BOARD MEETING AGENDA

Douglas County Libraries
Wednesday, April 28, 2021
7:00 P.M.
Regular Meeting
Castle Pines Library, Castle Pines, CO

Note Due to COVID the public will attend all meetings remotely.
Remote Call-In information is on the library website at: DCL.org/board-meetings/

CALL TO ORDER Presiding: Meghann Silverthorn, Vice-President

NOTICE *This meeting was noticed in compliance with both Colorado Open Meeting Law and the Douglas County Libraries Bylaws.*

ATTENDANCE

PUBLIC COMMENTS

CONSENT AGENDA MOTION **Page 4**
APPROVAL March 31, 2021 minutes **Pages 5-8**

PRESENTATION Annual Audit Report, Kimberly Higgins, Eide Bailly **Pages 9-65**

EXECUTIVE LIBRARY DIRECTOR UPDATE **Pages 66-73**

DISTRICT BUSINESS
Do any board members have a conflict of interest to disclose regarding any of the below matters? If so, please recuse yourself, and return to the meeting after discussion has ended.

Capital Planning Committee (Danser)

Executive Committee (Cole)

Personnel Committee (Silverthorn)

Partnership of Douglas County Governments (Danser)

Inspiring a love of... READING... DISCOVERY... CONNECTION...

<u>Douglas County Youth Initiative</u> (Burkholder)

FOUNDATION REPORT (Vaughn)

TRUSTEE COMMENTS

UPCOMING BOARD MEETINGS

1. **<u>Board Capital Planning Committee Meeting</u>:** May 6, 2021, Castle Pines Library, 8:00 a.m. – 9:00 a.m. (Danser, Nolan and Vaughn)
2. **<u>Board Executive Committee Meeting</u>:** May 12, 2021, Philip S. Miller Library, 8:00 a.m. – 9:00 a.m. (Cole, Burkholder and Silverthorn) Note change in location.
3. **<u>Personnel Committee Meeting</u>:** May 12, 2021, Philip S. Miller Library, 9:00 a.m. – 10:00 a.m. (Silverthorn, Burkholder and Cole) Note change in date, time and location.
4. **<u>Board / Foundation Dinner</u>:** May 26, 2021, Board – Castle Pines Library/ Public – Remote Call In, 5:30 p.m. – 6:30 p.m. (All)
5. **<u>Board Regular Meeting</u>**: May 26, 2021, Board – Castle Pines Library/ Public – Remote Call In, 7:00 p.m. (All)

OTHER BOARD CALENDAR ITEMS

1. **<u>Partnership of Douglas County Governments Meeting</u>**: May 19, 2021, Douglas County Events Center, Conference Room, 7:00 a.m. - 9:30 a.m. Note change from remote to in-person location.

ADJOURN

Douglas County Libraries

Board of Trustees

April 28, 2021

Inspiring a love of...

READING...

DISCOVERY...

CONNECTION...

Consent Agenda

#	Item	
1.	Minutes	Regular & Public Budget Hearing Meeting, March 31, 2021

MOTION: I move to accept the March 31, 2021 board meeting and budget public hearing minutes as presented.

DOUGLAS COUNTY LIBRARIES
Board of Trustees Regular and Budget Public Hearing Meeting
March 31, 2021
Castle Pines, Colorado

President Cole called the annual meeting to order at 7:00 p.m.

This meeting was held and was noticed in compliance with both Colorado Open Meeting Law and the Douglas County Libraries Bylaws.

The following were present:

TRUSTEES: Suzanne Burkholder, Ron Cole, Daniel Danser, Terry Nolan, Meghann Silverthorn, Dawn Vaughn, and Louise Wood

Louise Wood attended virtually.
All trustees were present. A quorum was present.

STAFF: Bob Pasicznyuk, Dave Anderson, Rick O'Dell, and Patti Owen-DeLay

STAFF ATTENDING AS PUBLIC: Kelly Allan and Lynn Jankura

PUBLIC: John Pittman, Jeff Pittman, and Alan Anderson of Fransen Pittman, and Jeff Johnson of JHL Constructors

PUBLIC COMMENTS
None

CONSENT AGENDA

1.	Minutes
2.	Budgeted Capital Expenditure PC Replacement
3.	Budgeted Capital Expenditure Self-Check Replacement

MOTION 21-03-01: Danser moved and the motion carried unanimously to approve the consent agenda as presented (consisting of February 24, 2021, minutes, Budgeted Capital Expenditure PC Replacement, and Budgeted Capital Expenditure Self-Check Replacement).

PUBLIC HEARING

Cole opened the Public Hearing, stating: The Douglas County Libraries Board of Trustees is now convened and I now hereby open the Public Hearing. In compliance with Colorado Statutes, and as legally noticed, a Public Hearing is being held on March 31, 2021, for the purpose of amending the 2021 Budget.

The proposed 2021 Budget Amendment is in your packet and is made a part of this Resolution and is presented for adoption.

At this time the board will be pleased to hear any citizens' comments concerning the Douglas County Libraries 2021 Budget Amendment.

Do we have any citizens who would like to make a comment?

No public comments were made concerning the amendment of the 2021 Budget.

MOTION 21-03-02: Cole moved and the motion carried unanimously to adopt **RESOLUTION 2021-03-01** amending and re-appropriating the 2021 Budget.

Cole closed the Public Hearing.

Cole recommended that trustees be sure to read the budget message in the packet.

EXECUTIVE LIBRARY DIRECTOR'S REPORT
Pasicznyuk and Owen-DeLay reviewed the culture playbook and cultural expectation for trustees.

DISTRICT BUSINESS

Capital Planning Committee Report (Danser)
Castle Rock Rebuild Project

- **Fransen Pittman Guaranteed Maximum Price Contract Amendment**
  MOTION 21-03-03: Cole moved and the motion carried unanimously to approve the contract amendment with Fransen Pittman, General Contractors, for the design and construction of a Castle Rock library and districtwide support services facility at a Guaranteed Maximum price of $23,824,443.

- **Spending Authorization**

  MOTION 21-03-04: Cole moved and the motion carried unanimously as amended to delegate spending authority to the Executive Library Director for design and construction expenses for a Castle Rock library and districtwide support service facility within budget allocations authorized by the board and in keeping with the authorized contract amendment, and instructing the Executive Library Director to provide a monthly report on spending and construction updates.

  MOTION 21-03-05: Silverthorn moved and the motion carried unanimously to amend Motion 21-03-04 by adding a requirement for a monthly report on spending and construction updates.

<u>Executive Committee Report</u> (Cole)

- **Strategic Goals**
  MOTION 21-03-06: Cole moved and the motion carried unanimously to adopt and support the four strategic business priorities: Vibrant Libraries, Beyond our Walls, Community Service, and Fortify Infrastructure.

- **Child Abuse Prevention Month**
  MOTION 21-03-07: Cole moved and the motion carried unanimously to adopt and support **RESOLUTION 21-03-02**, Supporting Douglas County Government's Proclamation of April 2021 as "Child Abuse Prevention Month."

<u>Partnership of Douglas County Governments (PDCG)</u> (Danser)
Danser reported that Douglas County requested that the state allow counties to make their own decisions as to COVID restrictions.

The presentation at the last partnership meeting was on water, emphasizing work being done to move to more renewable water solutions.

<u>Douglas County Youth Initiative (DCYI)</u> (Burkholder)
In March, a Youth Leadership Summit was held, allowing dialogue and opportunity for youth to share their issues with county leadership. Mental health was a big topic of discussion.

<u>Personnel Committee Report</u> (Silverthorn)
Executive Library Director's Annual Compensation Review
MOTION 21-03-08: Silverthorn moved and the motion carried unanimously to enter into Executive Session as per Colorado Open Meeting Law for discussion of: personnel matters C.R.S. §24-6-402(4)(f), specifically the Executive Library Director's compensation.

EXECUTIVE SESSION
The board moved into Executive Session at 8:05 p.m.

RETURN TO OPEN SESSION
The board returned to open meeting at 9:02 p.m. For the record, if any person who participated in the Executive Session believes that any substantial discussion of any matters not included in the motion to go into the Executive Session occurred during the Executive Session, or that any improper action occurred during the Executive Session in violation of Colorado Open Meeting Law, I ask that you state your concerns for the record.

Hearing none,
MOTION 21-03-09: Cole moved and the motion carried unanimously to increase the base pay for the Executive Library Director by 4% for the current year, retroactive to the start of 2021.

MOTION 21-03-10: Cole moved and the motion carried six to one to pay the Executive Library Director a $5,000 bonus for work done during COVID.

FOUNDATION REPORT (Vaughn)
No report

TRUSTEE COMMENTS
Silverthorn solicited feedback from the trustees regarding the Executive Library Director's annual review process and ensuring clear performance markers, and will provide an aggregate of that discussion to the trustees and Executive Library Director.

UPCOMING BOARD MEETINGS

1. **CANCELED - Board Capital Planning Committee Meeting:** April 1, 2021, Castle Pines Library, 8:00 a.m. – 9:00 a.m. (Danser, Nolan and Vaughn). This meeting is canceled and the committee will resume work at the May meeting.
2. **Board Executive Committee Meeting:** April 14, 2021, Lone Tree Library, 8:00 a.m. – 9:00 a.m. (Cole, Burkholder and Silverthorn).
3. **Personnel Committee Meeting:** April 16, 2021, Castle Pines Library, 8:00 a.m. – 9:00 a.m. (Silverthorn, Burkholder and Cole).
4. **Board Study Session:** April 28, 2021, Board – Castle Pines Library; Public – Remote Call In, 5:00 p.m. – 6:30 p.m. (all).
5. **Board Regular Meeting**: April 28, 2021, Board – Castle Pines Library; Public – Remote Call In, 7:00 p.m. (all).

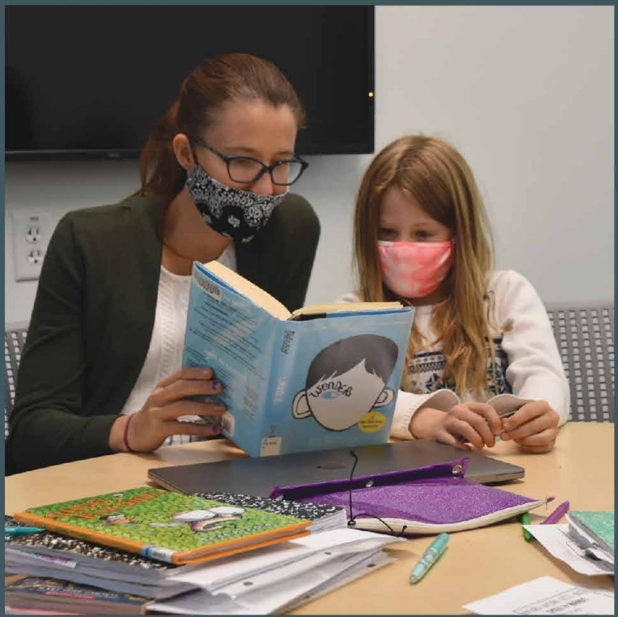
OTHER BOARD CALENDAR ITEMS

1. **Partnership of Douglas County Governments Meeting**: May 19, 2021, Remote Call In, 7:00 a.m. - 9:30 a.m.

ADJOURN
Cole adjourned the meeting at 9:10 p.m.

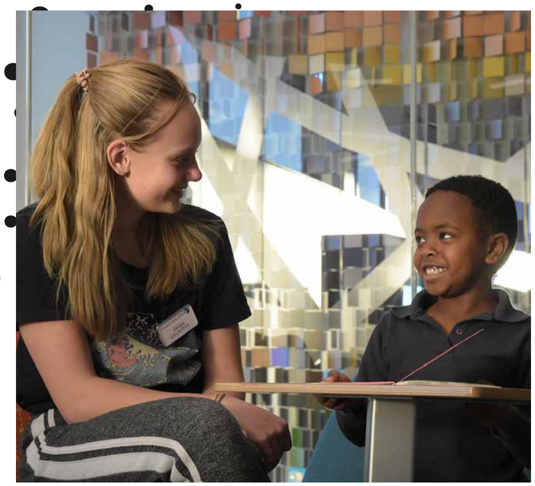
Respectfully submitted,

Louise Wood, Board Secretary
Minutes prepared by Patti Owen-DeLay



Douglas County Libraries

2020 ANNUAL REPORT



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CPAs & BUSINESS ADVISORS

Board of Trustees
Douglas County Libraries
Castle Rock, Colorado

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit and the major fund of the Douglas County Libraries (the District) as of and for the year ended December 31, 2020, 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. 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.

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 and the major fund of the District as of December 31, 2020, and the respective changes in financial position 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 comparison information, Schedule of Proportionate Share of the Net Pension Liability and Schedule of Proportionate Share of the Net OPEB Liability, and Schedule of Employer's Contributions to the Pension Plan and Schedule of Employer's Contributions to OPEB as presented in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 summary of revenues, expenditures and change in fund balance-general fund, history of assessed valuations, history of mill levies and property tax collections are presented for purposes of additional analysis and are not a required part of the financial statements. Such information 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 them.

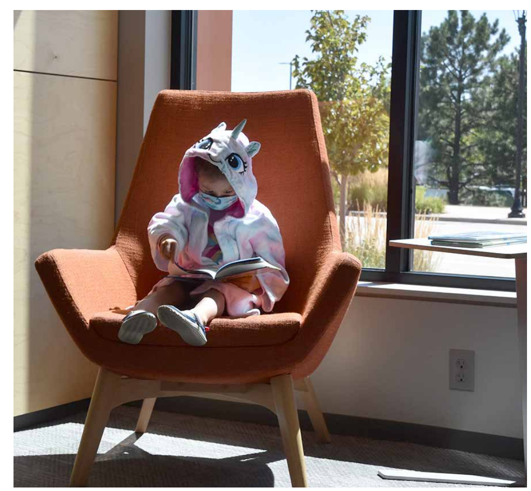
Eide Bailly LLP

Denver, Colorado
March 18, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATING RESULTS
DECEMBER 31, 2020

Douglas County Libraries elevates our community by inspiring a love of reading, discovery and connection.

Douglas County Libraries ("the District") was established in November 1990 by resolution of the Board of County Commissioners of Douglas County, pursuant to a vote by the electors of Douglas County in favor of establishing a library district with the authority for a mill levy on real and personal property in Douglas County for the establishment, operation and maintenance of the District. The District includes all property within the boundaries of Douglas County, Colorado.



DESCRIPTION OF SERVICES

In order to achieve its vision, Douglas County Libraries provides the following services to all residents of Douglas County.

- **Circulation**, consisting of the provision of books, e-books, periodicals, audios, videos and other library content for lending use to the public;

- **Online Services**, consisting of the District's website and online catalog of downloadable materials;

- **Community Gathering Spaces**, including public computers and wireless access, large public meeting rooms, and smaller, private meeting/study rooms;

- **Reader's Advisory Services**, consisting of collaboration with customers to determine their likes and dislikes and recommend appropriate reading materials;

- **Children's Events** that emphasize development of early literacy skills that enable children to translate words to images, develop their brains, and nurture the cognitive, emotional and social skills they need to develop the habits of lifelong learners;

- **Reference Services** that provide informational and research assistance to customers, entrepreneurs and small business persons;

- **Events and Activities** that address a variety of needs or interests among all age groups: Summer reading programs, pairing teens with struggling young readers, group reading comprehension competitions, senior reading events, hands-on science experiments, creative activities such as writing, photography, games and cosplay, High School Equivalency (HSE), English as a Second Language (ESL), local economic development and current affairs, technology and job seeker skills improvement, and author events.

- **DCL Archives & Local History**, which collects and preserves the history of Douglas County in order to provide historical research resources to the public.

In 2020:

- more than 860,000 customers visited the District's facilities;
- the District circulated more than 5 million items from its library content;
- more than 64,000 people participated in over 1,690 programs offered by the District;
- the District hosted more than 4,100 events through its 19 community gathering spaces;
- the District booked more than 27,600 reservations for its 25 community gathering spaces.

DCL found new ways to support our community and create unique opportunities for connection, in an unprecedented year where this was a struggle for many of the people we serve. A few of the services launched during the past year were:

Park & Pick Up DCL Curbside Services

DCL began curbside delivery on May 11, delivering 161,250 items from customers' hold lists directly to vehicles in our parking lots, even as libraries remained closed to walk-in traffic. Staff created a simple process that allowed customers to park in designated spots, then call or text a specified phone number to alert staff to their names and parking spots. Staff then delivered held items to vehicle trunks, without personal contact with the customer, completing 47,637 transactions before libraries reopened to walk-in traffic. Park & Pick-Up service continued into 2021 to accommodate customers uncomfortable with stepping inside a library.

DCL Celebrates Grads!

In May and June, DCL celebrated the accomplishments of high school graduates across the county by giving them a special gift in honor of their achievements. Approximately 2,100 gifts were picked up via DCL Park & Pick-Up, or delivered directly to graduates' homes, according to their preferences. Gifts included a handy toolkit for use in new homes or dormitories, plus a gift card for a free gift at a local small business. DCL partnered with The Donut House, Briccy's Coffee, Crowfoot Valley Coffee, Honey B's Macarons, and Swirls Frozen Yogurt on this initiative.

DCL Delivers Senior Connections

On July 27, every resident in three Douglas County senior living communities – Vi in Highlands Ranch, Morningstar in Lone Tree, and Pine Grove in Parker – was provided a care bag from DCL. The 500 gift bags included DCL-branded playing cards and bookmarks, a large-print jumble puzzle book, a letter from a local teen with a card to be used for a response from the senior adult, and a contact-form postcard, for use by residents wishing to speak to a DCL staff member about library services.

Items were selected after DCL staff conversed with staff members at the senior living communities about what the residents needed, and the response was overwhelmingly centered on two ideas: more materials to stimulate the mind, and opportunities for personal connections as they isolated in their facilities.

DCL staff visited the senior living communities once a week over four weeks to collect responses to the teen letters and DCL contact cards, then responded personally to each resident requesting a call. Teens were encouraged to continue correspondence.

DCL Delivers Good Times

DCL created a new special delivery service to bring library experiences to our customers' homes and neighborhoods. Each DCL Delivers Good Times package was created for small, safe, often outdoor gatherings with Colorado's Safer at Home guidelines in mind. DCL customers borrowed packages that included a mix of nontraditional library materials and signature extras to make gatherings at home easy, convenient and fun. Packages such as Movie Night, Game Night, Backyard BBQ, and a Flippin' Good Brunch booked up quickly, garnered some great media exposure, and continue to bring positive feedback from our customers.

DCSD Hotspot Lending

DCL worked closely with DCSD's CTO Mark Blair to identify the need for hotspots during the COVID-19 pandemic in 2020. DCL donated 50 hotspots in March and another 50 in August to make remote learning possible for at least 100 students. These hotspots remain in the homes of DCSD students and staff through the 2020-2021 school year.

Additional Funds for Expanded Virtual Services

DCL invested over $100,000 in additional funds toward growing our digital collection and offerings. DCL experienced growth in customer use of OverDrive (26%, plus a 40% overall increase in new users), Hoopla (23%), and CreativeBug (54%) in 2020. Use of Kanopy doubled, and Consumer Reports was the most-accessed database of 2020 (compared to Opposing Viewpoints in 2019).

In order to deliver on its vision, the District operates seven library facilities, comprising 177,000 square feet, throughout Douglas County. In 2020, the District employed a workforce of 217 full- time equivalent persons, who were complemented by approximately 957 volunteers who provided 16,655 hours of service at no cost to the District or Douglas County. The District dedicates 81% of its employees, plus all volunteer service, to conducting library operations at its seven branches and providing community relations services. The District allocates 6% of its employees to operating and maintaining its facilities and information technology infrastructure. The remaining 13% of the District's employees are dedicated to providing district-wide support services including executive management, human resource management, and financial management.

In response to continued growth in Douglas County and aging library facilities, the District's strategic plan includes a goal focused on crafting the next generation of libraries to support delivery of premium and personal experiences to all library customers.

The District has adopted a facilities master plan to establish the priorities, tasks and budget commitments necessary to construct and maintain facilities that are adequate to meet the needs of Douglas County in the premium and personal fashion embodied in the District's strategic plan.

In 2019, the District completed a $6.5 million renovation of its Highlands Ranch facility, and completed an initial cost and feasibility study for the renovation of the District's Castle Rock facility. In 2020, the District continued planning efforts for the District's Castle Rock facility, and concluded that replacement was the most cost-efficient alternative for the Castle Rock facility.

The District's financial results for the year ended December 31, 2020, reflect the impact of the following activities:

- Maintenance of approximately 176,000 square feet of library facilities, and employment of 217 full-time equivalents (FTEs) to operate the District's seven library facilities and provide district-wide support services.

- Payment of principal, interest and premium amortization obligations totaling $2.013 million on the District's 2015 Certificates of Participation (2015 CoPs).

The District's ongoing commitment to the goals enumerated in its facilities master plan, and the financial commitments related thereto, have made it essential to distinguish the results of normal recurring operating activities vs. the financial impact of non-operating transactions such as capital outlays for facility improvements, lease income, and disposals of capital assets. Accordingly, the comparison of year-over-year results in this Discussion and Analysis has been presented on both an as-adjusted and as-reported basis in order to better illustrate the results of normal recurring operating activities.

The District uses a single general operating fund to account for all transactions and financial resources. The District is committed to ensuring that expenditures associated with day-to-day library operations and routine maintenance of District facilities, furniture and equipment do not exceed annual program and general revenues. Accordingly, the District reports capital expenditures on two separate line items on the financial statements.

- Maintenance capital expenditures are funded from current operating revenues and include those normal recurring expenditures to repair, maintain or upgrade computers, equipment, furniture, carpeting, roofs, parking lots, and heating, ventilation, and air conditioning (HVAC) units.

- Improvement capital expenditures represent facility upgrades, remodels, and new construction including planning and design costs, and new furniture, fixtures and equipment associated with these projects. Improvement capital expenditures are funded from District reserves.

The District maintains financial statements under two separate methods of accounting, as required by Government Accounting Standards:

Governmental Fund Financial Statements;
Government Activities Financial Statements.

An analysis of the District's financial position, and its results of operations, under each of these two methods of accounting is presented below, including the distinctions between the two methods.

Governmental Fund Financial Statements

These statements are presented on the modified accrual basis of accounting. Under this basis of accounting, transactions are generally recorded when cash is received or expenses are paid. Accordingly, funds received through financing activities are recorded as revenues in the period received, expenditures for capital assets are reported as an expense in the period expended, and long-term liabilities are recorded when currently payable, rather than when an obligation is incurred.

Statement of Revenues, Expenditures, and Change in Fund Balance

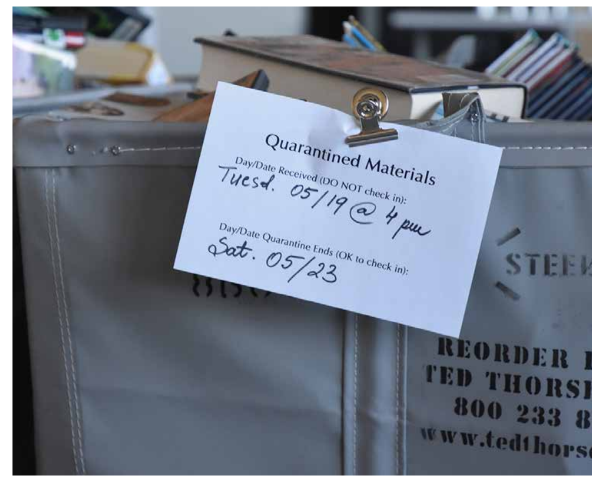
	2020		2019	
	Amount	% of Total	Amount	% of Total
Program Revenues:				
Operating contributions and grants	$ 340,873	1.05%	$ 400,796	1.34%
Charges for services	410,207	1.26%	689,313	2.30%
General Revenues:				
Property taxes	28,971,244	89.29%	25,670,429	85.83%
Auto ownership taxes	2,529,513	7.80%	2,599,416	8.69%
Investment earnings	195,065	0.60%	548,596	1.83%
Total Revenues	32,446,902	100.00%	29,908,550	100.00%
Program Expenditures				
Operating expenditures	21,848,184	83.75%	21,945,599	83.53%
Capital outlay - maintenance	2,227,833	8.54%	2,314,088	8.81%
Interest and principal payments	2,012,800	7.72%	2,012,300	7.66%
Total Program Expenditures	26,088,817	100.00%	26,271,987	100.00%
Net Change in Fund Balance - As Adjusted	6,358,085		3,636,563	
Capital outlay - improvement	(767,009)	116.21%	(4,176,831)	104.82%
Lease income, net	106,996	16.21%	191,914	4.82%
Total Non-Operating Expenditures	(660,013)	100.00%	(3,984,917)	100.00%
Net Change in Fund Balance - As Reported	5,698,072		(348,354)	
Beginning fund balance	18,639,816		18,988,170	
Ending Fund Balance	$ 24,337,888		$ 18,639,816	

Revenues increased $2.538 million due primarily to increases in property tax revenues of $3.301 million (12.9%), offset by decreases in other general revenues of ($0.423) million (13.5%) and decreases in program revenues of ($0.339) million (31%). The increase in property tax revenues was due to increased real estate values, which Douglas County revalues in odd-numbered years on the basis of comparable sales in the previous two years. The decrease in other general revenues was primarily due to a significant decrease in investment earnings rates due to the COVID-19 emergency. The decrease in program revenues was primarily due to a reduction in charges for fines, events and programs in response to the COVID-19 emergency.

Net program expenditures decreased ($0.183) million (0.6%). This decrease in net program expenditures was primarily due to reduced operations in response to the COVID-19 emergency.

Capital outlays for improvements decreased by ($3.410) million due to the completion of the renovation of the Highlands Ranch facility in 2019.

Net lease income decreased by ($0.085) million due to collection of less rents in 2020 from the retail property adjacent to the Castle Rock branch. The District waived a portion of fixed tenant rents in conjunction with the COVID-19 emergency and as an inducement for lessees to agree to renewal termination provisions that are advantageous with respect to the District's renovation plans for the Castle Rock branch.



The District is reporting an ending fund balance of $24.338 million at December 31, 2020. This represents an increase of $5.698 million from the December 31, 2019, fund balance of $18.640 million. The increase in the District's fund balance is attributable to an increase in property tax revenues of $3.301 million, plus a decrease in capital outlays for improvements of ($3.410) million.

- Non-spendable fund balance, which represents prepaid expenses and security deposits, increased $0.153 million, from $0.368 million at December 31, 2019, to $0.521 million at December 31, 2020.

- Restricted fund balance, comprised of emergency reserves as required by Article X, Section 20, of the Colorado Constitution, increased $0.076 million, from $0.892 million at December 31, 2019, to $0.968 million at December 31, 2020. Emergency reserves are calculated as three percent of general revenues, excluding grants.

- Assigned fund balance includes reserves established by the Board of Trustees to fund first-quarter operations due to the timing of property tax receipts, plus reserves to cover insurance deductibles. Assigned fund balance increased $0.100 million, from $3.300 million at December 31, 2019, to $3.400 million at December 31, 2020.

- Unassigned fund balance represents amounts available for any purpose, including debt service for the Certificates of Participation and future acquisitions of capital assets. Unassigned fund balance increased $5.369 million, from $14.080 million at December 31, 2019, to $19.449 million at December 31, 2020.

Analysis of 2020 Budget vs Actual Results

	Budget	Actual	Variance
Revenues			
Property taxes	$29,122,824	$28,971,244	($151,580)
Auto ownership taxes	2,516,417	2,529,513	13,096
Contributions and grants	321,652	340,873	19,221
Charges for services	743,150	410,207	(332,943)
Investment earnings	350,000	195,065	(154,935)
Total Revenus	33,054,043	32,446,902	(607,141)
Operating Expenditures			
Salaries, wages & benefits	16,060,636	15,243,578	(817,058)
Library Content	3,889,201	3,840,904	(48,297)
Facilities	1,895,231	1,527,772	(367,459)
Technology equipment and services	1,640,975	1,412,851	(228,125)
Library programs & outreach	992,518	503,623	(488,895)
District-wide support	1,567,322	1,099,971	(467,351)
Capital expenditures - maintenance projects	733,037	447,318	(285,719)
Subtotal Operating Expenditures	26,778,920	24,076,017	(2,702,903)
Debt service	2,012,800	2,012,800	0
Total operating expenditures, debt service & fees	28,791,720	26,088,817	(2,702,903)
Revenues Over (Under) Operating Expenditures	4,262,323	6,358,085	2,095,762
Non-Operating Revenues (Expenditures)			
Lease income (expense), net	146,846	106,996	(39,850)
Capital expenditures - improvement projects	(1,136,255)	(767,009)	369,246
Total Non-Operating Revenues (Expenditures), net	(989,409)	(660,013)	329,396
Total Revenues Over (Under) Total Expenditures	$3,272,914	$5,698,072	$2,425,158

The District's final 2020 budget anticipated an excess of revenues over operating expenditures of $3.273 million. Actual 2020 revenues exceeded operating expenditures by $5.698 million.

Total 2020 revenues were under budget by ($0.607) million (1.9%) primarily due to reduced charges for fines, events and programs, plus reduced investment earnings, both related to the COVID-19 emergency.

Total Operating Expenditures were under budget by ($2.701) million (11.4%), due to across the board reductions in operating expenses in response to the COVID-19 emergency.

Spending on non-operating expenditures was under budget by ($0.329) million due to reductions or cancellations of improvement projects in response to the COVID-19 emergency, offset by a waiver of portions of fixed tenant rents in response to the COVID-19 emergency, and as an inducement for lease termination provisions that are advantageous to the District.

Governmental Activities Financial Statements

The governmental activities financial statements measure and report all assets, liabilities, deferred inflows of resources, revenues, expenses, gains, and losses using the economic resource measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Accordingly, the governmental activities statement of net position includes capital assets and long-term liabilities.

Statement of Activities

	2020		2019	
	Amount	% of Total	Amount	% of Total
Program Revenues				
Operating contributions and grants	$ 340,873	1.05%	$ 400,796	1.34%
Charges for services	410,207	1.26%	689,313	2.30%
General Revenues				
Property taxes	28,971,244	89.29%	25,670,429	85.83%
Auto ownership taxes	2,529,513	7.80%	2,599,416	8.69%
Investment earnings	195,065	0.60%	548,596	1.83%
Total Revenues	32,446,902	100.00%	29,908,550	100.00%
Program Expenditures				
Operating expenditures	25,824,269	97.93%	23,332,747	97.40%
Capital outlay - maintenance	25,302	0.10%	61,865	0.26%
Interest and principal payments	521,448	1.98%	561,472	2.34%
Total Program Expenditures	26,371,019	100.00%	23,956,084	100.00%
Change in Net Position - As Adjusted	6,075,883		5,952,466	
Lease income, net	106,996	176.21%	191,914	202.33%
Loss on disposal of capital assets	(46,276)	(76.21%)	(97,064)	(102.33%)
Total Non-Operating Expenditures	60,720	100.00%	94,850	100.00%
Change in Net Position - As Reported	6,136,603		6,047,316	
Beginning Net Position	34,464,522		28,417,206	
Ending Net Position	$ 40,601,125		$ 34,464,522	

As adjusted, which is more representative of normal recurring operations, the change in net position increased $0.123 million, from $5.952 million for the year ended December 31, 2019, to $6.076 million over the same period in 2020. The increase in the change in net position is primarily due to the following:

- Revenues increased $2.538 million due primarily to increases in property tax revenues of $3.301 million (12.9%), offset by decreases in other general revenues of ($0.423) million (13.5%) and decreases in program revenues of ($0.339) million (31%). These results are consistent with those reported on the District's Government Fund financial statements.

- Operating expenses increased $2.415 million driven exclusively by pension expense, which increased from a benefit of ($2.581) million at December 31, 2019, to an expense of $0.069 million for the same period in 2020.

As reported, the change in net position increased $0.089 million, from $6.047 million at December 31, 2019, to $6.137 million at December 31, 2020. This increase in net position is due to the changes noted above in the adjusted change in net position, plus the following:

- Net lease income decreased by ($0.085) million due to collection of less rents in 2020 from the retail property adjacent to the Castle Rock branch. These results are consistent with those reported on the District's Government Fund financial statements.

- In 2020, the District recorded a loss of ($0.046) million, which is equivalent to the net book value for end-of-life disposals of furniture and equipment.

Statement of Net Position

	2020		2019	
	Amount	**% of Total**	**Amount**	**% of Total**
Assets				
Current Assets	$ 54,783,085	51.27%	$ 48,673,488	47.16%
Capital Assets	52,059,257	48.73%	54,531,366	52.84%
Total Assets	106,842,342	100.00%	103,204,854	100.00%
Total Deferred Outflows of Resources	2,455,310	100.00%	5,364,047	100.00%
Liabilities				
Current Liabilities	3,119,327	9.34%	3,216,152	7.24%
Long-Term Liabilities	30,267,517	90.66%	41,232,548	92.76%
Total Liabilities	33,386,844	100.00%	44,448,700	100.00%
Total Deferred Inflows of Resources	35,309,683	100.00%	29,655,679	100.00%
Net Position				
Net investment in capital assets	34,704,434	85.48%	35,686,806	103.55%
Restricted Fund	967,663	2.38%	891,882	2.59%
Unrestricted	4,929,028	12.14%	(2,114,166)	-6.13%
Total Net Position	$ 40,601,125	100.00%	$ 34,464,522	100.00%

The decrease in net investment in capital assets of ($0.982) million, from $35.686 million at December 31, 2019, to $34.704 million at December 31, 2020, is due primarily to the 2019 decrease in the remaining principal balance and unamortized premium of the 2015 CoPs, which are an offset to the net investment in capital assets.

Restricted net position reported at December 31, 2019 and 2020, represents emergency reserves the District is required to maintain under Article X, Section 20, of the Colorado Constitution, otherwise known as the Taxpayer's Bill of Rights (TABOR). At December 31, 2020, restricted net position includes emergency reserves of $0.968 million.

The District participates in a) a pension fund administered by the Public Employees' Retirement Association (PERA), and b) an Other Post-Employment Benefits (OPEB) fund also administered by PERA. The District records deferred outflows of resources (an asset), long-term liabilities, and deferred inflows of resources (a liability) pursuant to its participation in these plans. See note 6 of the attached financial statements of the District for further information regarding the District's defined benefit pension and OPEB plans.

The increase in unrestricted fund balance of $7.043 million, from a deficit of ($2.114) million as of December 31, 2019, to $4.929 million at December 31, 2020, is primarily attributable to revenues in excess of expenditures, reductions in pension-related liabilities, and a net increase in pension-related deferred inflows vs. deferred outflows of resources.

Factors Affecting Financial Condition

The historical financial statements and the 2020 budget are best understood when considered from the broader perspective of the specific environment in which the District operates.

Property Tax Revenues and Constitutional Limitations

The District derives the majority of its revenues from property taxes. In general, the county assessor revalues real estate in odd-numbered years on the basis of comparable sales during the previous two-year period.

Operating, Facility Maintenance, and Debt Service Expenditures

The District has adopted a compensation strategy that supports competitive wages and benefits, and contributes 14.20 percent of qualifying salaries and wages to the PERA defined benefit pension plan, and 1.02 percent of salaries and wages to the PERA OPEB plan.

The District did not open any new library facilities, or increase the size of any existing library facilities in 2020. The District maintained approximately 176,000 square feet of facilities space, and employed approximately 217 FTE employees in 2020.

Maximum debt service under the terms of the 2015 CoPs is $2.000 million. The District made a $1.250 million principal payment plus interest and premium amortization payments of $0.763 million in 2020.

The chart on the following page illustrates changes to the District's cost structure as a result of the incremental costs associated with staffing, operation and maintenance of its existing library facilities and its lease purchase financing.

Summary Historical Comparison of Revenues, Expenses, and Change in Fund Balance – Governmental Fund

	Actual			Budget
	2018	2019	2020	2021
Statistics				
Circulation	7,146,363	6,802,062	5,126,841	
Patron visits	2,059,123	1,695,361	862,764	
Building square footage	176,000	176,000	176,000	176,000
Full time equivalent employee headcount	243	238	217	
Revenues				
Property and auto ownership taxes	$ 28,088,168	$ 28,269,845	$ 31,500,757	$ 32,230,237
Charges for services	697,870	689,313	410,207	577,453
Contributions and grants	367,555	400,796	340,873	321,652
Investment earnings	552,552	548,596	195,065	237,370
Total Revenues	29,706,145	29,908,550	32,446,902	33,366,712
Operating Expenditures				
Salaries, wages and benefits	15,329,173	15,018,559	15,243,578	16,692,623
Library content	3,637,645	3,669,890	3,840,904	3,879,982
Facilities	1,584,348	1,810,114	1,527,772	1,887,338
Technology equipment and services	1,277,527	1,370,079	1,412,851	1,752,237
Programs and outreach	696,395	813,191	503,623	1,040,189
District-wide support	1,402,729	1,242,742	1,099,971	1,674,960
Interest and principal payments	2,011,300	2,012,300	2,012,800	2,013,425
Capital expenditures - maintenance	540,303	335,113	447,318	901,370
Total Operating Expenditures	26,479,420	26,271,988	26,088,817	29,842,124
Revenues Over (Under) Operating Expenditures	3,226,725	3,636,562	6,358,085	3,524,588
Non-Operating Revenues (Expenditures)				
Lease income, net	262,934	191,914	106,996	161,774
Capital expenditures - improvement	(2,313,408)	(4,176,830)	(767,009)	(385,500)
Total Non-Operating Revenues (Expenditures), net	(2,050,474)	(3,984,916)	(660,013)	(223,726)
Total Revenues Over (Under) Total Expenditures	$ 1,176,251	$ (348,354)	$ 5,698,072	$ 3,300,862

Revenues budgeted for 2021 are projected to exceed operating expenditures, interest and principal payments and the costs to maintain the District's facilities by $3.301 million.

Long-Range Planning

The District is committed to maintaining the infrastructure and finishes of its libraries and has completed a facilities master plan that identifies:

- equipment replacement and infrastructure maintenance needs to be funded from current property tax revenues, and
- facility upgrades and expansion needs to be funded from District reserves.

In addition, the District has developed a long-range forecast in an effort to ensure that operations, debt service obligations, and capital maintenance requirements do not require the use of reserves and can be fully funded from current property tax revenues going forward.

As previously indicated, employees of the District are provided with pension benefits through the PERA defined benefit plan. The District, and its employees, belong to the Local Government Division of the pension trust fund. As such, the District, and its employees, are obligated to contribute to PERA at those rates established by the Colorado legislature for the Local Government Division of the pension trust fund.

The District has identified two capital improvement needs: a replacement of the Castle Rock facility, and the eventual need for a larger facility in northwest Douglas County to serve projected growth in the area.

Douglas County Libraries Foundation

The Douglas County Libraries Foundation (the Foundation) was founded in 1992 as a 501c3 nonprofit organization to fund capital improvements and support various programs that enhance the vision and core values of the District.

The Foundation is governed by an independent Board of Directors, which includes the District's Executive Library Director, who serves as the ex-officio executive director of the Foundation; one member from the District's Board of Trustees; and four additional directors.

During 2019, the Foundation granted $0.050 million of unrestricted funds, plus $0.044 million, adjusted of restricted funds to the District. The Foundation granted $0.050 million of unrestricted funds, plus $0.009 million of restricted funds to the District for the year ended December 31, 2020.

Requests for Information

This financial report is designed to provide a general overview of the finances for the District and the Foundation. For questions concerning the information provided in this report or to request a copy of the Foundation's internal financial statements, please contact the Director of Finance at Douglas County Libraries, 100 South Wilcox Street, Castle Rock, CO 80104.

BASIC FINANCIAL STATEMENT

BALANCE SHEET GOVERNMENTAL FUND / STATEMENT OF NET POSITION

December 31, 2020

	Primary Government			Component Unit
	General - Governmental Fund	Adjustments	Statement of Net Position - Governmental Activities	Douglas County Libraries Foundation
Assets				
Cash and investments	$ 24,349,263	$ —	$ 24,349,263	$ 1,239,168
Property taxes receivable, net of allowance	29,811,665	—	29,811,665	—
Prepaids and other assets	521,031	—	521,031	—
Receivable from component unit	87,987	—	87,987	—
Other receivables	13,139	—	13,139	—
Capital assets, net of accumulated depreciation	—	45,008,975	45,008,975	—
Capital assets not being depreciated	—	7,050,282	7,050,282	—
Total Assets	$ 54,783,085	52,059,257	106,842,342	1,239,168
Deferred Outflows of Resources				
Deferred outflows - net pension liability	—	2,319,322	2,319,322	—
Deferred outflows - net OPEB liability	—	135,988	135,988	—
Total Deferred Outflows of Resources	—	2,455,310	2,455,310	—
Liabilities				
Accounts payable	653,840	—	653,840	—
Accrued salaries and benefits	207,537	—	207,537	—
Accrued interest payable	—	61,952	61,952	—
Payable to primary government	—	—	—	87,988
Noncurrent liabilities				
Due within one year	—	2,195,998	2,195,998	—
Due in more than one year	—	16,362,208	16,362,208	—
Net pension liability	—	12,441,110	12,441,110	—
Net OPEB liability	—	1,464,199	1,464,199	—
Total Liabilities	861,377	32,525,467	33,386,844	87,988
Deferred Inflows of Resources				
Deferred inflows - net pension liability	—	5,349,775	5,349,775	—
Deferred inflows - net OPEB liability	—	376,088	376,088	—
Property tax revenue	29,583,820	—	29,583,820	—
Total Deferred Inflows of Resources	29,583,820	5,725,863	35,309,683	—
Fund Balance/Net Position				
Fund balance				
Nonspendable Fund	521,031	(521,031)	—	—
Restricted Fund	967,663	(967,663)	—	—
Committed Fund	—	—	—	—
Assigned Fund	3,400,000	(3,400,000)	—	—
Unassigned fund balance	19,449,194	(19,449,194)	—	—
Total Fund Balances	24,337,888	(24,337,888)	—	—
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 54,783,085			
Net Position				
Net investment in capital assets	—	34,704,434	34,704,434	—
Restricted Fund	—	967,663	967,663	30,612
Unrestricted	—	4,929,028	4,929,028	1,120,568
Total Net Position	$ —	$ 40,601,125	$ 40,601,125	$ 1,151,180

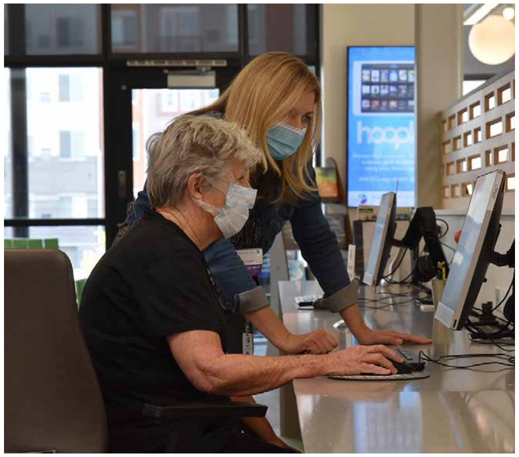
The accompanying notes are an integral part of these financial statements.

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

For the Year Ended December 31, 2020

	Primary Government			Component Unit
	General - Governmental Fund	Adjustments	Statement of Activities - Governmental Activities	Douglas County Libraries Foundation
Expenditures/Expenses				
Current				
Operating	$ 20,213,604	$ 5,594,056	$ 25,807,660	$ 65,077
Pension expense	1,634,580	(1,565,585)	68,995	—
OPEB expense	—	(52,386)	(52,386)	—
Capital Outlay	2,994,842	(2,969,540)	25,302	—
Debt Service				
Principal	1,250,000	(1,250,000)	—	—
Interest and fees	762,800	(241,352)	521,448	—
Total Expenditures/Expenses	26,855,826	(484,807)	26,371,019	65,077
Program Revenues				
Operating contributions and grants	340,873	—	340,873	105,614
Charges for services	410,207	—	410,207	66,994
Total Program Revenues	751,080	—	751,080	172,608
Net Program Revenues/(Expenses)	(26,104,746)	484,807	(25,619,939)	107,531
General Revenues/(Expenses)				
Property taxes	28,971,244	—	28,971,244	—
Auto ownership taxes	2,529,513	—	2,529,513	—
Investment earnings	195,065	—	195,065	155,921
Total General Revenues/(Expenses)	31,695,822	—	31,695,822	155,921
Other Financing Sources				
Loss on disposal of capital assets	—	(46,276)	(46,276)	—
Lease income, net	106,996	—	106,996	—
Total Other Financing Sources	106,996	(46,276)	60,720	—
Net Change in Fund Balance	5,698,072	(5,698,072)	—	—
Change in Net Position	—	6,136,603	6,136,603	263,452
Fund Balance/Net Position				
Beginning of Year	18,639,816	15,824,706	34,464,522	887,728
End of Year	$ 24,337,888	$ 16,263,237	$ 40,601,125	$ 1,151,180

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



RECONCILIATION OF THE BALANCE SHEET GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION

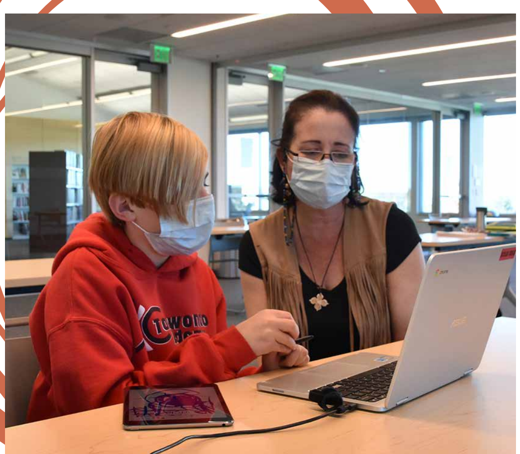
December 31, 2020

Fund Balance - Governmental Fund		$ 24,337,888
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.		
Assets	$ 74,130,549	
Accumulated depreciation	(22,071,292)	52,059,257
Certificates of Participation are not due and payable in the current period and, therefore, are not reported in the governmental fund.		
Principal, Certificates of Participation Series 2015	(15,805,000)	
Premium, Certificates of Participation Series 2015	(1,549,823)	
Accrued interest	(61,952)	(17,416,775)
Pension liability is not due and payable in the current period and, therefore, is not reported in the governmental fund.		
Pension related deferred outflows	2,319,322	
Pension related deferred inflows	(5,349,775)	
Net Pension liability	(12,441,110)	(15,471,563)
OPEB liability is not due and payable in the current period and, therefore, is not reported in the governmental fund.		
OPEB related deferred outflows	135,988	
OPEB related deferred inflows	(376,088)	
Net OPEB liability	(1,464,199)	(1,704,299)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental fund.		(1,203,383)
Net Position of Governmental Activities		$ 40,601,125

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

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

For the Year Ended December 31, 2020



Net Change in Fund Balance - Governmental Fund		$ 5,698,072
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental fund reports 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. This is the amount by which capital outlays exceeded depreciation and disposals.		
Capital asset additions	$ 2,969,540	
Construction in progress deduction	—	
Depreciation	(5,395,373)	
Capital asset disposals	(46,276)	(2,472,109)
Compensated absences do not require use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.		(198,683)
Interest and payment activities on the 2015 CoPs do not require use of current financial resources and, therefore, are not reported in the governmental fund.		
Principal payment	1,250,000	
Amortization of premium	239,737	
Accrued interest	1,615	1,491,352
Pension liability does not require use of current financial resources and, therefore, is not reported as expenditures in the governmental fund		1,565,585
OPEB liability does not require use of current financial resources and, therefore, is not reported as expenditures in the governmental fund		52,386
Change in Net Position of Governmental Activities		$ 6,136,603

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. Summary of Significant Accounting Policies

Reporting Entity

Douglas County Libraries (the District) was established in 1990 to provide library services within Douglas County, Colorado. A seven-member Board of Trustees, appointed by the Douglas County Commissioners, governs the District.

The accompanying financial statements present the District, which is the primary government, and its component unit. A component unit is a legally separate organization for which the District is considered to be financially accountable..

Discretely Presented Component Unit. The Douglas County Libraries Foundation (the Foundation) is a nonprofit organization whose sole purpose is to support the District by funding opportunities above and beyond the District's normal operating budget. The Foundation is governed by a seven-member Board of Directors led by the Foundation's and District's Executive Director. Separately issued internal financial statements of the Foundation may be obtained by contacting the Foundation's offices at 100 South Wilcox Street, Castle Rock, Colorado 80104.

Governmental Activities and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the expenses of the District are offset by program revenues. Program revenues include operating contributions and grants and charges to users of the District's services.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Governmental fund statements are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue that are susceptible to accrual are property taxes and investment earnings. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures generally are recorded when an obligation is incurred, as under accrual accounting; however, expenditures related to compensated absences and debt are recorded only when payment is due.

The governmental activities financial statements measure and report all assets, liabilities, deferred inflows and outflows of resources, revenues, expenses, gains, and losses using the economic resource measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The governmental activities financial statements do not include fiduciary funds or component units that are fiduciary in nature.

The general operating fund is the District's only fund and is used to account for all financial resources of the District.

Impact of COVID-19

The outbreak of the 2019 coronavirus disease ("COVID-19"), which was declared a global pandemic by the World Health Organization, and the related responses by public health and governmental authorities to contain its outbreak and spread, adversely affected workplaces, economies, and financial markets globally.

The District has operated in compliance with executive and public health orders issued by the Governor of Colorado and the Colorado Department of Public Health & Environment (CDPHE) throughout the COVID-19 emergency. The District closed all of its libraries and administrative offices in March, 2020. All District support functions began functioning on a virtual basis at this time, and a significant portion of District support functions continue to work on a virtual basis. The District responded to the closure by significantly expanding access to its digital, online collections. In May, 2020, the District began operating a curbside service for book pickups and drop-offs, and continues to operate this service. In late June, 2020, the District re-opened all of its libraries, and its libraries have remained open under various levels of capacity restraints mandated by the State of Colorado and CDPHE. The District was required to cancel all of its normal community events and programs in response to COVID-19, but did implement a home delivery-based program during the summer and early fall months of 2020.

Management is closely monitoring the operations, liquidity, and capital resources of the District and is actively working to minimize the current and future impact of this unprecedented situation on the District.

Cash and Investments

Colorado Revised Statutes (CRS) authorize the District to invest in certain obligations of the U.S. Treasury and U.S. agencies, commercial paper, repurchase agreements, local government investment pools, and other specified investments. The District's investment policy is to follow state statutes regarding investments, which generally limit investments to those instruments with maturities of five years or less, unless the governing body of the District authorizes investment for a longer period. All District investments are held in a local government investment pool and are reported at net asset value. Securities with maturities of 12 months or less from the balance sheet date are reported as short-term investments.

The District limits its exposure to credit risk, which is the risk of loss due to the failure of the security issuer or backer, by diversifying the investment portfolio so that potential losses on individual securities will be minimized and by limiting investments to specified credit ratings. Management believes at December 31, 2020, no investments subject the District to credit concentration risk. The District's interest rate risk is related only to its investments with the Colorado Local Government Liquid Asset Trust (COLOTRUST) and Colorado Statewide Investment Pool (CSIP).

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

At December 31, 2020, the District had deposits with a book balance of $230,893 and a bank balance of $516,494, of which $297,414 was covered by the FDIC. Deposits held by a single depository institution may not exceed 25 percent of the District's total investment portfolio.

Effective January 1, 2016, the District implemented the provisions of Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurements and Application* (GASB 72), which is effective for financial statement periods beginning after June 30, 2015. GASB 72 defines a hierarchy of inputs used to determine fair value and requires disclosure of the valuation techniques and the nature of inputs employed to determine fair value.

The Foundation funds may also only be deposited in a bank that is a member of the FDIC or has been designated by the State Banking Board as an eligible public depository under the Colorado PDPA. At December 31, 2020, the Foundation had deposits with a book and bank balance of $92,748 which were insured by the FDIC. Deposits held by a single depository institution may not exceed 25 percent of the Foundation's total investment portfolio. The Foundation currently invests excess cash in an investment account with Bank of Oklahoma where funds are used to purchase a mix of equities, mutual funds, bonds, Real Estate Investment Trusts (REITs), as well as cash.

Property Taxes Receivable

Property tax receivables are shown net of an allowance for uncollectible accounts. Property values are assessed and a lien placed on the property as of January 1. Property taxes are levied no later than December 22. Taxes are payable in the following year, either in full by April 30 or in two equal installments due February 28 and June 15. Property taxes levied in the current year and payable in the following year are reported as a receivable at December 31. Property taxes are reported as deferred inflows of resources and recognized as revenue upon collection

Prepaids

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both governmental fund and governmental activities financial statements.

Capital Assets

Capital assets, which include land, buildings, furniture, equipment, and library materials, are reported in the governmental activities financial statements. In the governmental fund financial statements, capital assets are charged to expenditures when purchased. Capital assets, which are defined as assets with an initial, individual cost of $5,000 or more and an estimated useful life of more than one year, are recorded at historical cost, with the exception of library materials, which are capitalized regardless of cost. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. The District values donated capital assets at the estimated acquisition value of the item at the date of donation.

Capital assets of the District are depreciated using the straight-line method. The composite method is used in the depreciation of library materials. These assets are depreciated over the following estimated useful lives:

Asset	Years
Buildings	30
Building improvements	15
Shelving	10
Furniture	10
Equipment and machinery	5
Computers	4
Library materials	4

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused personal time off (PTO). All PTO is accrued when earned in the governmental activities financial statements. A liability for these amounts is reported in the governmental fund statements only if they are due, for example, as a result of employee resignations and retirements.

Long-Term Debt

In the governmental activities financial statements, long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest rate method.

In the governmental fund financial statements, bond premiums and discounts are recognized during the current period. The face amount of the debt issued is reported as other financing sources. Premiums and discounts on debt issuances are reported as other financing sources or uses. Issuance costs are reported as current period expenditures.

Pensions

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

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources until then. The District has recognized deferred outflows of resources in the governmental activities financial statements in accordance with the presentation requirements for Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* (GASB 68), and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* (GASB 71) and Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions* (GASB 75).

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes include a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period or periods and so will not be recognized as an inflow of resources until then. The District has recognized deferred inflows of resources in the governmental activities financial statements in accordance with the presentation requirements for property taxes, GASB 68 and GASB 75.

Fund Balance/Net Position

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

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

- Nonspendable fund balance represents amounts that are nonspendable in form or are legally or contractually required to be maintained intact.

- Restricted fund balance represents amounts constrained to specific purposes by external parties, such as grantors, contributors, or through constitutional provisions. Restricted fund balance also includes revenues raised pursuant to legislation that restricts the use of funds to a specific purpose.

- Assigned fund balance represents amounts the District intends to use for a specific purpose. Intent can be expressed by either the District's Board of Trustees or by an official or body to which the Board delegates the authority.

  Assigned fund balance is established through adoption of a Board resolution or the amendment of the budget as intended for a specific purpose, such as the purchase of fixed assets, construction, debt service, etc.

- Unassigned fund balance represents amounts that are available for any purpose.

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

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

As a nonprofit organization operating under the Financial Accounting Standards Board (FASB), the Foundation reports net position with restricted or unrestricted funds, in accordance with donor requests.

2. Cash and Investments

At December 31, 2020, the District had the following cash and investments:

	Unrestricted
Total Cash and Investments	
Cash	$ 230,893
Local government investment pool	24,118,370
Total Cash and Investments	$24,349,263

Amounts held by the local government investment pool are invested with COLOTRUST and CSIP, which are investment vehicles established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state regulations governing local government investment pools. COLOTRUST and the CSIP Liquid Portfolio operate similarly to a money market fund, are rated AAA by Standard & Poor's, and each share is equal in value to $1.00. The CSIP Term portfolio invests only in securities permissible under Colorado law and is rated AAAf by Fitch Ratings. The CSIP Term portfolio offers fixed-rate, fixed-term investments with maturities of 90-365 days. The rate is fixed for the full term of the investment, and there may be a penalty for early redemption. The CSIP Term portfolio has a goal of $1.00 per share net asset value at maturity, however the value may fluctuate prior to maturity. Financial statements and additional information about COLOTRUST are available at http://www.colotrust.com/about. Financial statements and additional information about CSIP are available at http://www.csipinvest.com.

The District holds investments in external government investment pools which are stated at net asset value which approximate fair value. At this time, the District does not hold investments carried at fair value as defined by GASB 72.

The Foundation holds the following cash and investments at December 31, 2020:

	Unrestricted
Total Cash and Investments	
Cash	$ 92,748
Investments	1,116,420
Endowments	30,000
Total Cash and Investments	$ 1,239,168

As a nonprofit organization operating under the FASB, the Foundation reports investments, all of which are considered to be Level 1, at market value as an approximation of fair value on December 31, 2020.

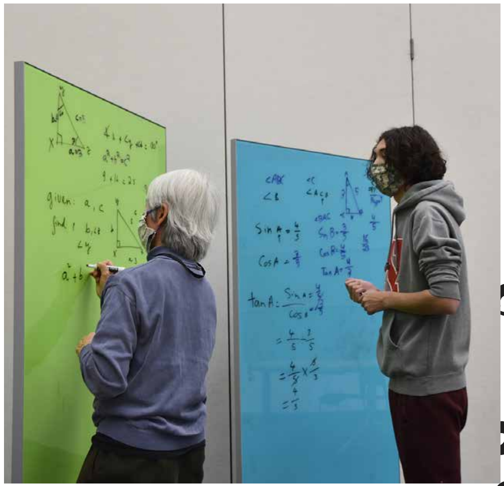
In early 2020, the Foundation evaluated creating an endowment fund to sustainably fulfill its purpose to support the District. In December 2020, the Foundation invested $30,000 of its own liquid funds to establish The Douglas County Libraries Foundation Fund (the Fund). The Fund is a Nonprofit Agency Endowment Fund that is held and managed by the Rose Community Foundation on behalf of the Foundation. The Fund is designed to preserve investment principal in perpetuity, and provide investment income that can be channeled into the Foundation's support efforts for the District.

The Fund's assets are invested according to the Rose Community Foundation's asset allocation methods. Up to 2% of the Fund's assets are eligible to be distributed annually (the Spendable Amount), with any unused Spendable Amount being returned to Fund Principle at the end of each calendar year.

3. Capital Assets

The District disposed of items with a net book value totaling $46,276, comprised mostly of the Parker playscape that was replaced, as well as laptops District-wide that were replaced as part of a routine renewal and upgrade plan.

The District recorded depreciation expense of $5,395,373 for the year ended December 31, 2020, of which $2,363,752 is attributable to the District's library materials and the remainder being primarily attributable to the newly capitalized facilities, due to the age of the District's other facilities.



Capital asset activity for the year ended December 31, 2020:

	Balance 12/31/2019	Additions	Deductions	Balance 12/31/2020
Capital assets not being depreciated:				
Land	$ 6,591,347	$ -	$ -	$ 6,591,347
Construction in progress	200,000	33,081	-	233,081
Artwork	225,854	-	-	225,854
Total capital assets not being depreciated	7,017,201	33,081	-	7,050,282
Capital assets being depreciated:				
Buildings	43,264,272	-	(13,086)	43,251,186
Building Improvements	5,947,043	130,221	(23,532)	6,053,732
Computers	3,379,200	182,450	(10,139)	3,551,511
Shelving	1,569,056	-	-	1,569,056
Furniture	2,549,122	46,546	(50,000)	2,545,668
Equipment and machinery	3,106,081	796,728	(911,003)	2,991,806
Library materials	7,133,361	1,780,514	(1,796,569)	7,117,306
Total capital assets being depreciated	66,948,135	2,936,459	(2,804,329)	67,080,265
Accumulated depreciation:				
Buildings	(11,174,331)	(1,417,323)	6,816	(12,584,838)
Building Improvements	(619,874)	(391,652)	22,000	(989,526)
Computers	(2,491,689)	(513,747)	10,139	(2,995,297)
Shelving	(528,529)	(145,479)	-	(674,008)
Furniture	(689,008)	(246,610)	20,000	(915,618)
Equipment and machinery	(2,598,533)	(316,810)	902,529	(2,012,814)
Library materials	(1,332,006)	(2,363,752)	1,796,569	(1,899,189)
Total accumulated depreciation	(19,433,970)	(5,395,373)	2,758,053	(22,071,290)
Total capital assets being depreciated, net	47,514,165	(2,458,914)	(46,276)	45,008,975
Governmental activities capital assets, net	$ 54,531,366	$ (2,425,833)	$ (46,276)	$ 52,059,257

4. Commitments

Operating Lease Commitments

The District leases library facilities and equipment under operating leases. Total costs for such leases were $164,525 for the year ended December 31, 2020. The future minimum payments for these leases are shown below:

Year Ended December 31,	
2021	$180,488
2022	160,725
2023	113,028
Total	$454,241

5. Long-Term Debt

In 2015, the District issued $20,655,000 in Certificates of Participation (2015 CoPs) to partially fund the construction of three new libraries. The 2015 CoPs carry an average coupon rate of 2.545 percent. Interest payments are due semi-annually in June and December. Principal payments are due annually in December, through 2030.

Annual debt service requirements are as follows as of December 31, 2020:

Year Ending December 31,	Principal	Interest	Total
2021	1,270,000	743,425	2,013,425
2022	1,320,000	692,625	2,012,625
2023	1,385,000	626,625	2,011,625
2024	1,455,000	557,375	2,012,375
2025	1,525,000	484,625	2,009,625
2026 - 2029	8,850,000	1,200,625	10,050,625
	$15,805,000	$4,305,300	$20,110,300

Changes in Long-Term Debt

Changes in the District's long-term obligations for the year ended December 31, 2020, consisted of the items below:

	Balance 1/1/2020	Additions	Reductions	Balance 12/31/2020	Due Within One Year
Governmental Activities:					
Compensated absences	$ 1,004,700	$ 843,462	$ 644,779	$ 1,203,383	$ 664,000
2015 Certificates of Participation	17,055,000	—	1,250,000	15,805,000	1,270,000
2015 Premium	1,789,559	—	239,736	1,549,823	261,998
Total	$ 19,849,259	$ 843,462	$2,134,515	$ 18,558,206	$2,195,998

The general fund is used to liquidate compensated absences.

6. Employee Retirement Plans

Defined Benefit Pension Plan

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

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

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

- Highest average salary multiplied by 2.50 percent and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

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

- Highest average salary multiplied by 2.50 percent and then multiplied by years of service credit.
- $15 times the first 10 years of service credit plus $20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases, the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

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

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the CRS. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007, and all benefit recipients of the DPS benefit structure receive an annual increase of two percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of two percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007, receive an annual increase of the lesser of two percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF.

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

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

Contributions. Eligible employees of the District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under CRS § 24- 51-401, *et seq*. Eligible employees are required to contribute 8 percent of their PERA-includable salary.

The employer contribution requirements are summarized in the table below:

	Rate
Employer Contribution Rate[1]	10.00%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in CRS § 24-51-208(1)(f)[1]	(1.02)%
Amount Apportioned to the LGDTF[1]	8.98%
Amortization Equalization Disbursement (AED) as specified in CRS § 24-51-411[1]	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in CRS § 24-51-411[1]	1.50%
Total Employer Contribution Rate to the LGDTF[1]	12.68%

[1]Rates are expressed as a percentage of salary as defined in CRS § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the District were $1,505,196 for the year ended December 31, 2020.

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

At December 31, 2020, the District reported a liability of $12,441,110 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll forward the total pension liability to December 31, 2019. The District's proportion of the net pension liability was based on District contributions to the LGDTF for the calendar year 2019 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2019, the District's proportion was 1.701 percent, which was a decrease of 0.023 percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the District recognized pension expense that was reduced by ($1,565,586) and reported pension related deferred outflows of resources and deferred inflows of resources related to pensions as shown in the following table:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 814,126	$ —
Net difference between projected and actual earnings on pension plan investments	—	5,089,827
Changes in proportion and differences between contributions recognized and proportionate share of contributions	—	259,948
Contributions subsequent to the measurement date	1,505,196	—
Total	$ 2,319,322	$ 5,349,775

Contributions subsequent to the measurement date of $1,505,196 and reported as deferred outflows of resources related to pensions will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	
2021	$ (1,155,028)
2022	(1,546,063)
2023	(195,770)
2024	(1,638,788)
	$ (4,535,649)

Actuarial assumptions. The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Cost Method	**Entry Age**
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50-10.45%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07, and DPS benefit structure (automatic)	1.25%
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the AIR

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2018, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

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

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table below:

Asset Class	**Target Allocation**	**10-Year Expected Geometric Real Rate of Return**
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	**100.00%**	

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

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

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

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e. the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e. the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments are estimated and included in the projections.

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 22,853,397	$ 12,441,110	$ 3,684,478

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

Other Post-Employment Benefits

Health Care Trust Fund

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

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans; however, the subsidy is not available if only enrolled in the dental and/or vision plan(s).

The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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

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

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were $118,982 for the year ended December 31, 2020.

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

At December 31, 2020, the District reported a liability of $1,464,199 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2019. The District's proportion of the net OPEB liability was based on the District contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the District's proportion was 0.130 percent, which was a decrease of (0.004) percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the District recognized reduction of OPEB expense of $52,386. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 4,859	$ 246,039
Changes of assumptions or other inputs	12,147	—
Net difference between projected and actual earnings on OPEB plan investments	—	24,440
Changes in proportion and differences between contributions recognized and proportionate share of contributions	—	105,609
Contributions subsequent to the measurement date	118,982	—
	$ 135,988	$ 376,088

The District reported $118,982 as deferred outflows of resources related to OPEB, which resulted from contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	
2021	$ (77,064)
2022	(77,064)
2023	(69,446)
2024	(76,143)
2025	(59,365)
	$(359,082)

Actuarial assumptions. The total OPEB liability in the December 31, 2018, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial cost method	**Entry age**
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	5.60% in 2019, gradually decreasing to 4.50% in2029
Medicare Part A premiums	3.50% in 2019, gradually increasing to 4.50 % in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2018, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2019	5.60%	3.50%
2020	8.60%	3.75%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions for the determination of the total OPEB liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to more closely reflect actual experience.

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2018 plan year.

- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.

- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.

- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.

- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees who qualify for the “No Part A Subsidy” but have not reached age 65 were revised to more closely reflect actual experience.

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

- The rates of PERACare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.

- The assumed age differences between future retirees and their participating spouses were revised to more closely reflect actual experience.

The actuarial assumptions used in the December 31, 2018, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as needed.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

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

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	**Target Allocation**	**30 Year Expected Geometric Real Rate of Return**
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non-U.S. Fixed Income-Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	**100.00%**	

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$ 1,429,418	$ 1,464,199	$ 1,504,392

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2019, measurement date.

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.

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

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 1,655,572	$ 1,464,199	$ 1,300,536

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

7. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources or revenue until that time.

At December 31, 2020, the District has recorded a deferred inflow for property tax revenues to be levied and collected in 2021 of $29,583,820. Accordingly, the District has presented these unavailable revenues as a deferred inflow of resources in the balance sheet – governmental fund/ statement of net position as prescribed under Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65).

Additionally, at December 31, 2020, the District has recorded a deferred inflow for pension and OPEB-related liabilities of $5,349,775 and $376,088, respectively. Accordingly, the District has presented these unavailable revenues as a deferred inflow of resources in the balance sheet – governmental fund/statement of net position as prescribed under GASB 68 and GASB 75.

8. Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position or fund balance that applies to a future period and so will not be recognized as an outflow of resources until that time.

At December 31, 2020, the District has recorded a deferred outflow for pension and OPEB- related liabilities of $2,319,322 and $135,988, respectively. Accordingly, the District has presented these unavailable revenues as a deferred outflow of resources in the balance sheet – governmental fund/statement of net position as prescribed under GASB 68 and GASB 75.

9. Fund Balance/Net Position

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

Amounts reported as nonspendable fund balance at December 31, 2020, include prepaids of $502,876 considered nonspendable in form and $18,155 of security deposits required under the provisions of an easement and a lease.

At December 31, 2020, the District reported restricted fund balance of $967,663, which is the emergency reserve as required by Article X, Section 20, of the Colorado Constitution.

Assigned fund balance at December 31, 2020, includes $3,400,000, which is pursuant to the District's reserve policy to establish reserves to cover first-quarter obligations prior to receipt of property tax revenues, contingencies, and insurance deductibles.

The District reported unassigned fund balance at December 31, 2020, of $19,449,194.

Net position as reported at December 31, 2020, includes a net investment in capital assets of $34,704,434. This amount represents the District's investment in capital assets of $52,059,257, net of the District's remaining obligation under the 2015 CoPs at December 31, 2020, of $17,354,823, which is net of unamortized premium of $1,549,823.

The Foundation reported net position at December 31, 2020, comprised of unrestricted funds of $1,120,568, plus perpetually restricted funds of $30,612.

10. Risk Management

The District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters for which the District carries commercial and workers' compensation insurance. Settled claims have not exceeded coverage for property, liability, or workers' compensation deductibles in the past four fiscal years. In the 2021 Budget, the District has added funds to explore providing limited medical benefits for volunteers who are committed to their communities, in lieu of workers' compensation for which volunteers are ineligible.

11. Tax, Spending and Debt Limitations

Article X, Section 20, of the Colorado Constitution contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments. In 1996, the voters of the County approved an increased mill levy and authorized the District to collect and spend or retain all revenue without regard to any limitations under this article or any other Colorado law. A Colorado Attorney General's opinion issued in 1999 affirms the ability of a district that holds a vote pursuant to statute to obtain such voter approval.



12. Subsequent Events

The District signed a Guaranteed Maximum Price (GMP) design-build contract with Fransen Pittman (FP) in August, 2018, for renovation or replacement of the District's Phillip S. Miller (PSM) branch in Castle Rock. The District has since been working with FP to evaluate alternatives for renovation or replacement of the PSM branch, concluding in early 2020 that replacement was the most cost-effective alternative for the PSM branch.

The District has negotiated an amendment to the 2018 GMP contract to replace the PSM branch. At the District's Board of Trustees meeting on March 31, 2021, the District's Trustees approved both of the following:

- an amendment to the District's 2021 budget to appropriate funds for the work that is expected to be completed in 2021, and
- an amendment to the GMP contract establishing the terms and conditions necessary for design and construction of a new PSM branch to proceed.

Design is scheduled to begin in April, 2021, with project completion expected in the first quarter of 2023.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance
Expenditures				
Current				
Operating				
Salaries and benefits	$ 16,060,636	$ 16,060,636	$ 15,243,578	$ 817,058
Library materials	3,889,201	3,889,201	3,840,904	48,297
Facilities	1,907,231	1,895,231	1,527,772	367,459
Technology and support services	1,593,975	1,640,975	1,412,851	228,125
Programs and outreach	1,016,078	992,518	503,623	488,895
District-wide support	1,533,099	1,567,322	1,099,971	467,351
Capital Outlay	1,914,955	1,869,292	1,214,328	654,964
Debt Service	2,012,800	2,012,800	2,012,800	—
Total Expenses	29,927,975	29,927,975	26,855,826	3,072,149
Program Revenues				
Operating contributions and grants	321,652	321,652	340,873	19,221
Charges for services	743,150	743,150	410,207	(332,943)
Total Program Revenues	1,064,802	1,064,802	751,081	(313,721)
Net Program Expenses	28,863,173	28,863,173	26,104,746	2,758,427
General Revenues				
Property taxes	29,122,824	29,122,824	28,971,244	(151,580)
Auto ownership taxes	2,516,417	2,516,417	2,529,513	13,096
Investment earnings	350,000	350,000	195,065	(154,935)
Total General Revenues	31,989,241	31,989,241	31,695,822	(293,419)
Other Financing Sources				
Lease income, net	146,846	146,846	106,996	(39,850)
Total Other Financing Sources	146,846	146,846	106,996	(39,850)
Net Change in Fund Balance	3,272,914	3,272,914	5,698,072	2,425,158
Fund Balance, Beginning of Year	16,828,274	16,828,274	18,639,816	1,811,542
Fund Balance, End of Year	$ 20,101,188	$ 20,101,188.	$ 24,337,888.	$ 4,236,700

See the accompanying independent auditor's report.

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Years Ended December 31,

	2020	2019	2018	2017	2016
District's proportion (percentage) of the collective net pension liability (asset)	1.70%	1.72%	1.80%	1.85%	1.76%
District's proportionate share of the collective pension liability (asset)	$12,441,110	$21,675,902	$20,082,094	$24,917,735	$19,433,036
Covered payroll	$11,715,798	$11,308,418	$11,800,629	$11,184,779	$10,018,742
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	106%	192%	170%	223%	194%
Plan fiduciary net pension as a percentage of the total pension liability	86.26%	75.96%	79.37%	73.60%	76.90%

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
For the Years Ended December 31,

	2020	2019	2018	2017
District's proportion (percentage) of the collective net OPEB liability (asset)	0.13%	0.13%	0.14%	0.14%
District's proportionate share of the collective OPEB liability (asset)	$1,464,199	$1,819,124	$1,821,389	$1,836,557
Covered payroll	$11,715,798	$11,308,418	$11,800,629	$11,184,779
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	12.50%	16.09%	15.43%	16.42%
Plan fiduciary net OPEB as a percentage of the total pension liability	24.49%	17.03%	17.53%	

See Note 2 to the Required Supplementary Information.

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS TO THE PENSION PLAN
For the Years Ended December 31,

	2020	2019	2018	2017	2016
Statutorily required contributions	$ 1,505,196	$ 1,485,563	$ 1,433,907	$ 1,496,320	$ 1,364,600
Contributions in relation to the statutorily required contribution	1,505,196	1,485,563	1,433,907	1,496,320	1,364,600
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	11,664,855	11,715,798	11,308,418	11,800,629	11,184,779
Contribution as a percentage of covered payroll	12.90%	12.68%	12.68%	12.68%	12.20%

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS TO OPEB
For the Years Ended December 31,

	2020	2019	2018	2017
Statutorily required contributions	$ 118,982	$ 119,501	$ 115,346	$ 116,056
Contributions in relation to the statutorily required contribution	118,982	119,501	115,346	116,056
Contribution deficiency (excess)	$ —	$ —	$ —	$ —
Covered payroll	$ 11,664,855	$ 11,715,798	$ 11,308,418	$ 11,800,629
Contribution as a percentage of covered payroll	1.02%	1.02%	1.02%	0.98%

See Note 2 to the Required Supplementary Information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2020

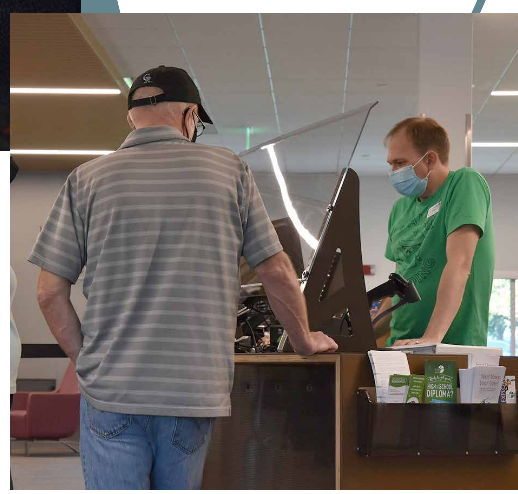
1. Stewardship, Compliance, and Accountability

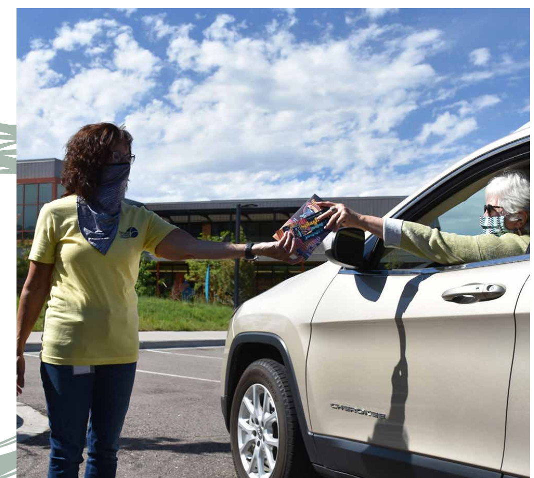
The District's Board of Trustees holds a public hearing in the fall each year to approve the budget for the general fund and appropriate the funds for the ensuing year. Expenditures may not legally exceed amounts appropriated by fund. Any change in the budget for a particular fund requires approval by the Board of Trustees. Management is authorized to make transfers between line items within a fund.

This budgetary comparison schedule is presented on a basis in conformity with generally accepted accounting principles (GAAP).

2. Pension and OPEB Related Disclosures

GASB 68, adopted during fiscal year 2015, and GASB 75, implemented during fiscal year 2018, require disclosure of the District's proportionate share of the net pension liability at the measurement date and contributions to the pension plan for the previous 10-year period. Until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.





SUPPLEMENTARY INFORMATION



SUMMARY OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – GENERAL FUND
For the Years Ended December 31,
(Unaudited)

	2016	2017	2018	2019	2020
Expenditures					
Current					
Operating					
Salaries and benefits	$ 14,480,344	$ 15,131,960	$ 15,329,173	$ 15,018,559	$ 15,243,578
Library materials	3,409,934	3,495,573	3,637,645	3,669,890	3,840,904
Facilities	1,273,154	1,492,179	1,584,348	1,810,114	1,527,772
Technology and support services	1,388,763	1,346,219	1,277,527	1,370,079	1,412,851
Programs and outreach	802,159	858,872	696,395	813,191	503,623
District-wide support	1,428,235	1,202,971	1,402,729	1,242,742	664,804
Capital Outlay	20,690,256	4,040,637	2,853,711	4,511,943	1,214,328
Debt Service	834,800	2,009,800	2,011,300	2,012,300	2,447,967
Total Expenses	44,307,645	29,578,211	28,792,828	30,448,818	26,855,826
Program Revenues					
Operating contributions and grants	363,037	321,972	367,555	400,796	340,873
Charges for services	590,134	897,226	697,870	689,313	410,207
Total Program Revenues	953,171	1,219,198	1,065,425	1,090,109	751,081
Net Program Expenses	(43,354,474)	(28,359,013)	(27,727,403)	(29,358,709)	(26,104,746)
General Revenues					
Property taxes	22,436,808	22,807,820	25,394,616	25,757,166	28,971,244
Auto ownership taxes	2,075,618	2,505,786	2,693,552	2,512,679	2,529,513
Investment earnings	277,689	270,315	552,552	548,596	195,065
Total General Revenues	24,790,115	25,583,921	28,640,720	28,818,441	31,695,822
Other Financing Sources					
Lease income, net	—	146,842	262,934	191,914	106,996
Proceeds from lease purchase financing, net	—	—	—	—	—
Proceeds from sale of capital assets	3,600,200	—	—	—	—
Total Other Financing Sources	3,600,200	146,842	262,934	191,914	106,996
Net Change in Fund Balance	(14,964,159)	(2,628,250)	1,176,251	(348,354)	5,698,072
Fund Balance, Beginning of Year	35,404,328	20,440,169	17,811,919	18,988,170	18,639,816
Fund Balance, End of Year	$ 20,440,169	$ 17,811,919	$ 18,988,170	$ 18,639,816	$ 24,337,888

HISTORY OF ASSESSED VALUATIONS

(Unaudited)

Levy / Collection Year	Assessed Valuation	Percent Change	Statutory "Actual" Value
2015/2016	$5,587,841,999	16.98%	$49,748,694,494
2016/2017	$5,686,174,292	1.76%	$50,989,716,383
2017/2018	$6,338,899,010	11.48%	$60,820,530,833
2018/2019	$6,438,835,604	1.58%	$62,315,982,391
2019/2020	$7,239,081,296	12.43%	$72,076,633,311
2020/2021	$7,406,236,279	2.31%	$74,185,916,447

HISTORY OF MILL LEVIES

(Unaudited)

Levy / Collection Year	General Fund	Special Abatement	Total Levy
2015/2016	4.000	0.035	4.035
2016/2017	4.000	0.016	4.016
2017/2018	4.000	0.021	4.021
2018/2019	4.000	0.008	4.008
2019/2020	4.000	0.023	4.023
2020/2021	4.000	0.012	4.012

PROPERTY TAX COLLECTIONS

(Unaudited)

Levy / Collection Year	Taxes Levied	Current Tax Collections	Collection Rate
2014/2015	$ 19,260,076	$ 19,209,461	99.74%
2015/2016	$ 22,546,942	$ 22,441,945	99.53%
2016/2017	$ 22,835,676	$ 22,836,855	100.01%
2017/2018	$ 25,488,713	$ 25,488,019	100.00%
2018/2019	$ 25,806,853	$ 25,849,883	100.17%
2019/2020	$ 29,122,824	$ 29,173,238	100.17%

Douglas County Libraries

DCL.org

Our Foundation

OUR VISION

Douglas County Libraries elevates our community by inspiring a love of reading, discovery and connection

OUR CORE VALUES

Welcoming to All

Continual Growth

Authentic Relationships

Executive Library Director's Report

Bob Pasicznyuk, April 2021

Business Plan and Performance - Now

Vibrant Libraries. In April, DCL's Community Engagement Team is driving awareness that our Library is open and welcoming to all through *Saturday Pick Me Ups*. We are inviting customers via our website, in-branch communications, email, and social media channels to stop by their branch and pick up a fun surprise. Branch Operations is greeting these customers with a specially designed activity in addition to their gift.

Beyond our Walls. DCL is working alongside Douglas County Health and Human Services to recognize and support Mental Health Awareness in May**.**

- Direct our collection displays to highlight awareness of mental health issues
- Curate and offer digital lists and sources via our catalog and website
- Promote positive mental health messaging via our digital and social meeting channels

Solid Foundations / Infrastructure. On April 5, we processed our first live payroll through the new HR platform, **Paylocity**. Moving to Paylocity will allow us to realize many efficiencies and cost savings as it combines multiple HR functions under a single Human Resources Information System (HRIS), including payroll, timekeeping, scheduling, benefits, onboarding, and recruiting. Payroll, timekeeping, and employee self-service were implemented in April.

- Benefits, scheduling, and general ledger reporting are scheduled for May.
- Onboarding, recruiting, and COBRA administration are scheduled for June.
- Affordable Care Act (ACA) reporting, employee action forms, and employee handbook acknowledgments are scheduled for July.

Our Finance team continues to completely overhaul our accounting systems, financial reporting, and processes. In August 2020, DCL purchased the **IntAccct** software package and implementation services from RSM US LLP.

2020 Milestones

– October	Workflow and data structure requirements
– December	Finance staff training; financial and fixed asset migrations
– January	Transaction processing on a manual basis

2021 Accomplishments

– February	Automate expenses approvals via the *Tallie* sub-system
– March	Validate report functions with Q4 data. Customize manager dashboards

Following Board approval in March, our Castle Rock Facility Project Team worked to define and negotiate the facility program (a list of each space - its size, use, and design expectations). Early in May, the team will complete an overall facility design concept that meets the needs of the program. The design concept focuses on getting the big ideas right including the contents of each floor, book drop service, delivery needs, and customer flow. The team also briefed Castle Rock Town Council on the project and gathered their ideas about the project.

Business Plan and Performance - Planning for the Future

DCL staff and stakeholders are huddling in May to identify goals driving budget and planning around strategic priorities.

- Wednesday, May 5th: Vibrant Libraries
- Wednesday, May 12th: Beyond our Walls
- Wednesday, May 19th: Community Needs
- Wednesday, May 26th: Solid Foundations

Managers will take the lead in responding to these goals informing our work plan and budget season from now through 2022.

COVID Transitions, Planning, and Business Implications

On Friday, April 16, 2021, Colorado public health orders delegated the details of health restrictions to counties. Mask orders remain as the single state-wide requirement. In anticipation of that transition, the Douglas County Commission passed a resolution ending health requirements for 6-foot distancing – the most significant restriction affecting library capacities, operations, and programs. Face coverings are now the remaining restriction affecting customers. Our Library has been open to the public with few limitations since June 2020. Still, the library will thicken its furniture plans and layouts over time. Youth and family programs will move back to in-person offerings in May. Kids Corners (storytime classrooms) were open to the public with the change in statewide orders on the 16th. The Parker play area is the outlier as it remains closed for demolition and install of our new playscape for debut in May. Evening hours are now scheduled for restoration the first full business week of July – July 5, 2021. To borrow a hockey metaphor, our Summer Reading, camps, and traditional seasonal offerings now full strength.

Business Reorganization and Change

Library Leaders met in facilitated groups this month to check in around communication and change-management needs. Leaders discussed roles, communication needs, and what collaboration looks like working together.

Trending in the Profession

The Colorado Association of Libraries Legislative Committee is working with policymakers to sequester infrastructure renewal dollars for library facility and capital projects. If the legislature allocates these funds, DCL will compete alongside peers for our Castle Rock project.

Future Forward – Discussion about Our Future

By a 4-3 vote, The Castle Rock Town Council passed, on first reading, approval of *The View* development which will become the largest residential development in downtown Castle Rock.

The second reading vote is scheduled for Tuesday evening, April 20, 2021.

Board Talking Points

No Leaf Unturned – Castle Rock Rebuild. Community support has kept Douglas County Libraries blazing trails and growing for over thirty years.

Because we continue to care for our resources and want to offer all of our customers premium experiences, we are excited to launch the third phase of our library improvement campaign, to fund and renovate libraries in and for our community.

Thank you for allowing us to serve you! We look forward to building a new library in Castle Rock, and continuing to bring new, innovative features to all of our libraries, so we can grow with you, your family, and our community for years to come.

May Mental Health Awareness Month. DCL is supporting the promotion of Mental Health Awareness Month in May by offering curated displays of collections at library locations, digital lists in the online catalogue, and by spreading positive messaging through their social media channels.

Strategic Planning. DCL is drafting its next strategic plan. The new plan will have four Strategic Priorities: Vibrant Libraries, Beyond our Walls, Community Service, and Fortifying Infrastructure. Staff is currently working on goal setting and will move into tactical planning this summer in order to align the 2022 budget with the plan.

Library Team Reports and Accomplishments

Customer Experience Division Report.
Operations

- We continue to evaluate staffing as we have movement and attrition. In the past month we have had 4 division librarians move to new positions in DCL, including two promotions to supervisor positions.
- Our Materials Handling department is hiring temporary summer staff to assist with the expected increase in circulation.
- Our Branch Operations Specialists continue to explore scheduling efficiencies and options to migrate to Paylocity, our new HR system. This team has established “must haves” that must be met before moving to a new system.

Branch Activities & Services

- Several Youth & Family Services (YFS) staff attended the Rocky Mountain Early Childhood Conference this month. Among other learnings, Denver Public Library staff debriefed on their virtual storytime learnings – we were able to validate that many of our practices and trial-and-error learnings aligned with other libraries around the region. Our YFS staff also did a customer survey on virtual storytime and received some very positive feedback a few comments include:

- Thank you for offering story time. It's wonderful and they really do a fantastic job!
- We've really enjoyed all the different story times we've attended and don't have any recommendations for improvement. I think all the librarians do an excellent job.
- You are awesome as always

We also learned that one major upside of "going virtual" this past year has been our ability to provide storytimes on snow days! Although the library was closed on 3/15 due to weather, library staff delivered storytime from their home! (Pictures below)

- Beginning April 26th we will offer outdoor storytimes weekly in April/May, then add an additional day in Lone Tree and Highlands Ranch in June and July. We're still working with the parks in Castle Rock and Parker to determine if a second day is available. Castle Pines and Roxborough will continue to be once per week.
- Our Customer Experience Department planned fun branch activities to celebrate spring in coordination with the Community Engagement "Pick me Ups." Saturdays in April have included a spring photo booth and butterfly craft (photos below).

Volunteer Services Annual Report.
Happy National Volunteer Appreciation Month! Douglas County Libraries is excited to recognize and appreciate you and all volunteers this and every month. Our volunteers continue to make an impressive and measurable impact at DCL. Volunteers are back in the branches and helping us in shelving, curbside delivery, used bookstores, online sales, and assembly of gift bags for senior citizens, and upcoming events including Storybook Holidays, Fairytale Balls, camps and birthday parties.

And even in a pandemic year, nearly 1,000 volunteers contributed almost 17,000 hours to DCL in 2020 —that's $450,000 in donated time. Many volunteers contributed virtually or performed work-from-home projects at a time of need for our community. Twenty-eight of these volunteers earned a President's Volunteer Service Award, a national award presented by the President's Council on Service and Civic Participation that honors those who inspire others to engage in volunteerism. In addition, our board of directors earned a silver award to be delivered in the next few weeks.

Earlier in 2021, we became recertified as a national Service Enterprise Organization. This designation signifies our commitment to best practices for engaging volunteers. The national Service Enterprise Initiative, led by Points of Light, helps nonprofit organizations leverage volunteers and their skills to address community needs. To date, we continue to evaluate and refine in order to maintain certification and exceptionally serve our community.

The Volunteer Connect Douglas County portal, managed by Douglas County Libraries on behalf of the PDCG, reached a major milestone passing the 15,000 mark for number of active volunteers signing up to give back to their community! In addition, it's been the central point for Douglas County organizations to find volunteers able to help thru the pandemic.

We look forward to celebrating you at a safe districtwide appreciation event on Sunday, May 16th at our Parker branch with caddystacks and crepes.

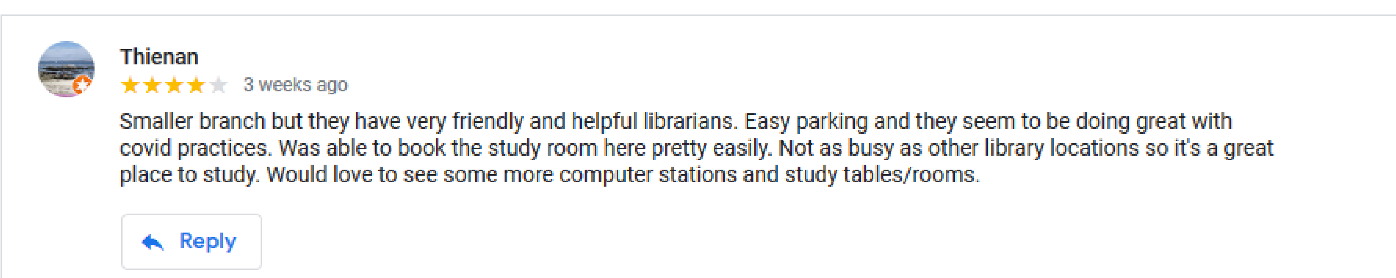
Volunteering – A Second Chance.
Castle Pines welcomed a new volunteer on April 14th to help with the donation shift days that have replaced daily book donations during Covid.

This new volunteer Chad has had some challenges in it his past. Volunteer Services Coordinator Tracy Martinez met Chad the week before his donation shift began to evaluate his ability to help with the shift and work with the public. She found him to be a very good conversationalist!

Chad received a disturbing the peace citation and was declared insane in 2009 and has been receiving treatment/counseling since then. His counselor encouraged him to find a volunteer position to give back to his community. Chad is a middle aged gentleman who lives in Castle Pines with his mom. He walks to his new weekly 4-hour shift, 40 minutes each way, because he loves the library and to find a way to become a part of his community.

Ali Ayres, shares "One of the things we appreciate most in the volunteer world is that we can give people second chances. "

What They Are Saying About Us


Thienan
★★★★☆ 3 weeks ago
Smaller branch but they have very friendly and helpful librarians. Easy parking and they seem to be doing great with covid practices. Was able to book the study room here pretty easily. Not as busy as other library locations so it's a great place to study. Would love to see some more computer stations and study tables/rooms.
Reply

dclcolorado ...

and other things are back soon!

1w 1 like Reply

— Hide replies

dclcolorado @mikharlenn Thank you for the feedback! We are looking forward to adding more events very soon!

6d Reply

modpearce I'm proud of our DCL and all who work there! They have continued to deliver amazing programs and services over this past year! ❤️ #librarylove

20 likes

APRIL 10

Add a comment... Post

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Douglas County Libraries

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#authorquotes #helenoyeyemi #qotd #spring #springtime #springquote #library #libraries #librariesofig #librariesofinstagram #bibliophile #beauty #beautiful #quote #inspirationalquote #inspired

1w

laurenecannadybeeler Thanks so much for a fun Saturday!! We already planted our little ladybug seeds 🙃

1w 1 like Reply

28 likes

APRIL 11

Add a comment... Post

Ilango J
★★★★★ 2 weeks ago
Nice hospitality, wonderful people there for helping us.

Reply

Musette Steger
★★★★★ 2 weeks ago
So nice. Staff was incredibly helpful. And it was awesome to be able to be back in the library with all those books!

Reply

Media Highlights

- Parker Lifestyle Magazine: A Storybook Holiday: The Tale of Peter Rabbit
- Douglas County News-Press: Starting a Business as a Second Career
- Douglas County News-Press: Starting Your Own Business Later in Life
- Castle Pines Connection: A Storybook Holiday Event
- Castle Pines Connection: The Love of Books
- Highlands Ranch Lifestyle Magazine: A Storybook Holiday: The Tale of Peter Rabbit

Upcoming Happenings

Saturday Pick-Me-Up!
Saturdays in April, 10AM-2PM, All DCL Locations
We love Saturdays, and what better way to brighten your day than with a springtime Pick-Me-Up! Visit any DCL location each Saturday in April from 10AM-2PM for fun activities and giveaways for all ages (while supplies last).

Quarantine(ish) Quiz Show
Friday, May 4, 7 PM Virtual Program
The Quarantine(ish) Quiz Show is back in 2021! This is the final installment of our Star Wars series - May the Fourth style! This month will feature supplemental movies and series in the Star Wars universe - The Mandalorian, Rogue One, Star Wars Rebels, and Solo. Grab all your padawans and join us for this special event!

Outdoor Storytimes
Various Times & Locations
Join us for Storytime in the great outdoors; space is limited and registration is required. Visit dcl.org for details.

CAMP DCL: SUMMER CAMPS
JUNE 7-AUGUST 6
Kids ages 4-11 can experience out-of-this-world fun at Camp DCL this summer! Choose from weeklong half-day camps or full-day camps at select locations (at a 10% discount). Full-day campers will stay at their camp location each day and must bring a nut-free lunch daily.