
Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual
General Fund
Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Revenues				
Taxes				
Local property taxes				
Current	\$ 26,972,219	\$ 26,972,219	\$ 26,767,115	\$ (205,104)
Delinquent	15,000	15,000	17,132	2,132
Omitted	4,000	4,000	5,451	1,451
Specific ownership taxes	3,400,000	3,400,000	3,410,423	10,423
Interest on taxes	33,000	33,000	35,319	2,319
Payment in lieu of taxes	10,500	10,500	9,105	(1,395)
Total taxes	<u>30,434,719</u>	<u>30,434,719</u>	<u>30,244,545</u>	<u>(190,174)</u>
Intergovernmental	370,000	370,000	384,404	14,404
Fines and fees	200,000	100,000	114,964	14,964
Interest earnings	210,000	335,000	386,768	51,768
Donations/fundraising	694,725	694,725	270,283	(424,442)
Miscellaneous				
Copy sales	85,000	85,000	104,614	19,614
Parking lot collections	34,000	34,000	27,439	(6,561)
Other	20,000	20,000	13,732	(6,268)
Total miscellaneous	<u>139,000</u>	<u>139,000</u>	<u>145,785</u>	<u>6,785</u>
Total revenues	<u>32,048,444</u>	<u>32,073,444</u>	<u>31,546,749</u>	<u>(526,695)</u>
Expenditures				
Current				
Public Service				
Personnel services	12,324,984	13,897,697	12,840,585	1,057,112
Supplies	367,520	408,441	306,560	101,881
Library materials	4,253,165	4,512,850	4,331,763	181,087
Contractual services	544,354	565,356	455,660	109,696
Other services	200,954	203,203	174,111	29,092
Total Public Service	<u>17,690,977</u>	<u>19,587,547</u>	<u>18,108,679</u>	<u>1,478,868</u>

Pikes Peak Library District
Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual
General Fund
Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Human Resources Office				
Personnel services	368,577	447,583	320,075	127,508
Supplies	4,050	4,050	2,999	1,051
Contractual services	9,500	9,500	8,793	707
Other services	137,475	157,574	76,831	80,743
Total Human Resources Office	519,602	618,707	408,698	210,009
Chief Librarian and CEO Office				
Personnel services	252,219	259,796	257,533	2,263
Supplies	1,000	1,000	353	647
Other services	25,500	25,500	12,568	12,932
Total Chief Librarian and CEO Office	278,719	286,296	270,454	15,842
Development Office				
Personnel services	169,615	174,185	127,697	46,488
Supplies	500	500	279	221
Contractual services	19,000	19,000	13,750	5,250
Other services	21,200	21,200	13,105	8,095
Total Development Office	210,315	214,885	154,831	60,054
Finance Office				
Personnel services	447,412	494,015	414,677	79,338
Supplies	8,000	8,000	5,547	2,453
Contractual services	157,500	157,500	103,914	53,586
Other services	18,700	18,700	17,389	1,311
Total Finance Office	631,612	678,215	541,527	136,688
Facilities Office				
Personnel services	610,449	660,580	660,960	(380)
Supplies	73,700	73,700	64,760	8,940
Utilities	723,848	723,270	615,141	108,129
Contractual services	1,277,513	1,290,648	1,252,483	38,165
Repairs and maintenance	421,700	428,289	341,556	86,733
Other services	62,150	74,871	70,964	3,907
Total Facilities Office	3,169,360	3,251,358	3,005,864	245,494

Pikes Peak Library District
Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual
General Fund
Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Information Technology Office				
Personnel services	981,345	944,266	958,134	(13,868)
Supplies	288,500	331,882	253,000	78,882
Telecommunications	507,000	537,449	479,359	58,090
Contractual services	150,000	296,795	283,082	13,713
Repairs and maintenance	442,000	252,365	149,833	102,532
Other services	53,000	53,000	31,019	21,981
Total Information Technology Office	<u>2,421,845</u>	<u>2,415,757</u>	<u>2,154,427</u>	<u>261,330</u>
Communications Office				
Personnel services	671,446	697,094	605,343	91,751
Supplies	17,100	28,314	21,954	6,360
Contractual services	131,000	131,000	100,167	30,833
Repairs and maintenance	7,500	12,853	12,480	373
Other services	107,800	107,800	87,631	20,169
Total Communications Office	<u>934,846</u>	<u>977,061</u>	<u>827,575</u>	<u>149,486</u>
Other administrative				
Personnel services	4,137,160	2,288,277	2,177,915	110,362
Supplies	19,160	24,926	11,474	13,452
Library materials	147,400	152,566	196,627	(44,061)
Contractual services	723,122	723,122	718,837	4,285
Other services	706,657	687,391	194,559	492,832
Total other administrative	<u>5,733,499</u>	<u>3,876,282</u>	<u>3,299,412</u>	<u>576,870</u>
Capital outlay	<u>84,585</u>	<u>164,506</u>	<u>54,789</u>	<u>109,717</u>
Total expenditures	<u>31,675,360</u>	<u>32,070,614</u>	<u>28,826,256</u>	<u>3,244,358</u>
Excess of revenues over expenditures	<u>373,084</u>	<u>2,830</u>	<u>2,720,493</u>	<u>2,717,663</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	25,000	25,000	19,505	(5,495)
Transfers out	(2,178,459)	(2,441,064)	(2,441,064)	-
Total other financing sources (uses)	<u>(2,153,459)</u>	<u>(2,416,064)</u>	<u>(2,421,559)</u>	<u>(5,495)</u>
Special item				
TABOR refund of property tax revenue in excess of limit	-	-	(5,830)	(5,830)
Net change in fund balance	<u>(1,780,375)</u>	<u>(2,413,234)</u>	<u>293,104</u>	<u>2,706,338</u>
Fund balance, beginning of year	<u>10,432,837</u>	<u>10,432,837</u>	<u>10,432,837</u>	<u>-</u>
Fund balance, end of year	<u>\$ 8,652,462</u>	<u>\$ 8,019,603</u>	<u>\$ 10,725,941</u>	<u>\$ 2,706,338</u>

Pikes Peak Library District
Notes to Required Supplementary Information
Year Ended December 31, 2018

Note I: General Fund Budgetary Information

The District adopts an annual operating budget for its General Fund each year. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments within any fund and the reallocation of budget line items within any department in the General Fund rests with the Executive Director and/or Chief Finance and Business Officer. The Board of Trustees must approve revisions that alter the total expenditures of any fund. Budgets for all fund types are adopted on a basis consistent with generally accepted accounting principles.

Note II: Pension Plan Schedules

Proportion, proportionate share and covered-employee payroll amounts are as of the immediate plan year for consistency with the plan's proportionate calculations. Years will be added to these schedules as they become available.

Supplementary Information

MAJOR FUND

General Fund

The General Fund is used to account for all transactions of the District that are not required legally or by sound financial management to be accounted for in another fund. This fund accounts for the District's ordinary operating expenditures, which are financed primarily from property taxes. It is the most significant fund in relation to the District's overall operations.

Pikes Peak Library District
Comparative Balance Sheets
General Fund
December 31, 2018 and 2017

	2018	2017
Assets		
Cash and investments	\$ 15,318,262	\$ 13,392,415
Receivables, net of allowance for uncollectibles		
Property taxes	28,349,290	26,589,594
Accounts	78,558	114,143
Due from discretely presented component unit	-	14,733
Due from other governments	299,320	265,726
Prepaid items	311,114	339,485
	\$ 44,356,544	\$ 40,716,096
Liabilities		
Accounts payable	\$ 681,314	\$ 1,044,038
Due to discretely presented component unit	122,861	-
Accrued compensation payable	690,715	617,981
Due to other funds	3,723,872	1,944,000
	5,218,762	3,606,019
Deferred Inflows of Resources		
Unavailable revenue - property taxes	28,349,290	26,589,594
Unavailable fund resources	62,551	87,646
	28,411,841	26,677,240
Fund Balances		
Nonspendable:		
Prepaid expenditures	311,114	339,785
Restricted for:		
Declared	931,085	890,607
Gifts and grants	197,301	111,177
Committed for:		
Capital projects	-	865,000
Assigned to:		
Purchased contracts	157,962	186,847
Library materials	227,549	190,682
Unassigned	8,900,930	7,848,739
	10,725,941	10,432,837
Total fund balances	10,725,941	10,432,837
Total liabilities, deferred inflows of resources, and fund balances	\$ 44,356,544	\$ 40,716,096

Pikes Peak Library District
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balance
General Fund
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenues		
Taxes		
Local property taxes		
Current	\$ 26,767,115	\$ 25,709,842
Delinquent	17,132	14,007
Omitted	5,451	5,224
Specific ownership taxes	3,410,423	3,547,865
Interest on taxes	35,319	33,187
Payment in lieu of taxes	9,105	-
Total taxes	<u>30,244,545</u>	<u>29,310,125</u>
Intergovernmental	384,404	458,187
Fines and fees	114,964	274,186
Interest earnings	386,768	187,896
Donations/fundraising	270,283	505,725
Miscellaneous		
Copy sales	104,614	94,826
Parking lot collections	27,439	31,880
Other	13,732	44,183
Total miscellaneous	<u>145,785</u>	<u>170,889</u>
Total revenues	<u>31,546,749</u>	<u>30,907,008</u>
Expenditures		
Current		
Public services	18,108,679	17,459,627
Administrative services	-	3,301,930
Human Resources Office	408,698	-
Chief Librarian and CEO Office	270,454	458,862
Development Office	154,831	-
Finance Office	541,527	533,083
Facilities Office	3,005,864	-
Information Technology Office	2,154,427	2,141,060
Communications Office	827,575	802,203
Other administrative	3,299,412	3,222,456
Capital outlay	54,789	527,824
Total expenditures	<u>28,826,256</u>	<u>28,447,045</u>
Excess of revenues over expenditures	<u>2,720,493</u>	<u>2,459,963</u>
Other financing sources (uses)		
Proceeds from sale of capital assets	19,505	11,640
Transfers out	(2,441,064)	(786,341)
Total other financing sources (uses)	<u>(2,421,559)</u>	<u>(774,701)</u>
Special item		
TABOR refund of property tax revenue in excess of limit	(5,830)	(543,196)
Net change in fund balance	293,104	1,142,066
Fund balance, beginning of year	10,432,837	9,290,771
Fund balance, end of year	<u>\$ 10,725,941</u>	<u>\$ 10,432,837</u>

Pikes Peak Library District
Schedule of Expenditures by Natural Classification-
Budget and Actual
General Fund
Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Expenditures				
Current				
Personnel services	\$ 19,963,207	\$ 19,863,493	\$ 18,362,919	\$ 1,500,574
Supplies	779,530	880,813	666,926	213,887
Telecommunications	507,000	537,449	479,359	58,090
Library materials	4,400,565	4,665,416	4,528,390	137,026
Utilities	723,848	723,270	615,141	108,129
Contractual services	3,011,989	3,192,921	2,936,686	256,235
Repairs and maintenance	871,200	693,507	503,869	189,638
Other services	1,333,436	1,349,239	678,177	671,062
Capital outlay	84,585	164,506	54,789	109,717
Total expenditures	\$ 31,675,360	\$ 32,070,614	\$ 28,826,256	\$ 3,244,358

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUND

A Special Revenue Fund is used to account for financial activity related to funds received that are restricted or committed for specific purposes. The District has one Special Revenue Fund, the Designated Purpose Fund, which is used for this purpose.

CAPITAL PROJECTS FUNDS

A Capital Projects Fund is used to account for all financial activity related to the acquisition, construction, and renovation of major capital facilities. The District has four Capital Projects Funds as follows:

North Facility Project Fund

The North Facility Project Fund, a capital projects fund, is used to account for all financial activity related to the purchase of and renovation of a facility located in northern Colorado Springs. Funds are being accumulated over a period of several years. Primary and anticipated sources of funding for this project include the General Fund and other fundraising activities including grants and donations.

East Library Renovation Fund

This fund is used to account for all financial activity related to the renovation of the East Library facility. Funds are being accumulated over a period of several years. The primary source of funding for this project is the General Fund.

Penrose Library Renovation Fund

This fund is used to account for all financial activity related to the renovation of the Penrose Library complex. Funds are being accumulated over a period of several years. The primary source of funding for this project is the General Fund.

Capital Reserve Fund

This fund is used to account for all financial activity related to capital projects and expenditures of capital items not specifically accounted for under a separate fund. Funds are being accumulated over a period of several years. The primary source of funding for these projects is annual transfers from the General Fund.

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Pikes Peak Library District
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018

	Special Revenue Fund	Capital	
	Designated Purpose Fund	North Facility Project Fund	East Library Renovation Fund
Assets			
Due from other funds	\$ 173,489	\$ 271,331	\$ 93,224
Liabilities			
Accounts payable	\$ 12,731	\$ 19,068	\$ 15,000
Fund Balance			
Restricted for:			
Gifts and grants	2,924	-	-
Committed to:			
Capital projects	157,622	252,263	78,224
Assigned to:			
Gifts and grants	212	-	-
Total fund balance	160,758	252,263	78,224
Total liabilities and fund balance	\$ 173,489	\$ 271,331	\$ 93,224

Project Funds		
Penrose Library Renovation Fund	Capital Reserve Fund	Total Nonmajor Governmental Funds
\$ 1,281,802	\$ 1,904,026	\$ 3,723,872
\$ 278,433	\$ 195,713	\$ 520,945
-	-	2,924
1,003,369	1,708,313	3,199,791
-	-	212
1,003,369	1,708,313	3,202,927
\$ 1,281,802	\$ 1,904,026	\$ 3,723,872

Pikes Peak Library District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2018

	Special Revenue Fund	Capital	
	Designated Purpose Fund	North Facility Project Fund	East Library Renovation Fund
Revenues			
Donations	\$ -	\$ 167,128	\$ 32,501
Expenditures			
Capital outlay	70,824	92,364	61,508
Excess (deficiency) of revenues over expenditures	<u>(70,824)</u>	<u>74,764</u>	<u>(29,007)</u>
Other financing sources			
Transfers in	-	-	-
Net change in fund balances	(70,824)	74,764	(29,007)
Fund balances, beginning of year	<u>231,582</u>	<u>177,499</u>	<u>107,231</u>
Fund balances, end of year	<u><u>\$ 160,758</u></u>	<u><u>\$ 252,263</u></u>	<u><u>\$ 78,224</u></u>

Project Funds		
Penrose Library Renovation Fund	Capital Reserve Fund	Total Nonmajor Governmental Funds
<u>\$ 426,291</u>	<u>\$ 85,351</u>	<u>\$ 711,271</u>
<u>843,102</u>	<u>736,618</u>	<u>1,804,416</u>
<u>(416,811)</u>	<u>(651,267)</u>	<u>(1,093,145)</u>
<u>1,335,841</u>	<u>1,105,223</u>	<u>2,441,064</u>
919,030	453,956	1,347,919
<u>84,339</u>	<u>1,254,357</u>	<u>1,855,008</u>
<u><u>\$ 1,003,369</u></u>	<u><u>\$ 1,708,313</u></u>	<u><u>\$ 3,202,927</u></u>

Pikes Peak Library District
Comparative Balance Sheets
Designated Purpose Fund
December 31, 2018 and 2017

	2018	2017
Assets		
Due from other funds	\$ 173,489	\$ 231,582
Liabilities		
Accounts payable	\$ 12,731	\$ -
Fund Balance		
Restricted for:		
Gifts and grants	2,924	2,924
Committed to:		
Capital projects	157,622	228,446
Assigned to:		
Gifts and grants	212	212
Total fund balance	160,758	231,582
Total liabilities and fund balance	\$ 173,489	\$ 231,582

Pikes Peak Library District
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balance
Designated Purpose Fund
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Expenditures		
Capital outlay	\$ 70,824	\$ 44,818
	<u>(70,824)</u>	<u>(44,818)</u>
Fund balance, beginning of year	<u>231,582</u>	<u>276,400</u>
Fund balance, end of year	<u><u>\$ 160,758</u></u>	<u><u>\$ 231,582</u></u>

Pikes Peak Library District
Schedule of Revenues, Expenditures
and Changes in Fund Balance – Budget and Actual
Designated Purpose Fund
Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Other expenditures	\$ -	\$ 1,211	\$ -	\$ 1,211
Capital outlay	-	148,071	70,824	77,247
Total Expenditures	-	149,282	70,824	78,458
Net change in fund balance	-	(149,282)	(70,824)	78,458
Fund balance, beginning of year	231,582	231,582	231,582	-
Fund balance, end of year	<u>\$ 231,582</u>	<u>\$ 82,300</u>	<u>\$ 160,758</u>	<u>\$ 78,458</u>

Pikes Peak Library District
Comparative Balance Sheets
North Facility Project Fund
December 31, 2018 and 2017

	2018	2017
Assets		
Due from other funds	\$ 271,331	\$ 197,799
Liabilities		
Accounts payable	\$ 19,068	\$ 20,300
Fund Balance		
Committed to:		
Capital projects	252,263	177,499
Total liabilities and fund balance	\$ 271,331	\$ 197,799

Pikes Peak Library District
Comparative Statements of Revenue, Expenditures
and Changes in Fund Balance
North Facility Project Fund
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenues		
Donations	\$ 167,128	\$ 35,000
Expenditures		
Capital outlay	92,364	685,166
Excess (deficiency) of revenues over expenditures	<u>74,764</u>	<u>(650,166)</u>
Other financing sources		
Transfers in	-	50,000
Net change in fund balance	74,764	(600,166)
Fund balance, beginning of year	<u>177,499</u>	<u>777,665</u>
Fund balance, end of year	<u>\$ 252,263</u>	<u>\$ 177,499</u>

Pikes Peak Library District
Schedule of Revenue, Expenditures
and Changes in Fund Balance – Budget and Actual
North Facility Project Fund
Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Donations	\$ 167,128	\$ 167,128	\$ 167,128	\$ -
Expenditures				
Capital outlay	208,500	344,627	92,364	252,263
Net change in fund balance	(41,372)	(177,499)	74,764	252,263
Fund balance, beginning of year	177,499	177,499	177,499	-
Fund balance, end of year	<u>\$ 136,127</u>	<u>\$ -</u>	<u>\$ 252,263</u>	<u>\$ 252,263</u>

Pikes Peak Library District
Comparative Balance Sheets
East Library Renovation Fund
December 31, 2018 and 2017

	2018	2017
Assets		
Due from other funds	\$ 93,224	\$ 107,231
Liabilities		
Accounts payable	\$ 15,000	\$ -
Fund Balance		
Committed to:		
Capital projects	78,224	107,231
Total liabilities and fund balance	\$ 93,224	\$ 107,231

Pikes Peak Library District
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balance
East Library Renovation Fund
Years Ended December 31, 2018 and 2017

	2018	2017
Revenues		
Donations	\$ 32,501	\$ -
Expenditures		
Capital outlay	61,508	25,025
Net change in fund balance	(29,007)	(25,025)
Fund balance, beginning of year	107,231	132,256
Fund balance, end of year	\$ 78,224	\$ 107,231

Pikes Peak Library District
Schedule of Revenues, Expenditures
and Changes in Fund Balance – Budget and Actual
East Library Renovation Fund
Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Donations	\$ -	\$ 32,501	\$ 32,501	\$ -
Expenditures				
Capital outlay	70,700	139,732	61,508	78,224
Deficiency of revenues under expenditures	<u>(70,700)</u>	<u>(107,231)</u>	<u>(29,007)</u>	<u>78,224</u>
Net change in fund balance	(70,700)	(107,231)	(29,007)	78,224
Fund balance, beginning of year	<u>107,231</u>	<u>107,231</u>	<u>107,231</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 36,531</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 78,224</u></u>	<u><u>\$ 78,224</u></u>

Pikes Peak Library District
Comparative Balance Sheets
Penrose Library Renovation Fund
December 31, 2018 and 2017

	2018	2017
Assets		
Due from other funds	\$ 1,281,802	\$ 84,339
Liabilities		
Accounts payable	\$ 278,433	\$ -
Fund Balance		
Committed to:		
Capital projects	1,003,369	84,339
Total liabilities and fund balance	\$ 1,281,802	\$ 84,339

Pikes Peak Library District
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balance
Penrose Library Renovation Fund
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenues		
Donations	\$ 426,291	\$ -
Expenditures		
Capital outlay	843,102	148,557
Deficiency of revenues under expenditures	<u>(416,811)</u>	<u>(148,557)</u>
Other financing sources		
Transfers in	1,335,841	59,690
Net change in fund balance	919,030	(88,867)
Fund balance, beginning of year	<u>84,339</u>	<u>173,206</u>
Fund balance, end of year	<u>\$ 1,003,369</u>	<u>\$ 84,339</u>

Pikes Peak Library District
Schedule of Revenues, Expenditures
and Changes in Fund Balance – Budget and Actual
Penrose Library Renovation Fund
Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Donations	\$ 11,000	\$ 426,291	\$ 426,291	\$ -
Expenditures				
Capital outlay	1,351,000	1,846,471	843,102	1,003,369
Deficiency of revenues under expenditures	<u>(1,340,000)</u>	<u>(1,420,180)</u>	<u>(416,811)</u>	<u>1,003,369</u>
Other financing sources				
Transfers in	1,335,841	1,335,841	1,335,841	-
Net change in fund balance	(4,159)	(84,339)	919,030	1,003,369
Fund balance, beginning of year	84,339	84,339	84,339	-
Fund balance, end of year	<u>\$ 80,180</u>	<u>\$ -</u>	<u>\$ 1,003,369</u>	<u>\$ 1,003,369</u>

Pikes Peak Library District
Comparative Balance Sheets
Capital Reserve Fund
December 31, 2018 and 2017

	2018	2017
Assets		
Due from other funds	\$ 1,904,026	\$ 1,323,049
Prepaid items	-	5,877
Total assets	\$ 1,904,026	\$ 1,328,926
Liabilities		
Accounts payable	\$ 195,713	\$ 74,569
Fund Balance		
Nonspendable:		
Prepaid expenditures	-	5,877
Committed to:		
Capital projects	1,708,313	1,248,480
Total fund balance	1,708,313	1,254,357
Total liabilities and fund balance	\$ 1,904,026	\$ 1,328,926

Pikes Peak Library District
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balance
Capital Reserve Fund
Years Ended December 31, 2018 and 2017

	2018	2017
Revenues		
Donations	\$ 85,351	\$ -
Expenditures		
Capital outlay	736,618	473,482
Deficiency of revenues under expenditures	(651,267)	(473,482)
Other financing sources		
Transfers in	1,105,223	676,651
Net change in fund balance	453,956	203,169
Fund balance, beginning of year	1,254,357	1,051,188
Fund balance, end of year	\$ 1,708,313	\$ 1,254,357

Pikes Peak Library District
Schedule of Revenues, Expenditures
and Changes in Fund Balance – Budget and Actual
Capital Reserve Fund
Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Donations	\$ -	\$ 85,351	\$ 85,351	\$ -
Expenditures				
Capital outlay	842,618	2,444,931	736,618	1,708,313
Deficiency of revenues under expenditures	<u>(842,618)</u>	<u>(2,359,580)</u>	<u>(651,267)</u>	<u>1,708,313</u>
Other financing sources				
Transfers in	842,618	1,105,223	1,105,223	-
Total financing sources	<u>842,618</u>	<u>1,105,223</u>	<u>1,105,223</u>	<u>-</u>
Net change in fund balance	-	(1,254,357)	453,956	1,708,313
Fund balance, beginning of year	<u>1,254,357</u>	<u>1,254,357</u>	<u>1,254,357</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,254,357</u>	<u>\$ -</u>	<u>\$ 1,708,313</u>	<u>\$ 1,708,313</u>

INTERNAL SERVICE FUND

Internal Service Funds are used to account for revenues received from District departments to be used for services to benefit all departments.

The District has one Internal Service Fund.

Employee Health Plan Fund

This fund is used to account for the accumulation of and utilization of financial resources related to the District's partially self-insured medical health plan, offered to employees with a regularly scheduled workweek of 30 or more hours.

Pikes Peak Library District
Internal Service Fund
Comparative Statements of Net Position
Employee Health Plan Fund
December 31, 2018 and 2017

	2018	2017
Assets		
Current Assets		
Cash and cash equivalents	\$ 549,577	\$ 522,366
Accounts receivable	1,770	2,466
Deposit	36,667	36,667
Total current assets	588,014	561,499
 Liabilities		
Current Liabilities		
Claims payable	139,284	71,532
 Net Position		
Total Net Position - Unrestricted	\$ 448,730	\$ 489,967

Pikes Peak Library District
Internal Service Fund
Comparative Statements of Revenue, Expenses
and Changes in Net Position
Employee Health Plan Fund
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating revenues		
Employer contributions	\$ 1,664,100	\$ 1,521,068
Employee contributions	375,737	337,962
	<u>2,039,837</u>	<u>1,859,030</u>
Operating expenses		
Claims incurred	1,281,802	1,240,751
Administrative	799,404	758,477
	<u>2,081,206</u>	<u>1,999,228</u>
Operating loss	<u>(41,369)</u>	<u>(140,198)</u>
Nonoperating revenues		
Investment earnings	132	32
	<u>132</u>	<u>32</u>
Change in net position	(41,237)	(140,166)
Total net position, beginning	<u>489,967</u>	<u>630,133</u>
Total net position, ending	<u>\$ 448,730</u>	<u>\$ 489,967</u>

Pikes Peak Library District
Internal Service Fund
Comparative Statements of Cash Flows
Employee Health Plan Fund
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Employee and employer contributions	\$ 2,040,533	\$ 1,856,564
Payment of claims and administrative expenses	<u>(2,013,454)</u>	<u>(2,002,815)</u>
Net cash provided by (used in) operating activities	27,079	(146,251)
Cash flows from investing activities		
Interest received	<u>132</u>	<u>32</u>
Net increase (decrease) in cash and cash equivalents	27,211	(146,219)
Cash and cash equivalents, January 1	<u>522,366</u>	<u>668,585</u>
Cash and cash equivalents, December 31	<u>\$ 549,577</u>	<u>\$ 522,366</u>
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	\$ (41,369)	\$ (140,198)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities		
Change in accounts receivable	696	(2,466)
Change in accounts payable	-	(7,458)
Change in claims payable	<u>67,752</u>	<u>3,871</u>
Total adjustments	<u>68,448</u>	<u>(6,053)</u>
Net cash provided by (used in) operating activities	<u>\$ 27,079</u>	<u>\$ (146,251)</u>

AGENCY FUND

Agency funds are used to account for assets held by the District as an agent for individuals, private organizations, and other governments.

The District has one agency fund.

Flexible Spending Accounts

This fund is used to account for contributions made by employees who elect to participate in the District's Internal Revenue Service Section 125 program (medical care or dependent care accounts). Employee contributions for the medical accounts come from wages and/or accrued vacation, and employee contributions for the dependent care accounts come from wages. Such amounts are to be used for either certain medical expenses or dependent care expenses incurred which are not covered by the District's employee benefits coverage.

Pikes Peak Library District
Comparative Statements of Fiduciary Assets and Liabilities
Flexible Spending Accounts – Agency Fund
December 31, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	\$ 69,465	\$ 59,544
Accounts receivable	-	430
Total assets	\$ 69,465	\$ 59,974
Liabilities		
Accounts payable	\$ 69,465	\$ 59,974

Pikes Peak Library District
Statement of Changes in Fiduciary Assets and Liabilities
Flexible Spending Accounts – Agency Fund
Year Ended December 31, 2018

	Flexible Spending Accounts			Balance December 31, 2018
	Balance January 1, 2018	Additions	Deletions	
Assets				
Cash and cash equivalents	\$ 59,544	\$ 109,196	\$ 99,275	\$ 69,465
Other receivables	430	-	430	-
Total assets	<u>\$ 59,974</u>	<u>\$ 109,196</u>	<u>\$ 99,705</u>	<u>\$ 69,465</u>
Liabilities				
Accounts payable	<u>\$ 59,974</u>	<u>\$ 109,196</u>	<u>\$ 99,705</u>	<u>\$ 69,465</u>

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STATISTICAL SECTION

This part of the Pikes Peak Library District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

	Page
Financial Trends	133
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	146
These schedules contain information to help the reader assess the District's most significant revenue source, the property tax.	
Debt Capacity	158
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Demographic and Economic Information	165
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
Operating Information	167
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

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Exhibit I-1

**Pikes Peak Library District
Government-wide Net Position by Component
Last Ten Fiscal Years
(Unaudited)**

Governmental Activities					
Fiscal Year	Net Investment			Total	
	In Capital Assets	Restricted	Unrestricted		
2009	\$ 31,464,402	\$ 754,282	\$ 8,313,471	\$ 40,532,155	
2010	32,881,474	771,319	8,894,537	42,547,330	
2011	32,872,879	858,203	10,686,653	44,417,735	
2012	34,818,102	837,421	10,230,456	45,885,979	
2013	33,839,914	1,005,719	12,831,121	47,676,754	
2014	37,633,108	994,338	9,249,165	47,876,611	
2015	38,922,766	998,444	282,577	40,203,787	
2016	37,308,714	956,559	1,371,475	39,636,748	
2017	36,767,440	1,004,708	971,294	38,743,442	
2018	34,938,136	1,131,310	(990,490)	35,078,956	

Exhibit I-2

Pikes Peak Library District
Government-wide Expenses, Program Revenues and Net Expenses
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Expenses Governmental Activities					
	Public Services	Human Resources	Support and Outreach Services	Administrative Services	Chief Librarian & CEO Office	Development Office
2009	\$ 10,043,347	\$ -	\$ 4,962,156	\$ 3,337,749	\$ 224,311	\$ -
2010	10,029,059	-	5,111,509	3,304,300	239,948	-
2011	8,132,184	-	-	10,916,543	339,211	-
2012	8,115,178	-	-	10,846,365	366,455	-
2013	7,883,922	-	-	12,021,277	373,535	-
2014	8,422,792	-	-	11,964,223	386,564	-
2015	11,479,186	-	-	4,117,367	400,652	-
2016	13,251,004	-	-	3,823,660	466,816	-
2017	20,382,695	-	-	3,914,245	474,077	-
2018	23,333,788	495,338	-	-	311,333	182,018

Fiscal Year	Charges for Services			Program Revenues Governmental Activities Operating Grants and Contributions		
	Public Services	Support and Outreach Services	Total	Public Services	Administrative Services	Information Technology
2009	\$ 379,233	\$ 153,934	\$ 533,167	\$ 194,605	\$ 78,991	\$ -
2010	526,805	-	526,805	163,885	-	-
2011	521,577	-	521,577	181,675	-	-
2012	529,077	-	529,077	99,400	34,536	-
2013	523,316	-	523,316	141,009	213,927	-
2014	530,364	-	530,364	136,227	-	142,433
2015	538,214	-	538,214	258,925	-	15,769
2016	494,493	-	494,493	233,889	-	143,982
2017	274,186	-	274,186	596,824	-	-
2018	114,964	-	114,964	426,310	-	-

Fiscal Year	Total Net Expenses Total Primary Government
2009	\$ (21,641,226)
2010	(23,331,594)
2011	(23,217,741)
2012	(24,222,713)
2013	(24,826,204)
2014	(25,208,590)
2015	(27,268,439)
2016	(28,435,137)
2017	(30,030,660)
2018	(34,455,259)

	Finance Office	Facilities Office	Information Technology Office	Communications Office	Other Administration	Interest Expense	Total Primary Government
\$	514,702	\$ -	\$ 1,343,640	\$ 821,686	\$ 1,973,592	\$ 298	\$ 23,221,481
	449,031	-	1,383,900	797,124	2,153,292	-	23,468,163
	451,191	-	1,472,077	731,409	2,235,421	6,085	24,284,121
	404,789	-	1,634,549	676,199	2,073,758	4,261	24,121,554
	403,231	-	1,531,283	721,944	2,571,087	1,672	25,507,951
	435,422	-	1,716,479	709,136	2,489,209	-	26,123,824
	436,539	-	7,814,245	766,469	2,652,230	-	27,666,688
	522,810	-	7,631,440	764,629	3,116,763	-	29,577,122
	551,716	-	1,868,122	830,962	3,222,456	-	31,244,273
	629,124	3,885,930	2,794,960	979,183	3,299,412	-	35,911,086

Capital Grants and Contributions

	Total	Public Services	Support and Outreach Services	Facilities Office	Administrative Services	Information Technology	Total	Total Primary Government
\$	273,596	\$ 79,354	\$ 787,375	\$ -	\$ -	\$ -	\$ 866,729	\$ 1,673,492
	163,885	1,093,374	-	-	42,873	-	1,136,247	1,826,937
	181,675	168,993	-	-	80,282	-	249,275	952,527
	133,936	98,131	-	-	142,669	-	240,800	903,813
	354,936	166,769	-	-	240,217	-	406,986	1,285,238
	278,660	229,665	-	-	88,553	170,380	488,598	1,297,622
	274,694	836,583	-	-	258,308	550,299	1,645,191	2,458,099
	377,871	142,378	-	-	41,939	85,304	269,621	1,141,985
	596,824	253,467	-	-	53,096	36,030	342,593	1,213,603
	426,310	709,178	-	118,863	-	86,512	914,553	1,455,827

Exhibit I-3

**Pikes Peak Library District
Government-wide General Revenues and Other Changes in Net Position
Last Ten Fiscal Years
(Unaudited)**

						Governmental Activities
						General Revenues
Fiscal Year	Property Taxes	Specific Ownership Taxes	Investment Earnings	Miscellaneous	Total	
2009	\$ 21,881,357	\$ 2,247,518	\$ 50,888	\$ 172,178	\$ 24,351,941	
2010	22,199,204	2,072,875	30,838	169,442	24,472,359	
2011	22,783,130	2,013,321	15,988	226,993	25,039,432	
2012	23,588,482	2,267,050	34,635	182,215	26,072,382	
2013	23,930,258	2,413,142	21,912	264,051	26,629,363	
2014	23,823,607	2,546,327	18,692	180,297	26,568,923	
2015	24,137,929	2,765,049	26,550	201,916	27,131,444	
2016	24,780,995	2,892,197	96,038	155,941	27,925,171	
2017	25,762,260	3,547,865	187,896	182,529	29,680,550	
2018	26,834,122	3,410,423	386,768	165,290	30,796,603	
Total Changes in Net Position						
Fiscal Year	Total					
	Primary Government					
2009	\$ 2,677,688					
2010	2,015,175					
2011	1,870,405					
2012	1,468,244					
2013	1,790,775					
2014	199,857					
2015	(136,995)					
2016	(567,039)					
2017	(893,306)					
2018	(3,664,486)					

TABOR Refund	
Fiscal Year Spending and Property Tax Revenue in Excess of Limit	Total Primary Government
\$ -	\$ 24,351,941
-	24,472,359
-	25,039,432
-	26,072,382
-	26,629,363
-	26,568,923
-	27,131,444
(57,073)	27,868,098
(543,196)	29,137,354
(5,830)	30,790,773

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Exhibit I-4

Pikes Peak Library District
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Unaudited)

General Fund

Fiscal Year	Reserved	Unreserved	Non-spendable	Restricted	Committed	Assigned	Unassigned	Total
2009	\$ 1,686,328	\$ 5,594,367	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,280,695
2010	1,684,352	6,671,066	-	-	-	-	-	8,355,418
2011	-	-	302,673	768,933	-	2,283,641	2,681,795	6,037,042
2012	-	-	515,665	849,133	-	1,413,211	4,626,698	7,404,707
2013	-	-	432,357	927,498	-	809,250	4,056,243	6,225,348
2014	-	-	475,065	918,560	-	679,883	3,632,798	5,706,306
2015	-	-	510,377	944,548	900,000	583,947	4,896,422	7,835,294
2016	-	-	386,130	945,380	865,000	668,852	6,425,409	9,290,771
2017	-	-	339,785	1,001,784	865,000	377,529	7,848,739	10,432,837
2018	-	-	311,114	1,128,386	-	385,511	8,900,930	10,725,941

Other Governmental Funds

Fiscal Year	Reserved	Unreserved - Fund Type			Non-spendable	Restricted	Committed	Assigned	Total
		Special Revenue	Capital Projects	Total					
2009	\$ 132,884	\$ 322,133	\$ 2,718,990	\$ 3,041,123	\$ -	\$ -	\$ -	\$ -	\$ 3,174,007
2010	503,381	311,181	1,987,508	2,298,689	-	-	-	-	2,802,070
2011	-	-	-	-	-	89,270	6,930,814	272	7,020,356
2012	-	-	-	-	-	103,501	4,647,272	7,624	4,758,397
2013	-	-	-	-	2,902	78,221	7,399,563	7,624	7,488,310
2014	-	-	-	-	-	75,778	5,394,260	7,624	5,477,662
2015	-	-	-	-	4,990	53,896	1,976,494	7,624	2,043,004
2016	-	-	-	-	14,092	11,179	2,378,444	7,000	2,410,715
2017	-	-	-	-	5,877	2,924	1,845,995	212	1,855,008
2018	-	-	-	-	-	2,924	3,199,791	212	3,202,927

Note: In 2011 GASB 54 was implemented with new fund balance classifications.

Note - For fiscal years 2011 - 2014, the North Facility Project Fund was presented as a Major Fund. For 2015, this Fund was no longer considered a Major Fund. Fund balances for 2011 - 2014 have been reclassified and are now presented as part of Other Governmental Funds

Exhibit I-5

**Pikes Peak Library District
 Summary of Changes in Total Governmental Fund Balances
 Last Ten Fiscal Years
 (Unaudited)**

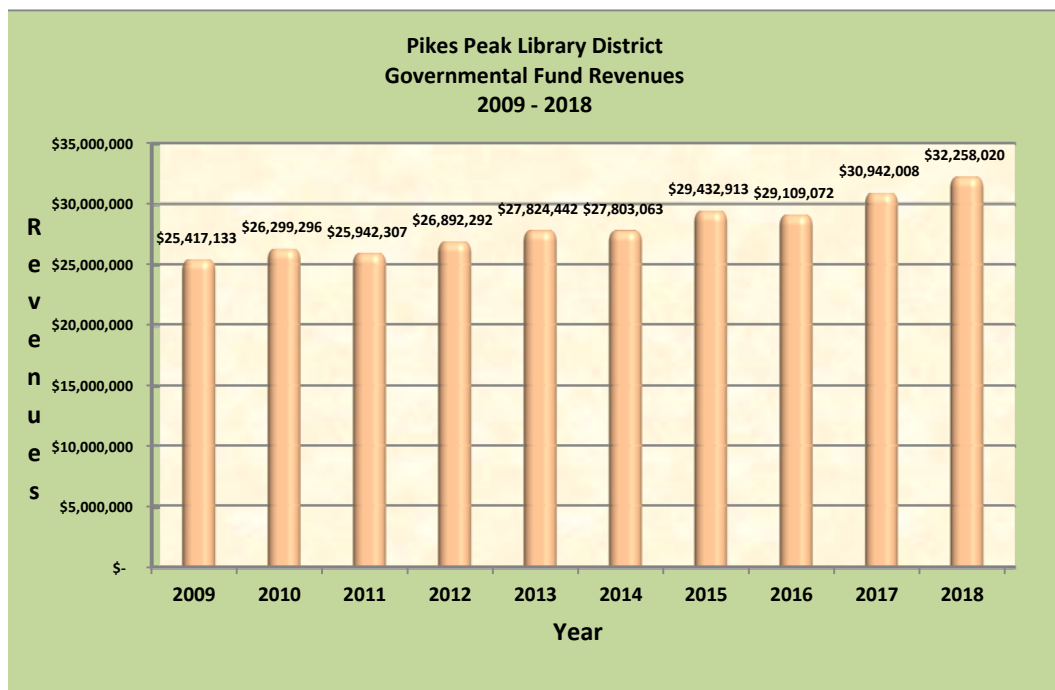
Fiscal Year	Revenues	Expenditures	Other Financing Sources (Uses)		
			Capital Lease Financing	Proceeds from Sale of Capital Assets	Proceeds from Insurance Reimbursement
2009	\$ 26,299,296	\$ 25,818,473	\$ -	\$ 50,724	\$ -
2010	25,942,307	24,092,049	173,756	48,207	-
2011	26,892,292	27,827,510	-	49,652	-
2012	27,824,442	26,370,151	-	40,924	-
2013	27,803,063	30,383,156	-	83,277	12,985
2014	29,432,914	30,383,156	-	50,403	-
2015	29,432,914	30,785,347	-	28,060	18,703
2016	29,109,072	27,246,156	-	17,345	-
2017	30,942,008	29,824,093	-	11,640	-
2018	32,258,020	30,630,672	-	19,505	-

TABOR Refund Fiscal Year Spending and Property Tax Revenue In Excess of Limit	Net Change in Fund Balance	Ratio of Debt Service Expenditures to Noncapital Expenditures
\$ -	\$ 531,547	0.26%
-	2,072,221	0.28%
-	(885,566)	0.30%
-	1,495,215	0.27%
-	(2,483,831)	0.00%
-	(899,839)	0.00%
-	(1,305,670)	0.00%
(57,073)	1,823,188	0.00%
(543,196)	586,359	0.00%
(5,830)	1,641,023	0.00%

Exhibit I-6

**Pikes Peak Library District
Governmental Funds Revenues
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Taxes	Intergovernmental	Fines and Fees	Interest Earnings
2009	\$ 24,128,875	\$ 241,372	\$ 533,167	\$ 50,888
2010	24,272,079	1,126,247	526,805	30,838
2011	24,796,451	185,728	521,577	15,988
2012	25,855,532	85,247	529,077	34,635
2013	26,343,399	160,887	523,316	21,912
2014	26,369,934	291,251	530,364	18,692
2015	26,902,978	305,794	538,214	26,550
2016	27,673,192	398,039	494,493	96,038
2017	29,310,125	458,187	274,186	187,896
2018	30,244,545	384,404	114,964	386,768

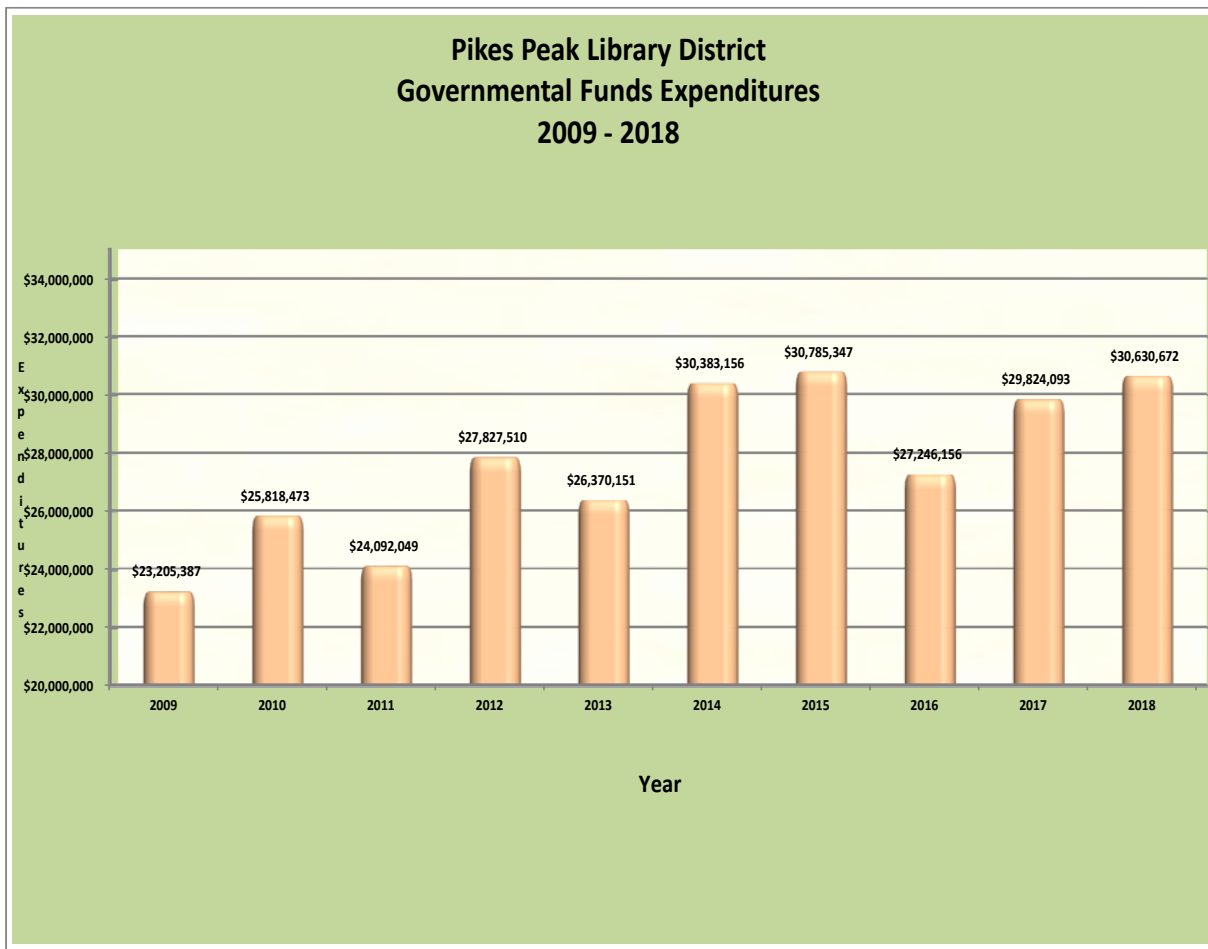


Miscellaneous	Total
\$ 462,831	\$ 25,417,133
343,327	26,299,296
422,563	25,942,307
387,801	26,892,292
774,928	27,824,442
592,822	27,803,063
1,659,378	29,432,913
447,310	29,109,072
711,614	30,942,008
1,127,339	32,258,020

Exhibit I-7

**Pikes Peak Library District
Governmental Funds Expenditures
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Current						Contractual Services
	Personnel Services	Supplies	Library Materials	Utilities	Telecommunications		
2009	\$ 12,991,937	\$ 493,755	\$ 3,165,955	\$ 475,102	\$ 226,694	\$ 1,986,951	
2010	13,225,570	495,039	3,881,375	468,604	215,510	2,459,797	
2011	13,475,371	538,030	3,817,412	483,211	258,893	2,301,929	
2012	13,972,868	448,827	3,974,955	497,624	305,675	2,431,627	
2013	14,426,213	547,072	3,984,804	486,862	337,311	2,556,487	
2014	15,032,543	605,206	4,324,974	587,082	362,758	2,720,845	
2015	15,904,077	732,640	4,279,833	571,033	409,626	2,587,094	
2016	16,007,317	690,060	4,482,638	539,735	339,276	2,769,599	
2017	17,599,286	664,432	4,368,968	583,442	465,959	2,753,994	
2018	18,362,919	666,926	4,528,390	615,141	479,359	2,936,686	



	Repairs and		Total	Capital	Debt Service		Total
	Maintenance	Other Services			Outlay	Principal	
\$	264,760	\$ 1,059,682	\$ 20,664,836	\$ 2,540,551	\$ -	\$ -	\$ 23,205,387
	417,822	773,001	21,936,718	3,824,985	50,685	6,085	25,818,473
	457,546	729,920	22,062,312	1,967,806	57,670	4,261	24,092,049
	385,416	715,462	22,732,454	5,027,983	65,401	1,672	27,827,510
	454,927	760,146	23,553,822	2,816,329	-	-	26,370,151
	612,068	734,423	24,979,899	5,403,257	-	-	30,383,156
	578,877	753,353	25,816,533	4,968,814	-	-	30,785,347
	672,300	742,652	26,243,577	1,002,579	-	-	27,246,156
	649,023	834,117	27,919,221	1,904,872	-	-	29,824,093
	503,869	678,177	28,771,467	1,859,205	-	-	30,630,672

Exhibit I-8

**Pikes Peak Library District
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)**

Assessment Year	Collection Year	Residential		All Other Property	
		Assessed Value	Estimated Actual value	Assessed Value	Estimated Actual Value
2008	2009	\$ 3,350,480,089	\$ 42,091,458,408	\$ 2,857,561,581	\$ 9,853,660,623
2009	2010	3,497,892,156	43,943,368,798	2,956,974,344	10,196,463,254
2010	2011	3,526,403,277	44,301,548,703	2,935,761,423	10,123,315,252
2011	2012	3,281,225,918	41,221,431,129	2,686,809,582	9,264,860,628
2012	2013	3,345,705,933	42,031,481,566	2,696,746,537	9,299,125,991
2013	2014	3,323,732,184	41,755,429,448	2,705,167,116	9,328,162,469
2014	2015	3,383,673,117	42,508,456,238	2,733,459,583	9,425,722,702
2015	2016	3,772,618,178	47,394,700,732	2,845,238,612	9,811,167,627
2016	2017	3,785,355,234	47,554,713,989	2,832,501,556	9,767,246,746
2017	2018	3,932,149,665	54,613,189,788	3,148,445,775	10,856,709,570

Notes:

(1) The following are the assessment rates for collection years 2009 through 2018:

Collection Year	Residential	All Other Categories
2009 - 2017	7.96%	29.00%
2018	7.20%	29.00%

Data Source: El Paso County Assessor's Office Abstracts of Assessment

Total Assessed Value	Total Mill Levy	Estimated Actual Value	Ratio of Total Assessed Value to Total Estimated Actual Value
\$ 6,208,041,670	3.540	\$ 51,945,119,031	12.0%
6,454,866,500	3.468	54,139,832,052	11.9%
6,462,164,700	3.556	54,424,863,955	11.9%
5,968,035,500	3.999	50,486,291,757	11.8%
6,042,452,470	4.000	51,330,607,557	11.8%
6,028,899,300	4.000	51,083,591,917	11.8%
6,117,132,700	4.000	51,934,178,939	11.8%
6,516,617,460	3.857	57,205,868,359	11.6%
6,617,856,790	3.957	57,321,960,736	11.5%
7,080,595,440	3.812	65,469,899,358	10.8%

Exhibit I-9

**Pikes Peak Library District
Property Tax Rates - Direct and Overlapping
Last Ten Fiscal Years
(Unaudited)
(Per \$1,000 of assessed value)**

Taxing Authority	Collection Year				
	2009	2010	2011	2012	2013
Direct					
Pikes Peak Library District	3.540	3.468	3.556	3.999	4.000
Overlapping Governments					
El Paso County	7.583	7.531	7.717	7.597	7.663
Cities and Towns					
Calhan	17.563	17.563	17.563	17.563	17.563
Colorado Springs	4.944	4.279	4.279	4.279	4.279
Fountain	10.239	10.239	10.239	10.239	10.239
Green Mountain Falls	14.588	13.588	14.588	14.588	17.588
Manitou Springs	-	-	-	-	12.060
Monument	6.289	6.289	6.289	6.289	6.289
Palmer Lake	16.180	15.989	16.459	16.459	16.459
Ramah	19.827	19.827	19.827	19.827	19.827
Fire Districts					
Big Sandy	8.000	8.000	8.000	8.000	8.000
Black Forest	6.444	6.322	6.275	10.406	10.379
Black Forest (OPS)	1.479	1.357	1.310	1.191	1.164
Broadmoor	4.500	4.500	4.500	4.500	4.500
Calhan	7.461	6.313	7.094	6.500	6.536
Cascade	6.748	6.940	7.373	7.968	8.443
Cimarron Hills	11.082	11.110	11.110	12.150	14.390
Donald Wescott	7.000	7.000	7.000	7.000	7.000
Wescott N. Sub.	-	-	-	-	-
Edison	9.000	9.000	9.000	9.000	9.000
Elbert	4.575	4.575	4.575	4.575	4.575
Ellicott	9.116	9.374	9.329	9.999	10.168
Falcon	5.712	5.712	5.712	8.612	8.612
Green Mountain Falls/Chipita Park	6.829	6.905	7.325	8.048	8.542
Hanover	4.720	4.720	4.720	4.720	4.720
Peyton	6.135	6.109	6.253	6.253	6.458
Security	6.706	6.687	6.693	6.681	10.001
Stratmoor Hills	12.423	12.423	12.423	12.423	12.423
SW Hwy 115	7.200	7.200	7.200	7.200	13.200
Tri-County	3.000	3.000	3.000	3.000	3.000
Tri-Lakes/Monument	8.500	8.500	8.500	8.500	11.500
Woodman Valley	9.050	9.050	9.050	9.050	9.050

2014	2015	2016	2017	2018
4.000	4.000	3.857	3.957	3.812
7.714	7.791	7.869	7.919	7.965
17.563	17.563	17.563	17.563	17.563
4.279	4.279	4.279	4.279	4.279
10.239	10.239	10.239	10.239	10.239
17.588	17.588	17.588	17.588	17.588
12.060	12.050	12.246	13.001	13.072
6.289	6.289	6.255	6.289	6.225
16.459	16.459	11.238	21.238	21.135
19.827	19.827	19.827	19.827	19.827
8.000	8.000	8.000	8.000	8.000
10.382	10.356	10.237	10.178	10.114
1.167	1.141	1.022	0.963	0.899
4.500	4.500	4.500	4.500	4.500
6.523	6.552	6.061	5.971	6.049
9.168	9.410	9.774	10.245	10.848
14.390	15.290	15.286	15.286	16.200
7.000	7.000	7.000	7.000	7.000
-	-	-	-	14.900
9.000	9.000	9.000	9.000	9.000
4.575	4.575	8.500	8.500	8.500
10.290	10.220	9.760	9.850	9.515
8.612	8.612	8.612	8.612	8.612
8.788	9.293	9.812	9.763	16.950
4.720	4.720	7.000	7.366	7.428
6.130	6.130	6.130	6.130	6.130
10.001	10.002	10.002	10.002	10.002
12.002	12.686	12.768	12.811	12.582
13.200	13.200	13.200	13.200	13.200
3.000	3.000	3.000	3.000	3.000
11.500	11.500	11.500	11.500	18.100
9.050	9.050	9.050	9.050	9.050

Exhibit I-9

**Pikes Peak Library District
Property Tax Rates - Direct and Overlapping (Continued)
Last Ten Fiscal Years
(Unaudited)
(Per \$1,000 of assessed value)**

Taxing Authority	Collection Year				
	2009	2010	2011	2012	2013
Water Districts					
Cheyenne Creek	0.800	0.800	0.500	0.500	0.500
Forest View	5.000	5.000	5.000	5.000	5.000
Park Forest	14.437	14.437	14.437	14.437	14.437
Red Rock Valley Estates	12.409	13.123	13.894	16.803	17.709
Stratmoor Hills	2.128	2.224	2.000	2.000	2.088
S.E. Colo. Water Conserv.	0.943	0.940	0.947	0.947	0.944
Security	5.822	5.961	5.960	5.952	5.947
Turkey Canyon Ranch	8.523	8.622	9.058	11.005	9.500
Upper Arkansas Water Conserv.	-	-	0.454	0.495	0.478
Upper Big Sandy	0.532	0.532	0.532	0.532	0.532
Upper Black Squirrel	0.682	0.682	1.082	1.082	1.082
Sanitation Districts					
Fountain	4.501	4.500	4.654	5.334	5.534
Monument	-	-	-	-	-
Security	0.889	0.896	0.900	0.899	0.898
Stratmoor Hills	0.579	0.621	0.549	0.549	0.573
Sanitation and Water Districts					
Academy	25.517	23.637	21.450	24.950	24.755
Donala (Area A)	16.296	16.296	16.296	16.296	21.296
Donala (Area B)	8.148	8.148	8.148	8.148	10.648
Garden Valley	4.001	7.000	10.000	8.617	8.167
Garden Valley #2	-	7.000	7.000	5.500	5.805
Westmoor	33.070	29.055	30.986	35.508	37.471
Woodmoor	7.000	6.950	6.950	-	-

2014	2015	2016	2017	2018
0.500	0.500	0.500	1.000	1.000
5.000	5.000	5.000	5.000	5.000
14.437	14.437	14.437	14.437	14.437
17.872	18.575	16.444	17.725	17.725
2.055	1.974	2.086	2.105	2.071
0.944	0.094	0.941	0.940	0.094
5.980	5.955	5.654	5.695	5.703
9.500	9.500	9.500	9.500	9.500
0.478	0.478	0.471	0.478	0.481
0.532	0.532	0.532	0.532	0.532
1.082	1.082	1.057	1.063	1.065
5.755	6.101	6.040	6.248	6.328
-	-	-	-	7.734
0.903	0.899	0.856	0.862	0.863
0.578	0.578	0.587	0.591	0.583
2.937	2.937	2.937	2.937	2.937
21.296	21.296	21.296	21.296	21.296
10.648	10.648	10.648	10.648	10.648
9.920	9.055	9.695	10.296	11.083
5.613	5.736	5.816	5.196	4.308
34.956	41.288	34.943	36.836	36.953
-	-	-	-	-

Exhibit I-9

**Pikes Peak Library District
Property Tax Rates - Direct and Overlapping (Continued)
Last Ten Fiscal Years
(Unaudited)
(Per \$1,000 of assessed value)**

Taxing Authority	Collection Year				
	2009	2010	2011	2012	2013
School Districts					
Air Force Academy #20	60.216	60.216	60.216	60.216	60.216
Big Sandy #100J	25.499	25.509	25.468	42.067	42.128
Calhan #RJ-1	33.645	30.031	30.049	30.049	29.117
Cheyenne Mountain #12	44.794	43.765	49.764	49.764	50.000
Colorado Springs #11	42.331	42.183	44.004	44.004	43.445
Edison #54	38.801	37.525	36.104	36.104	37.044
Ellicott #22	46.009	45.633	41.148	41.148	41.147
Falcon #49	45.674	45.572	45.842	45.842	45.585
Fremont/Florence #39	29.548	29.695	33.907	33.907	28.774
Fountain/Ft. Carson #8	24.301	29.695	24.723	24.723	24.703
Hanover #28	25.459	23.436	27.551	27.551	27.463
Harrison #2	41.409	41.434	41.147	41.147	41.344
Lewis-Palmer #38	46.077	48.074	52.343	52.343	51.756
Manitou Springs #14	-	-	-	-	47.354
Miami/Yoder #60	41.281	41.366	42.853	42.853	43.194
Peyton #23	34.000	33.969	34.041	34.041	34.097
Miscellaneous Districts	2,115.266	2,710.623	2,554.140	2,554.140	2,703.102

Data Source: El Paso County Assessor's Office Abstracts of Assessment

2014	2015	2016	2017	2018
60.216	60.216	60.216	60.216	60.216
40.787	40.379	38.860	38.782	38.189
27.096	27.193	27.091	27.003	27.068
50.000	53.000	53.000	53.000	55.000
44.264	43.165	40.803	40.878	52.499
37.861	37.340	40.834	36.502	36.504
37.124	37.126	37.001	37.046	37.011
45.617	45.796	44.635	44.417	43.648
28.776	29.251	28.908	29.300	29.762
24.726	24.775	25.195	24.748	24.731
31.103	27.759	35.112	34.679	35.736
41.344	36.997	36.414	36.278	33.138
50.091	49.677	45.501	46.404	44.651
47.649	47.555	52.000	52.000	52.000
42.710	41.926	28.504	28.303	28.079
30.985	30.919	30.419	30.469	30.469
2,975.466	3,083.266	3,391.527	3,075.868	3,576.017

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Exhibit I-10

Pikes Peak Library District
Principal Property Taxpayers - Top 10
Current Year and Nine Years Ago
(Unaudited)

Principal Taxpayer	Type of Business	Fiscal Year 2018		Fiscal Year 2009	
		Assessed Valuation	Percent of Total Assessed Valuation	Assessed Valuation	Percent of Total Assessed Valuation
CELLCO Partnership	Investments	\$ 93,846,890	1.33%	\$ -	0.00%
Qwest Corporation	Telecommunications	65,424,700	0.92%	72,709,950	1.17%
Microchip Technology Inc.	Technology	47,487,050	0.67%	-	0.00%
Broadmoor Hotel, Inc.	Hotel	37,107,960	0.52%	28,982,740	0.47%
Wal-Mart Businesses	Merchandise/Retail	31,576,000	0.45%	31,714,920	0.51%
Mountain View Electric	Utilities	30,417,120	0.43%	15,930,960	0.26%
CV Patriot Springs, LLC	Investments	27,296,180	0.39%	-	0.00%
dpiX, LLC	Technology	23,329,510	0.33%	-	0.00%
Wal-Mart Datacenter	Technology	19,517,040	0.28%	-	0.00%
Comcast of CO/PA/WV LLC	Media/Technology	16,130,850	0.23%	-	0.00%
Front Range Power, LLC	Utilities	-	0.00%	26,178,500	0.42%
Black Hills Fountain Valley Power LLC	Utilities	-	0.00%	25,485,800	0.41%
Atmel Corp.	Investments	-	0.00%	22,194,120	0.36%
MCI Telecommunications Corp.	Telecommunications	-	0.00%	18,956,030	0.31%
Intel Corp.	Technology	-	0.00%	15,951,460	0.26%
MMP Citadel LLP	Retail Mall	-	0.00%	15,499,600	0.25%
Total Top 10 Principal Taxpayers		\$ 392,133,300	5.54%	\$ 273,604,080	4.41%
Total Assessed Valuation		\$ 7,080,595,440	100.00%	\$ 6,208,041,670	100.00%

Data Source: El Paso County Assessor's Office

Exhibit I-11

**Pikes Peak Library District
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)**

Assessment Year	Collection Year	Current Tax Levy	Current Tax Collections	Percent of Current Tax Collected	Delinquent Tax Collections
2008	2009	\$ 21,952,801	\$ 21,802,319	99.3%	\$ 17,902
2009	2010	22,348,644	22,096,603	98.9%	44,982
2010	2011	22,907,471	22,708,581	99.1%	19,503
2011	2012	23,776,533	23,521,488	98.9%	19,120
2012	2013	24,058,794	23,852,302	99.1%	30,559
2013	2014	23,978,299	23,691,576	98.8%	72,755
2014	2015	24,290,297	24,092,442	99.2%	12,160
2015	2016	24,926,355	24,730,868	99.2%	10,720
2016	2017	25,942,634	25,709,842	99.1%	14,007
2017	2018	27,187,071	26,767,115	98.5%	17,132

Data Sources: District's financial records and El Paso County Treasurer's Office

Penalties and Interest Delinquent Tax Collections	Omitted Property Tax Collections	Total Tax Collection	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
\$ 54,453	\$ 6,683	\$ 21,881,357	99.7%	\$ 123,563	0.6%
53,198	4,421	22,199,204	99.3%	86,509	0.4%
50,844	4,202	22,783,130	99.5%	93,389	0.4%
44,669	3,205	23,588,482	99.2%	128,616	0.5%
41,758	5,639	23,930,258	99.5%	139,504	0.6%
56,389	2,887	23,823,607	99.4%	55,656	0.2%
29,628	3,699	24,137,929	99.4%	54,997	0.2%
29,902	9,505	24,780,995	99.4%	62,246	0.2%
33,187	5,224	25,762,260	99.3%	71,429	0.3%
35,319	5,451	26,825,017	98.7%	92,436	0.3%

Exhibit I-12

**Pikes Peak Library District
Ratios of Outstanding Debt
Last Ten Fiscal Years
(Unaudited)**

Year Ended December 31,	Population	Capital Leases			Net Debt	Net Debt Per Capita
		Gross Debt	Funds Available in Debt Service Fund			
2009	547,061	\$ -	\$ -	\$ -	\$ -	-
2010	554,355	123,071	-	123,071		0.22
2011	575,789	65,401	-	65,401		0.11
2012	585,158	-	-	-		-
2013	598,549	-	-	-		-
2014	607,457	-	-	-		-
2015	616,089	-	-	-		-
2016	623,805	-	-	-		-
2017	639,625	-	-	-		-
2018	650,185	-	-	-		-

	Personal Income	Debt as a Percentage of Personal Income	Assessed Value Used for Current Year Collections	Ratio of Net Bonded Debt to Assessed Value
\$	24,047,682,000	0.0%	\$ 6,208,041,670	0.0%
	24,986,786,000	0.0%	6,454,866,500	0.0%
	25,420,872,000	0.0%	6,462,164,700	0.0%
	26,374,299,000	0.0%	5,968,035,500	0.0%
	27,980,799,000	0.0%	6,042,452,470	0.0%
	27,831,398,000	0.0%	6,028,899,300	0.0%
	29,262,206,000	0.0%	6,117,132,700	0.0%
	30,565,961,000	0.0%	6,516,617,460	0.0%
	32,522,267,000	0.0%	6,617,856,790	0.0%
	not available	0.0%	7,080,595,440	0.0%

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Exhibit I-13

**Pikes Peak Library District
Direct and Overlapping Governmental Activities Debt
As of December 31, 2018
(Unaudited)**

<u>Tax District</u>	<u>Governmental Activities Debt</u>	<u>Percentage Applicable to Pikes Peak Library District</u>	<u>Amount Applicable to Pikes Peak Library District</u>
Direct:			
Pikes Peak Library District	\$ -	100.00%	\$ -
Overlapping:			
Cities and Towns			
Colorado Springs	49,366,000	100.00%	49,366,000
Green Mountain Falls	294,256	100.00%	294,256
Monument	329,025	100.00%	329,025
Manitou Springs	2,954,862	100.00%	2,954,862
Total Cities and Towns			<u>52,944,143</u>
El Paso County	148,596,782	94.18%	<u>139,948,449</u>
Special Districts			
Fire protection	2,853,999	100.00%	2,853,999
Miscellaneous	57,975,000	100.00%	57,975,000
Water	8,312,621	100.00%	8,312,621
Water and Sanitation	24,517,861	100.00%	24,517,861
General Improvement	34,979,777	100.00%	34,979,777
Metropolitan	405,787,277	100.00%	405,787,277
Total Special Districts			<u>534,426,535</u>
School Districts			
Academy #20	287,812,320	100.00%	287,812,320
Big Sandy #100J	2,376,452	100.00%	2,376,452
Cheyenne Mountain #12	133,380,405	100.00%	133,380,405
Colorado Springs #11	1,155,600,982	100.00%	1,155,600,982
Ellicott #22	1,862,720	100.00%	1,862,720
Falcon #49	7,520,172	100.00%	7,520,172
Fountain Fort Carson #8	2,834,402	100.00%	2,834,402
Fremont/Florence #39	7,915,975	100.00%	7,915,975
Hanover #28	5,657,878	100.00%	5,657,878
Harrison #2	36,070,000	100.00%	36,070,000
Lewis Palmer #38	67,349,192	100.00%	67,349,192
Manitou Springs School #14	2,805,000	100.00%	2,805,000
Miami/Yoder #60	1,120,000	100.00%	1,120,000
Peyton #23	25,575,436	100.00%	25,575,436
Widefield #3	6,900,000	100.00%	6,900,000
Total School Districts			<u>1,744,780,934</u>
Total Overlapping			<u>2,472,100,061</u>
Total Direct and Overlapping			<u>\$ 2,472,100,061</u>

Data Source: Individual Governmental Entities

The overlap percentage equates to total square miles of the overlapping entity that are within the boundaries of the Pikes Peak Library District.

Exhibit I-14

**Pikes Peak Library District
Debt Limitation Information
Last Ten Fiscal Years
(Unaudited)**

	2009	2010	2011	2012	2013
Assessed valuation	\$ 6,208,041,670	\$ 6,454,866,500	\$ 6,462,164,700	\$ 5,968,035,500	\$ 6,042,452,470
Debt limitation - 1.5% of total assessed value	\$ 93,120,625	\$ 96,822,998	\$ 96,932,471	\$ 89,520,533	\$ 90,636,787
Total debt (excluding compensated absences)	-	123,071	65,401	-	-
Less: Certificates of Participation (1)	-	-	-	-	-
Capital leases (1)	-	(123,071)	(65,401)	-	-
Total debt applicable to limitation	-	-	-	-	-
Legal debt margin	\$ 93,120,625	\$ 96,822,998	\$ 96,932,471	\$ 89,520,533	\$ 90,636,787

Notes:

- (1) Certificates of Participation and capital leases are not included as debt for purposes of calculating legal debt margin (Colorado Revised Statute 22-42-104).

2014	2015	2016	2017	2018
\$ 6,028,899,300	\$ 6,117,132,700	\$ 6,516,617,460	\$ 6,617,856,790	\$ 7,080,595,440
\$ 90,433,490	\$ 91,756,991	\$ 99,267,852	\$ 99,267,852	\$ 106,208,932
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ 90,433,490	\$ 91,756,991	\$ 99,267,852	\$ 99,267,852	\$ 106,208,932

Exhibit I-15

**Pikes Peak Library District
Debt Service Information
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Debt Service Expenditures			Total	Noncapital Governmental Fund Expenditures	Ratio of Debt Service to Noncapital Governmental Fund Expenditures
	Capital Leases		Interest Payments			
	Principal Payments					
2009	\$ -	\$ -	\$ -	\$ -	\$ 20,664,836	0.00%
2010	50,685	6,085	56,770	56,770	21,936,718	0.26%
2011	57,670	4,261	61,931	61,931	22,062,312	0.28%
2012	65,401	1,672	67,073	67,073	22,732,454	0.30%
2013	-	-	-	-	23,553,822	0.00%
2014	-	-	-	-	24,979,899	0.00%
2015	-	-	-	-	25,816,533	0.00%
2016	-	-	-	-	26,243,577	0.00%
2017	-	-	-	-	27,919,221	0.00%
2018	-	-	-	-	28,771,467	0.00%

Exhibit I-16

**Pikes Peak Library District
Demographic and Economic Information
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Population	Personal Income	Per Capita	Unemploy. Rate	Households		Median Age	School Enrollment
			Personal Income		Total	Average Size		
2009	547,061	\$24,047,682,000	\$ 37,151	8.9%	243,374	2.25	34.3	109,246
2010	554,355	24,986,786,000	37,915	10.5%	237,851	2.33	34.1	109,962
2011	575,789	25,420,872,000	37,909	8.9%	243,299	2.37	34.1	111,318
2012	585,158	26,374,299,000	40,893	8.8%	247,320	2.37	34.1	111,533
2013	598,549	27,980,799,000	41,250	7.2%	251,153	2.38	34.2	117,829
2014	607,457	27,831,398,000	41,945	6.2%	255,364	2.38	34.3	118,699
2015	616,089	29,262,206,000	43,385	4.6%	259,082	2.38	34.0	120,314
2016	623,805	30,565,961,000	44,409	3.8%	263,383	2.37	34.4	121,752
2017	639,625	32,522,267,000	46,511	3.5%	267,300	2.39	34.4	122,445
2018	650,185	not available	not available	2.8%	271,234	2.39	34.4	121,192

Data Sources: Colorado Department of Labor, U.S. Bureau of Economic Analysis, Colorado Department of Education, Colorado Department of Local Affairs, Colorado Workforce Center, quickfacts.census.gov

Exhibit I-17

**Pikes Peak Library District
Principal Employers
Current Year and Nine Years Ago
(Unaudited)**

Employer	Fiscal Year 2018		Fiscal Year 2009	
	Employees	Percent of Total Employment	Employees	Percent of Total Employment
Fort Carson	30,589	9.45%	21,400	7.84%
United States Air Force Academy	11,715	3.62%	6,522	2.39%
Peterson Air Force Base	9,871	3.05%	11,678	4.28%
Schriever Air Force Base	5,745	1.77%	6,000	2.20%
Memorial/University of Colorado Health Systems	4,779	1.48%	4,700	1.72%
Verizon	4,000	1.24%	-	0.00%
Colorado Springs School District #11	3,820	1.18%	3,793	1.39%
Centura Health System	3,722	1.15%	2,558	0.94%
Academy School District #20	2,950	0.91%	2,986	1.09%
El Paso County	2,683	0.83%	2,230	0.82%
City of Colorado Springs	-	0.00%	2,455	0.90%
Total	79,874	24.67%	64,322	23.57%
Total Employment - El Paso County, Colorado	323,816		272,888	

Exhibit I-18

**Pikes Peak Library District
District Employees By Function
Last Ten Fiscal Years
(Unaudited)**

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Full-time Equivalent Employees

	2009	2010	2011	2012	2013	2014	2014	2015	2016	2017	2018
Public Services											
Administration	3.00	3.00	3.00	3.00	3.00	3.00	3.00	1.00	1.00	2.00	2.00
Special Collections	9.25	9.25	9.25	9.25	9.25	9.25	9.25	9.25	9.50	9.50	9.50
Adult Services											
East Library	16.00	16.00	16.30	16.30	15.80	15.80	15.80	16.80	16.80	17.32	16.32
Penrose Library	20.00	20.70	20.74	20.74	20.24	20.24	20.24	20.24	21.22	21.22	21.22
Library 21c	-	-	-	-	-	8.25	8.25	8.25	8.25	8.25	8.25
Library 21c - Computer Commons	-	-	-	-	-	9.00	9.00	9.50	9.50	9.50	9.50
Children's											
East Library	9.00	9.00	9.02	9.02	8.02	6.82	6.82	6.82	8.27	8.27	8.27
Penrose Library	5.30	5.30	5.32	5.32	5.32	6.12	6.12	6.12	6.12	6.12	6.12
Library 21c	-	-	-	-	-	6.88	6.88	7.88	7.88	8.88	7.88
Community Libraries											
Administration - West Region	-	-	-	-	-	-	-	-	-	-	5.00
Administration - Southeast Region	-	-	-	-	-	-	-	-	-	-	3.00
Administration - North Region	-	-	-	-	-	-	-	-	-	-	3.00
Administration	1.50	-	-	-	-	-	-	-	-	-	-
Briargate Library	11.88	12.63	13.63	13.63	14.50	-	-	-	-	-	-
Cheyenne Mountain Library	10.93	10.93	10.93	10.93	11.43	10.93	10.93	10.93	10.93	10.55	10.55
Fountain Library	10.63	10.63	10.25	10.25	9.25	7.75	7.75	7.88	7.88	6.63	6.63
High Prairie Library	-	7.13	8.00	8.00	8.00	8.25	8.25	8.25	8.25	8.25	8.25
Ruth Holley Library	12.25	12.25	12.25	12.25	12.50	12.50	12.50	12.13	12.13	10.50	10.50
Manitou Springs	-	-	-	-	-	4.00	4.00	4.25	4.25	4.25	4.25
Monument Library	10.15	10.21	10.42	10.42	10.55	10.55	10.55	10.55	10.49	10.49	10.49
Old Colorado City Library	8.73	8.93	9.28	9.28	8.88	8.88	8.88	8.63	8.90	8.90	8.90
Palmer Lake Library	1.93	1.93	1.99	2.01	1.99	1.79	1.79	1.79	2.03	2.03	2.03
Rockrimmon Library	11.25	11.25	11.23	11.23	10.85	10.65	10.65	10.65	10.65	10.08	10.08
Sand Creek Library	12.38	12.88	13.09	13.09	13.29	14.23	14.23	15.73	15.95	16.20	16.20
Ute Pass Library	1.80	2.15	2.30	2.30	1.80	1.80	1.80	1.28	1.28	1.28	1.28
Adult Education	2.60	2.60	2.60	2.60	3.10	3.45	3.45	4.20	3.85	6.50	6.50
Circulation											
East Library	20.43	19.93	20.01	19.01	19.56	20.22	20.22	20.62	20.62	18.84	18.84
Penrose Library	11.50	11.50	11.59	11.59	11.59	11.62	11.62	11.74	11.74	11.84	11.84
Library 21c	-	-	-	-	-	6.50	6.50	6.50	6.50	6.50	6.50
Shelving											
East Library	14.15	14.95	15.16	15.16	13.68	13.70	13.70	13.70	13.64	12.07	12.07
Penrose Library	8.80	8.40	8.84	8.84	8.32	7.99	7.99	7.99	7.99	6.12	6.12
Library 21c	-	-	-	-	-	5.18	5.18	5.55	5.18	5.25	5.25
Security	7.25	7.25	7.25	7.25	7.25	11.00	11.00	13.00	14.50	15.00	15.00
Collection Management	19.00	19.50	19.80	19.80	19.80	19.30	19.30	19.65	19.00	18.40	19.25
Mobile Library Services	8.88	8.88	9.70	9.70	8.70	8.70	8.70	8.70	8.95	9.15	9.15
Total Public Services	248.59	257.18	261.95	260.97	256.67	284.35	284.35	289.58	293.25	289.89	299.74
Administrative Services											
Administration	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-	-	-	-
Facilities											
East Library	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Penrose Library	6.75	6.75	7.00	7.00	7.00	6.75	6.75	6.75	6.00	6.00	5.00
Library 21c	-	-	-	-	-	2.00	2.00	2.00	3.00	3.00	3.00
Human Resources	5.55	5.55	5.15	4.15	5.15	5.15	5.15	5.15	5.15	5.15	5.15
Total Administrative Services	16.30	16.30	16.15	15.15	16.15	17.90	17.90	16.90	17.15	17.15	16.15
Information Technology											
Information Technology	12.00	13.00	13.00	13.00	13.00	14.00	14.00	14.10	14.10	14.10	13.10
Other Administrative Operations											
Chief Librarian and Chief Executive Officer Office	2.00	2.50	3.00	2.50	3.00	2.00	2.00	2.00	2.00	2.00	2.00
Communications Office	10.90	11.40	10.90	10.65	10.90	11.75	11.75	12.25	12.25	12.25	12.25
Development Office	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Finance Office	6.75	6.75	6.75	6.75	5.75	5.75	5.75	6.75	6.75	6.75	7.75
Total Other Administration Operations	22.15	23.15	23.15	22.40	22.15	22.00	22.00	23.50	23.50	23.50	24.50
Total Full Time Equivalents	299.04	309.63	314.25	311.52	307.97	338.25	338.25	344.08	348.00	344.64	353.49

Data Source: District's Human Resources Office

Exhibit I-19

**Pikes Peak Library District
Library Materials Purchased and Circulated
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Number of Volumes Owned	Number of Audio Visual Items Owned	Total Items Owned	Acquisition Cost of Collections
2009	908,932	189,836	1,098,768	\$ 32,966,004
2010	908,706	223,575	1,132,281	33,922,252
2011	948,527	235,087	1,183,614	34,699,459
2012	885,857	263,277	1,149,134	33,668,609
2013	907,823	285,181	1,193,004	33,438,002
2014	918,701	316,647	1,235,348	34,256,218
2015	718,638	279,776	998,414	28,479,378
2016	689,980	353,667	1,043,647	27,162,050
2017	700,758	346,176	1,046,934	26,923,183
2018	684,908	362,788	1,047,696	25,614,835

Data Source: District's Collection Management Department

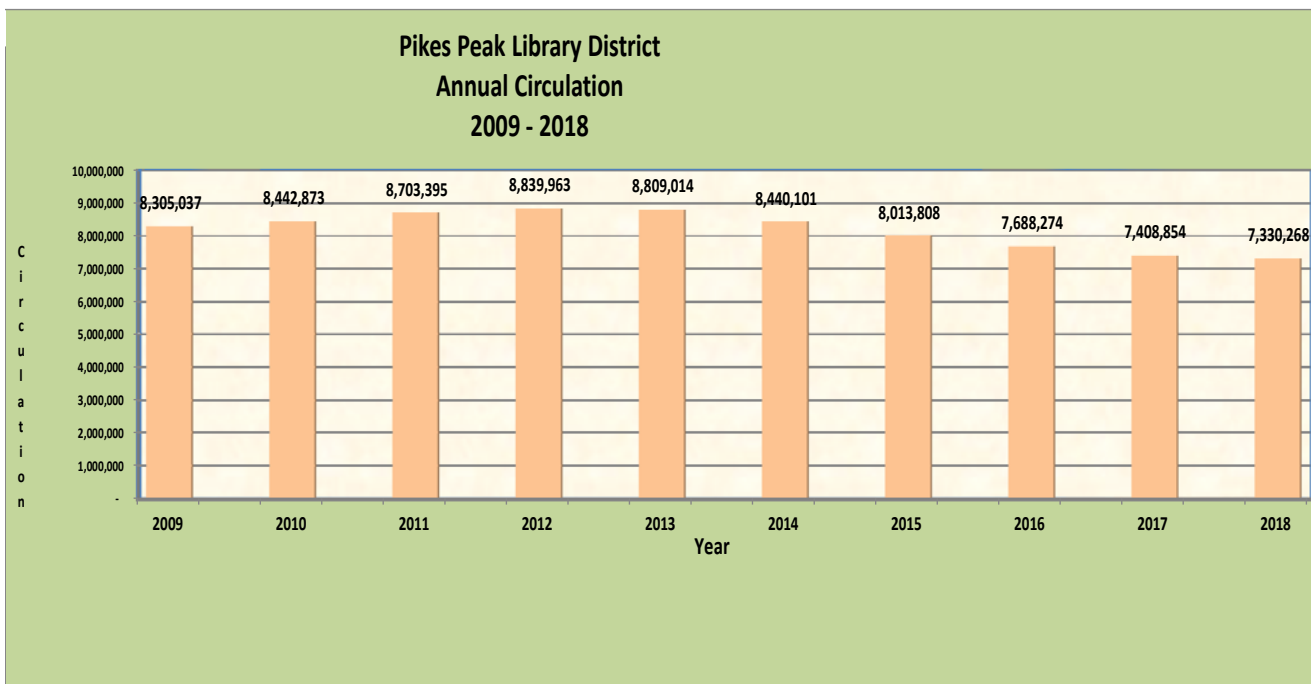
	Cost of New Acquisitions	Net Book Value of Collections	Number of Items in Circulation	Turnover Rate
\$	2,594,598	\$ 14,612,166	\$ 1,059,321	8.32
	3,517,700	15,285,873	1,092,281	7.73
	3,796,733	15,632,673	1,142,172	7.62
	2,763,306	14,813,804	1,106,019	7.99
	2,520,735	14,392,359	1,148,583	7.67
	2,663,493	14,599,576	1,189,875	7.09
	2,731,728	14,211,399	951,064	8.43
	2,313,177	13,806,198	995,151	7.73
	2,140,189	13,803,275	996,826	7.43
	1,812,545	13,245,127	996,698	7.35

Exhibit I-20

**Pikes Peak Library District
Circulation By Location
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	East Library Information Center	Penrose Public Library	Library 21c	Community Libraries							
				Briargate	Cheyenne Mountain	Fountain	High Prairie	Manitou Springs	Monument	Old Colorado City	Palmer Lake
2009	2,655,765	1,128,125	-	741,583	552,161	261,457	-	-	563,755	278,940	66,617
2010	2,582,700	1,095,427	-	768,785	554,658	273,745	66,410	-	572,676	303,763	62,441
2011	2,494,034	1,132,553	-	772,441	553,038	281,337	359,569	-	588,895	316,223	65,877
2012	2,310,938	1,101,885	-	816,865	548,264	289,672	367,406	-	595,068	312,196	66,511
2013	2,128,483	1,154,390	-	794,457	542,311	274,626	366,472	41,578	563,585	303,649	63,566
2014	1,983,752	1,049,901	464,794	283,986	503,092	249,356	341,333	48,404	502,640	294,604	58,095
2015	1,621,753	900,407	894,810	-	474,082	211,731	326,736	47,067	451,594	284,910	50,653
2016	1,533,028	776,925	888,192	-	437,569	199,196	307,167	46,452	415,012	246,141	43,152
2017	1,303,118	714,133	986,551	-	386,538	191,400	289,874	47,318	390,805	214,947	44,718
2018	1,325,067	626,308	904,180	-	374,674	187,269	284,624	40,953	383,845	193,591	40,011

Data Source: District's information library system



Rockrimmon	Ruth Holley	Sand Creek	Ute Pass	Mobile Library Services	Library Express Dispenser	Cyber-Shelf	Nook eReaders	Other Categories	Inter-Library Loan	Total
587,455	622,965	447,137	67,583	267,083	-	30,953	-	-	33,458	8,305,037
572,963	611,815	574,676	63,262	247,214	6,870	60,173	-	-	25,295	8,442,873
563,134	594,154	538,120	59,025	194,192	8,272	154,372	730	665	26,764	8,703,395
552,227	596,776	577,261	51,282	202,975	45,921	349,362	1,833	25,851	27,670	8,839,963
536,706	576,746	554,733	45,673	195,332	42,272	533,026	740	63,485	27,184	8,809,014
474,322	518,641	514,578	39,549	188,500	48,784	792,432	492	57,224	25,622	8,440,101
431,335	457,623	463,715	33,806	179,297	28,993	1,068,783	70	60,608	25,835	8,013,808
385,294	395,346	417,248	31,724	166,186	20,958	1,295,052	325	55,209	28,098	7,688,274
368,714	367,831	370,525	31,623	157,979	2,363	1,459,032	467	54,764	26,154	7,408,854
360,463	338,586	332,100	27,973	148,384	-	1,681,835	220	52,932	27,253	7,330,268

Pikes Peak Library District
Service Location Information
Last Ten Fiscal Years
(Unaudited)

Library	Address	Owned (O) Leased (L)	No. of Hours Open/Week FY 2018	Square Footage as of Fiscal Year-End						
				2009	2010	2011	2012	2013	2014	
Briargate Library	9475 Briar Village Pt. Colorado Springs, CO 80920	L	-	8,627	8,627	8,627	8,627	8,627	8,627	
Cheyenne Mountain Library	1785 S. 8th Street, Suite 100 Colorado Springs, CO 80906	L	64	8,900	8,900	8,900	8,900	8,900	8,900	
East Library and Information Center	5550 N. Union Colorado Springs, CO 80918	O	68	70,153	70,153	70,153	70,153	70,153	70,153	
Fountain Library	230 S. Main Street Fountain, CO 80817	O	64	9,582	9,582	9,582	9,582	9,582	9,582	
High Prairie Library	7035 Old Meridian Rd. Falcon, CO 80831	O	56	-	6,008	6,008	6,008	6,008	6,008	
Library 21C	1175 Chapel Hills Drive Colorado Springs, CO 80920	O	68	-	-	-	115,058	115,058	115,058	
Manitou Springs Library	701 Manitou Avenue Manitou Springs, CO 80829	L	52	-	-	-	-	2,391	2,391	
Monument Hill Library	1706 Lake Woodmoor Drive Monument, CO 80132	L	68	7,536	7,536	7,536	7,536	7,536	7,536	
Old Colorado City Library	2418 W. Pikes Peak Colorado Springs, CO 80904	O	64	4,909	4,909	4,909	4,909	4,909	4,909	
Palmer Lake Library	66 Lower Glenway Palmer Lake, CO 80133	L	36	1,574	1,574	1,574	1,574	1,574	1,574	
Penrose Public Library	20 N. Cascade Colorado Springs, CO 80903	O	68	78,831	78,831	78,831	78,831	78,831	78,831	
Rockrimmon Library	832 Village Center Drive Colorado Springs, CO 80919	L	64	8,668	8,668	8,668	8,668	8,668	8,668	
Ruth Holley Library	685 N. Murray Colorado Springs, CO 80915	L	64	10,469	10,469	10,469	10,469	10,469	10,469	
Sand Creek Library	1821 S. Academy Colorado Springs, CO 80916	O	68	14,060	14,060	14,060	14,060	14,060	14,060	
Ute Pass Library	8010 Severy Cascade, CO 80809	L	30	2,123	2,123	2,123	2,123	2,123	2,123	
Mobile Library Services - three vehicles		O	62	455	455	455	455	455	455	
Offices	25 W. Kiowa Colorado Springs, CO 80903	O	N/A	11,988	11,988	11,988	11,988	11,988	11,988	
				896	237,875	243,883	243,883	358,941	361,332	361,332

Data Source: District's Facilities Office

2015	2016	2017	2018
-	-	-	-
8,900	8,900	8,900	8,900
70,153	70,153	70,153	70,153
9,582	9,582	9,582	9,582
6,008	6,008	6,008	6,008
115,058	115,058	115,058	115,058
2,391	2,391	2,391	2,391
7,536	7,536	7,536	7,536
4,909	4,909	4,909	4,909
1,574	1,574	1,574	1,574
78,831	78,831	78,831	78,831
8,668	8,668	8,668	8,668
10,469	10,469	10,469	10,469
14,060	14,060	14,060	14,060
2,123	2,123	2,123	2,123
455	455	455	455
11,988	11,988	11,988	11,988
352,705	352,705	352,705	352,705

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**Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Independent Auditor's Report

Board of Trustees
Pikes Peak Library District
Colorado Springs, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Pikes Peak Library District (the District), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 24, 2019. The financial statements of the Pikes Peak Library District Foundation Inc., the discretely presented component unit of the District, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above. However, material weaknesses may exist that have not been identified.

Board of Trustees
Pikes Peak Library District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Colorado Springs, Colorado
June 24, 2019