

Pikes Peak Library District

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

Comprehensive Annual Financial Report
For the year ended December 31, 2017

Board of Trustees

(As of December 31, 2017)

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Chief Librarian and Chief Executive Officer
John Spears

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

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June 23, 2018

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

Dear Trustees:

I am pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Pikes Peak Library District (the District) for the year ended December 31, 2017.

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

Please refer to pages 31 to 42 for the section of the CAFR called "Management's Discussion and Analysis." This section provides a discussion of the significant issues and analysis of the District's 2017 financial statements.

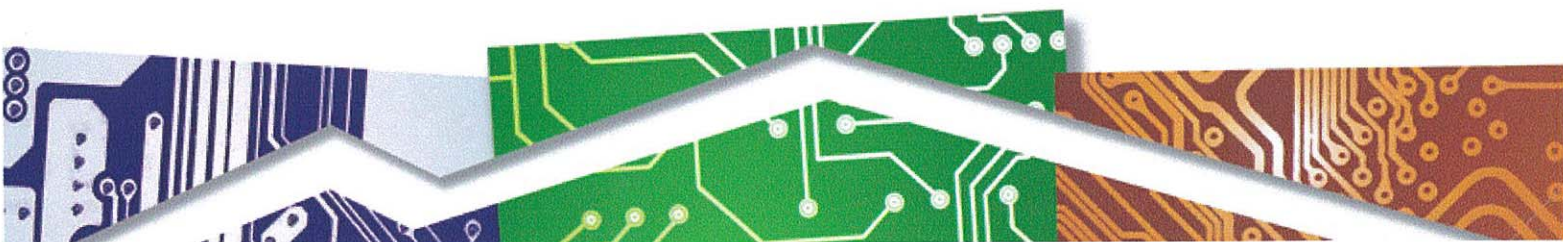
Last year's CAFR received the Certificate of Achievement for Excellence in Financial Reporting from the GFOA for the twenty-sixth consecutive year. This award represents affirmation that the District has achieved excellence in financial reporting. The District will submit the 2017 CAFR for recognition again this year.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'John Spears', is enclosed in a light blue rectangular box.

John Spears
Chief Librarian and Chief Executive Officer



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June 23, 2018

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

State law requires that every general-purpose local government publish within seven months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2017.

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

BKD, LLP, our independent certified public accountants, has issued an unmodified (“clean”) opinion on the Pikes Peak Library District’s (the District or PPLD) financial statements as of and for the year ended December 31, 2017. The independent auditor’s report is located at the front of the financial section of this report.

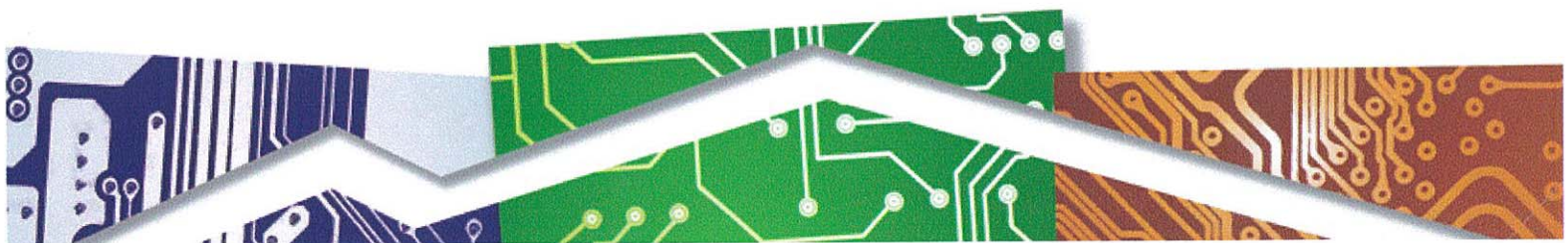
Management’s Discussion and Analysis (MD&A) immediately follows the Independent Auditor’s Report, and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

Government Structure

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

The District has one component unit affiliation: the Pikes Peak Library District Foundation, Inc. (a discretely presented component unit), organized in 2003 to raise funds for the sole benefit of the District.



The District provides library services to all of El Paso County, excluding the Security/Widefield School District #3. Security/Widefield and the Town of Manitou Springs did not join the District when it was formed in 1962. The Town of Manitou Springs subsequently voted to join PPLD effective January 1, 2013.

There are 14 active library facilities located in the District service area and three mobile libraries covering a service area of approximately 2,070 square miles. The District owns seven facilities – East Library, Fountain Library, High Prairie Library, Library 21c (opened to the public in June 2014), Old Colorado City Library, Penrose Library Complex, and Sand Creek Library – and leases the other seven facilities – Cheyenne Mountain Library, Manitou Springs Library, Monument Library, Palmer Lake Library, Rockrimmon Library, Ruth Holley Library, and Ute Pass Library. Additionally, the District maintains an automated Express Library at First & Main Town Center and the mobile library fleet delivers service to remote sites and to special non-mobile populations.

The District's Administrative divisions include the Chief Librarian and Chief Executive Officer's Office, the Finance and Business Office, Support Services (human resources and facilities operations), Information Technology and Virtual Services (information technology and collection management operations), and the Community Engagement and Outreach Office (public relations, video production, and design/print operations). The District also has its Public Services division (children's services, adult and teen services, special collections, mobile services, and community libraries, circulation and shelving, literacy and security operations).

The District's Board of Trustees consists of seven members. A joint committee comprised of members of El Paso County Commissioners and the City of Colorado Springs Council appoints Library Board Members to five-year terms of office. Appointees serve a maximum of two five-year terms. The Trustees convene at regular meetings and at special meetings when necessary to conduct the business of the District. Trustees are prohibited by law from receiving compensation and their duties and responsibilities are defined in law (C.R.S. 24-90-109).

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

About Pikes Peak Library District

PPLD is the second largest library district in Colorado. Established in 1903, PPLD serves 639,625 residents in El Paso County by providing 896 hours of library service a week across 2,070 square miles. PPLD's 14 facilities, online resources, and mobile library service provide access to materials, technology, spaces, and programs that are critical to the public, making it a vital force for individual and community transformation.

PPLD has an employee base of 460 full and part-time staff, and utilizes roughly 1,997 volunteers. PPLD serves all of El Paso County (with the exception of Security and Widefield), including all unincorporated areas, and the municipalities of Colorado Springs, Fountain, Manitou Springs, Monument, Palmer Lake, Falcon, Ellicott, and Calhan.

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

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

Pikes Peak Library District
Strategic Plan 2017-2020



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

The history of public libraries in the Pikes Peak Region began in October 1885 when the Colorado Springs Social Union established a library on the corner of Tejon and Cucharras Streets in downtown Colorado Springs. In 1905, a new library opened at 21 West Kiowa Street with funds donated by Andrew Carnegie and land granted by General William Jackson Palmer.

MAJOR INITIATIVES IN 2017

The year 2017 saw the multitude of initiatives and projects that were seeded in 2016 take root and grow for PPLD. The major project of the addition of a digital media center and “audio” makerspace in the Sand Creek Branch in southeastern Colorado Springs came to fruition in September of 2017, with a weeklong grand opening event. Pikes Peak Library District Foundation was able to secure a \$50,000 grant from Comcast, and cover an additional \$50,000 for the Sand Creek project. The remaining monies needed were made up by reallocating Library District funds.

PPLD established their Career Online High School initiative in 2017. This nationally accredited 18-month program allows students to earn a high school diploma, prepare for career entry or advancement by earning a career certificate and gain employment search skills and support tools. The first class of graduates received their certificates in the summer and another strong class was underway by Fall. The program is no cost to students, while PPLD gives support equaling approximately \$1,200 for each student.

The year 2017 saw PPLD complete its review of all standing policies. One of the products of this extensive review was the elimination of fines for overdue books and materials. First, children and juvenile overdue fines were eliminated and, by year’s end, all fines were waived. During 2018, the District elected to make the elimination of fines permanent for most items. The PPLD Leadership Team, in concert with the Board of Trustees, revisited the District’s Strategic Plan. After extensive dialogue and research, a new Plan was rolled out in the summer of 2017.

The year 2017 was also a successful year for launching a *Human Library* at PPLD. The first Human Library was held at Penrose Library in March. It was so successful that a second edition was held in September. There is planning for a third installment in March of 2018.

Nearly five thousand (5,000) people attended the fourth Annual Maker Faire at Library 21c in October of 2017. The event, with experiential learning opportunities filled Library 21c, intriguing the overflow crowd. Over 60 various community makers set-up interactive booths to the delight of the fair-goers. Plans are already underway for the fifth Annual Maker Faire in October of 2018.

For the third year running, PPLD once again surpassed 1 million digital circulations in 2017 through OverDrive, one of the digital distributors on PPLD’s CyberShelf. This milestone again made PPLD the only library system in Colorado to reach this impressive milestone and was placed PPLD digital circulations in the top ten of national libraries.

LOCAL ECONOMY

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

Population

As of December 31, 2017, the population of El Paso County is 698,353 (the District's legal service is 639,625 and is included in this total). Colorado Springs, the largest municipality within El Paso County (the County), is the 40th largest city in the nation. The County's population has increased by approximately 178,500 since 2000, with approximately half of the increase due to in-migration and the balance due to natural growth.

Age

The projected median age for El Paso County is 34.4 at the end of 2017. The following are estimates of the population for El Paso County by certain age categories:

	<u>2017</u>		<u>2016</u>	
Under 15	142,475	20.4%	145,735	21.3%
15-24	112,412	16.1%	106,986	15.6%
25-44	188,375	27.0%	180,790	26.4%
45-64	170,320	24.4%	170,697	24.9%
65+	84,771	12.1%	81,123	11.7%
Total	<u>698,353</u>		<u>685,331</u>	

Industries

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

	<u>2017</u>	<u>2016</u>
Government, including military	18.1%	18.1%
Professional and business	15.1%	15.6%
Wholesale and retail trade	15.7%	15.5%
Education, health care	13.8%	13.5%
Leisure and hospitality	12.9%	13.0%
Financial	6.4%	6.3%
Manufacturing	4.0%	4.2%
All other	14.0%	13.8%

Wage/Salary

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

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

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

Occupation	2017 Annual Wages	2016 Annual Wages
Accountants and Auditors	\$ 76,940	\$ 73,230
Bank Tellers	28,600	27,970
Bookkeeping, Accounting, and Auditing Clerks	36,180	35,080
Carpenters	41,930	41,340
Civil Engineers	92,330	82,730
Computer Programmers	99,000	89,610
Correctional Officers	68,980	56,710
Dental Hygienists	77,300	75,920
Electrical Engineers	105,870	106,350
Elementary School Teachers	47,290	46,110
Executive Secretaries	51,740	50,350
Financial Analysts	91,960	87,730
Graphic Designers	54,380	50,200
Order Clerks	26,950	32,540
Payroll Clerks	43,630	42,680
Physicians and Surgeons	235,520	248,440
Property Managers	68,250	77,320
Social Workers	65,650	63,360
Systems Analysts	93,710	94,340

Consumer Spending

Retail sales for 2017 were about 4.3% higher than 2016. Population and per capita income drive consumer spending. Both are expected to increase in the future.

Cost of Living

Colorado Springs' cost of living index for 2017 was 95.7, which is slightly lower than the nation as a whole. The following chart compares the cost of living index for Colorado Springs to other cities:

	2017	2016
Seattle, WA	149.0	145.1
Los Angeles, CA	148.0	142.3
Portland, OR	129.3	128.5
Denver, CO	112.0	110.4
Las Vegas, NV	102.5	104.3
Dallas, TX	102.1	100.4
National Average	100.0	100.0
Salt Lake City, UT	97.1	93.8
Colorado Springs, CO	95.7	94.0
Phoenix, AZ	95.0	97.0
Albuquerque, NM	94.9	94.9
Boise, ID	92.5	91.5

Housing

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

The following chart compares the average price of a new 2,400 sq. ft. home in Colorado Springs to other cities at the end of 2017.

	2017	2016
Los Angeles, CA	\$ 786,269	\$ 686,082
Seattle, WA	649,370	563,432
Portland, OR	507,368	466,921
Denver, CO	442,949	413,831
Las Vegas, NV	375,990	360,554
National Average	336,448	326,999
Phoenix, AZ	317,372	308,054
Salt Lake City, UT	317,989	306,902
Colorado Springs, CO	312,724	294,987
Dallas, TX	317,177	276,604
Boise, ID	297,092	267,833
Albuquerque, NM	314,655	313,411

At the end of 2016, apartment rental rates are equally reasonable when compared to approximately 950 square foot apartments with two bedrooms and one and a half or two full baths in other cities:

	2017	2016
	Per Month	Per Month
Los Angeles, CA	\$ 2,633	\$ 2,510
Portland, OR	2,482	2,461
Seattle, WA	2,366	2,050
Denver, CO	1,414	1,469
Colorado Springs, CO	1,201	1,104
Dallas, TX	1,318	1,058
National Average	1,044	1,008
Las Vegas, NV	1,043	1,000
Phoenix, AZ	1,032	974
Salt Lake City, UT	1,010	954
Boise, ID	893	795
Albuquerque, NM	968	960

Tourism

Tourism remains one of the main draws to the Colorado Springs area. More than 23 million visitors per year put nearly \$2.25 billion dollars into the local economy. Top attractions include the world-renowned Garden of the Gods followed by the United States Air Force Academy. Most visitors to the Colorado Springs area come from Colorado followed by Texas and California.

Roads

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

Airport

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

Legislation

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

Education

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

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

	2017 Total Enrollment	2016 Total Enrollment
Pikes Peak Community College	15,299	13,572
University of Colorado at Colorado Springs	12,258	11,696
United States Air Force Academy	4,237	4,111

National Rankings

- **Colorado** ranked #1 in the Economic Growth Potential category of Business Facilities' 13th Annual Rankings Report in 2017. Rankings are partly based on the amount of venture capital flowing into the state.
- Colorado Springs ranked #1 Mid-sized American City for Human Capital and Lifestyle in fDi Intelligence's American Cities of the Future 2017/18 report.
- In Forbes' 2017 Best States for Business report, Colorado ranked #1 for Labor Supply, #3 for Economic Climate, and #4 for Growth Prospects
- Colorado Springs ranked #2 on WalletHub's 2017 Best & Worst Places for Veterans to Live by WalletHub based on 17 key indicators of livability, affordability and veteran-friendliness.
- Colorado Springs ranked #5 on WalletHub's 2017 Best Big Cities to Live in list. The study ranked the 62 largest cities in the U.S. and judged them on 50 different factors, such as education, housing costs, affordability, quality of local health care and violent crime statistics.
- Colorado Springs ranked #6 in Trulia's Hottest Real Estate Markets to Watch in 2017. The list is based on five key metrics including high affordability, strong job growth, and low vacancy rates.
- Colorado Springs ranked #11 on U.S. News and World Report's 2017 Best Places to Live list. The magazine analyzed each city's job market, cost of living, quality of life, and desirability.

- Colorado Springs' millennial (those born between 1981 and 1997) population increased by 14.7% between 2010 and 2015, the highest increase in the nation, according to a study from the Brookings Institution's Metropolitan Policy Program.

OTHER ITEMS

Internal Controls

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

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

The Chief Librarian and Chief Executive Officer has the authority to negotiate and sign regular operational contracts, and to approve expenditures up to \$100,000. The Chief Financial Officer can authorize purchase orders under \$50,000. Purchases in excess of \$100,000 are submitted to the Board of Trustees for approval. These, and other stipulations, are included in an extensive Financial Guidelines Policy, which was approved by the Board of Trustees.

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

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

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

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

FINANCIAL POLICIES

The 2017 CAFR has been prepared in compliance with the District's Financial Guidelines without exception.

AWARDS and ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Pikes Peak Library District for its Comprehensive Annual Financial Report for the year ended December 31, 2016. This was the 26th consecutive year that the District has received this prestigious award.

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

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

Finally, we would like to offer special thanks to the following individuals who are (or have been) employed by the District's Finance Office, and whose efforts and contributions made the preparation of the 2017 CAFR a success:

Dana Austin, Sarah Brooks, Dawn Ouradnik, John Sittig, Tatiana Zonte, Merry Zumwalt

Respectfully submitted,



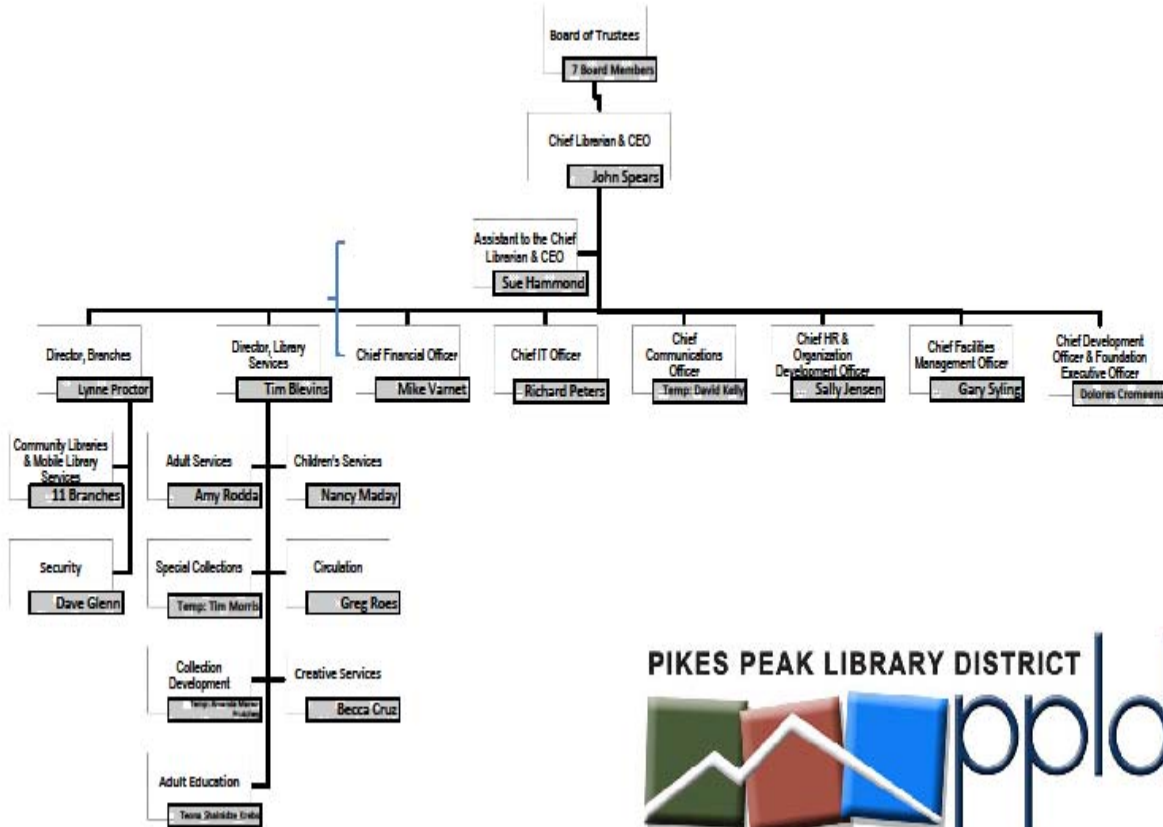
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Executive Director



Michael E. Varnet, CPA, CPFO
Chief Financial Office

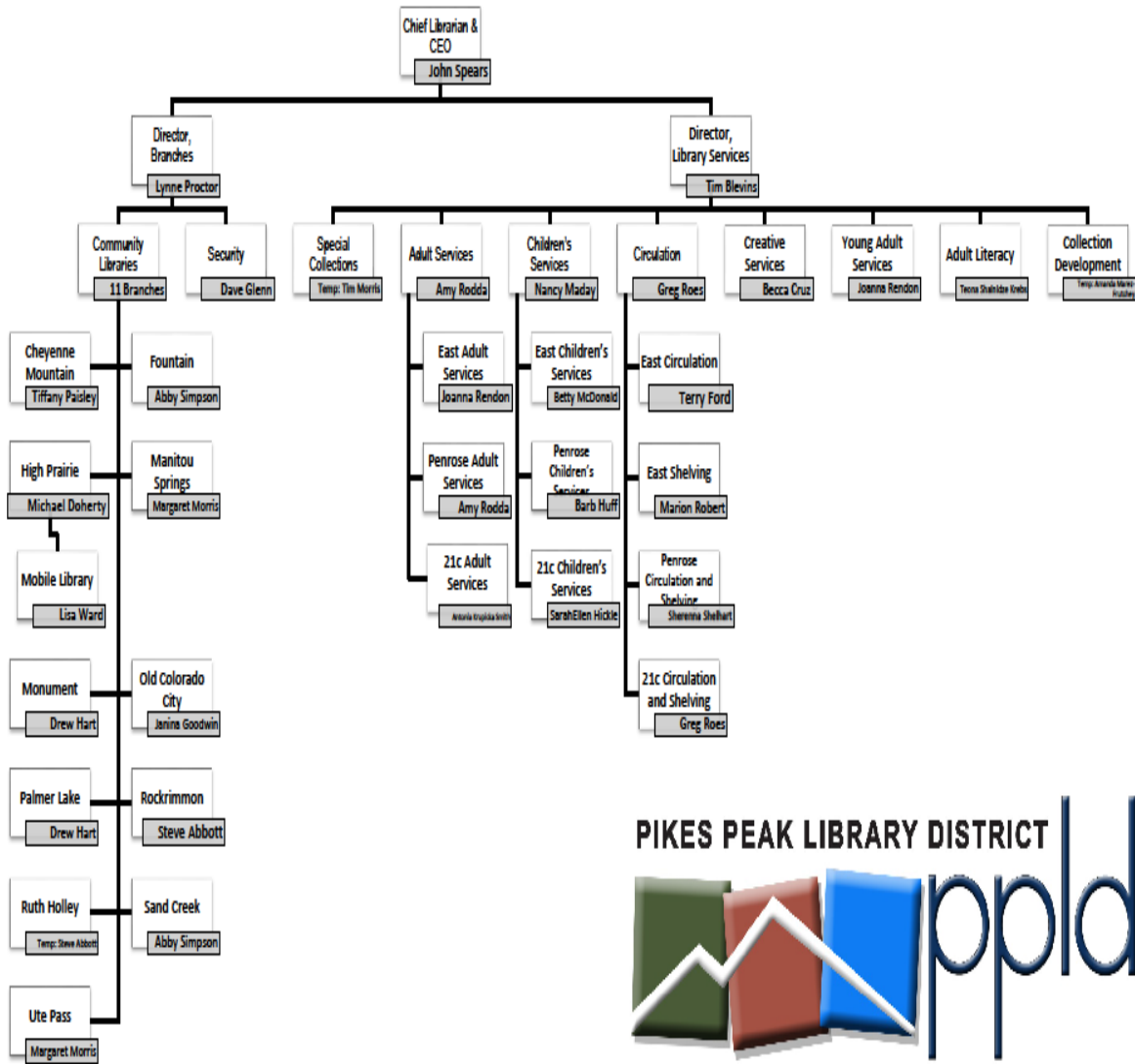
Pikes Peak Library District Organizational Chart

Updated: 2/16/2018



Pikes Peak Library District Public Services Organizational Chart

Updated: 2/16/18



**Chief Librarian and
Chief Executive Officer's Leadership Team
December 31, 2017**

John SpearsChief Librarian and Chief Executive Officer

Sean AnglumChief Communications Officer

Dolores Cromeens.....Chief Development Officer and Foundation Executive Officer

Sally Jensen.....Chief Human Resources and Organizational Development Officer

Janice McPhersonDirector Library Services

Lynne Proctor Director Branches

Gary Syling Chief Facilities Management Officer

Rich PetersChief Information Technology Officer

Michael Varnet, CPA, CPFO..... Chief Financial Officer

Sue Hammond.....Assistant to the Chief Librarian and Chief Executive Officer

**Pikes Peak Library District
List of Managers
As of December 31, 2017**

<u>Manager's Name</u>	<u>Job Title</u>
Abbott, Steve	Librarian 2, Rockrimmon Library
Hickle, SarahEllen	Librarian 2, Children's Services Library 21c
Blakely, Evelyn	Community Library Supervisor, Old Colorado City Library
James Blevins	Division Head, Special Collections
Vacant	Community Library Manager, Ruth Holley/High Prairie Libraries
Cruz, Rebecca	Manager, Creative Computer Commons
Tim Morris	Manager, Special Collections
Terry Ford	Supervisor, East Library Circulation Services
Doherty, Michael	Librarian 2, High Prairie Library
Franklyn, Virginia	ITVS Administrator, Website
Fuqua-Jones, Linda	Community Library Supervisor, Palmer Lake Library
Garcia, David	Facilities Lead, East Library Facilities
Garcia, Lisa	Community Library Supervisor, Sand Creek Library
Glenn, David	Program Supervisor, Security
Hart, Andrew	Librarian 2, Monument/Palmer Lake Libraries
Foye, Laura	Community Library Supervisor, High Prairie Library
Horch, Kandiss	Community Library Supervisor, Monument Library
Huff, Barbara	Librarian 2, Penrose Library Children's Services
Krow, Cecile	Supervisor, Cheyenne Mountain Library
Lanaux, Juanita	ITVS Administrator, Support
London, Laura	Community Library Supervisor, Rockrimmon Library
Maday, Nancy	Division Head, Children's Services
Fletcher, Mark	Community Library Supervisor, Fountain Library
McDonald, Elisabeth	Librarian 2, East Library Children's Services
Rodda, Amy	Division Head, Adult Services
Morris, Margaret	Community Library Manager, Manitou Springs, Ute Pass Library
Osborne, Randall	Facilities Lead, Penrose Library Facilities
Krupicka-Smith, Antonia	Librarian 2, Adult Services 21c
Porch, Karen	Community Library Supervisor, Ruth Holley Library
Paisley, Tiffany	Community Library Manager, Cheyenne Mountain/
Abbott, Steve	Community Library Manager, Rockrimmon Libraries
Robert, Marion	Supervisor, East Library Shelving Services
Rendon, Joanna	Manager, Adult Services
Marez-Frutchey, Amanda	Librarian 2, Adult Services Interlibrary Loan
Roes, Greg	Supervisor, Penrose Library Circulation Services
Roes, Greg	Manager, Circulation Services
Goodwin, Janina	Community Library Manager, Old Colorado City/Ute Pass Libraries
Shainidze-Krebs, Teona	Manager, Literacy
Simpson, Abigail	Community Library Manager, Fountain/Sand Creek Libraries
Vacant	Manager, Finance
Vacant	Division Head, Collection Management
Ward, Lisa	Supervisor, Mobile Library Services



Government Finance Officers Association

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**Pikes Peak Library District
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morrill

Executive Director/CEO

Independent Auditor's Report

Board of Trustees
Pikes Peak Library District
Colorado Springs, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Pikes Peak Library District (the District), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Board of Trustees
Pikes Peak Library District

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Pikes Peak Library District as of December 31, 2017, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The 2017 combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2017 combining and individual fund statements and schedules are fairly stated, in all material respects in relation to the basic financial statements as a whole. We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the District's basic financial statements as of and for the year ended December 31, 2016, which are not presented with the

Board of Trustees
Pikes Peak Library District

accompanying financial statements. In our report dated June 21, 2017, we expressed unmodified opinions on the respective financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. In our opinion, the 2016 comparative combining and individual fund financial statements and schedules supplementary information is fairly stated in all material respects in relation to the basic financial statements as of and for the year ended December 31, 2016, taken as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BKD, LLP

Colorado Springs, Colorado
June 12, 2018

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Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2017

As management of the Pikes Peak Library District, we offer readers of the Pikes Peak Library District financial statements this narrative overview and analysis of the financial activities of the Pikes Peak Library District (the District or PPLD) for the year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 11 through 21 of this report.

Financial Highlights

- The District's total assets and deferred outflows of resources was \$79,203,063 as of December 31, 2017. Included in this total is current assets of \$41,283,472 (primarily cash and investments of \$13,914,781 and property taxes receivable of \$26,589,594), noncurrent assets (capital assets) of \$36,862,309, and deferred outflow of resources (pension-related amounts) of \$1,057,282.
- The District's total liabilities and deferred inflows of resources was \$40,459,621 as of December 31, 2017. Included in this total is current liabilities of \$2,360,801 (accounts payable of \$1,210,439 and accrued compensation payable of \$1,150,362), noncurrent liabilities of \$10,790,009 (accrued compensation absences of \$1,242,222 and net pension liability of \$9,547,787), and deferred inflows of resources of \$27,308,811 (property taxes of \$26,589,594 and pension-related amounts of \$719,217).
- The District's assets exceed its liabilities by \$38,743,442 (net position) as of December 31, 2017.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$36,767,440 includes property and equipment, net of accumulated depreciation.
 - (2) Net position of \$1,004,708 is restricted by constraints imposed from outside the District, such as gifts, grantors, laws or regulations.
 - (3) Unrestricted net position of \$971,294 represents the portion available to maintain the District's continuing obligations to citizens and creditors. As discussed below, the District implemented GASB Statement No. 68 effective January 1, 2015. As of December 31, 2017, the District's proportionate share of the Net Pension Liability was \$9,547,787. This balance is included in the unrestricted net position.
- The District's total assets in its Governmental Funds was \$42,665,973 as of December 31, 2017 (primarily cash and investments of \$13,392,415 and property taxes receivable of \$26,589,594).
- The District's total liabilities of its Governmental Funds was \$3,700,888 as of December 31, 2017 (accounts payable of \$1,138,907, accrued compensation payable of \$617,981, and amounts due from other funds of \$1,944,000).
- The District's total deferred inflows of resources was \$26,677,240 (property taxes of \$26,589,594 and unavailable fund resources of \$87,646).

Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2017

- The District's General Fund reported total ending fund balance of \$10,432,837 as of December 31, 2017. This compares to the prior year ending fund balance of \$9,290,771, showing an increase of \$1,142,066 during the current year.
- At the end of the current calendar year, unassigned fund balance for the General Fund was \$7,848,739, or 28%, of total General Fund expenditures, including transfers for the year ended December 31, 2017.
- Overall, the District continues to maintain a moderately strong financial position.

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

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

Both government-wide financial statements distinguish governmental activities of the District that are principally supported by property taxes and from business-type activities that are intended to recover all

Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2017

or a significant portion of their costs through user fees and charges. Governmental activities include general library operations. The District has no business-type activities.

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

The government-wide financial statements are presented on pages 43 through 48 of this report.

Fund Financial Statements

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

The District has the following fund types:

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

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

The basic governmental fund financial statements are presented on pages 49 through 52 of this report.

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

The basic internal service fund financial statements are presented on pages 53 through 55 of this report.

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

Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2017

The basic fiduciary fund financial statement can be found on page 56 of this report.

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

Other Information

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

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

Financial Analysis of the District as a Whole

The District's net position at calendar year-end is \$38,743,442. The following table provides a summary of the District's net position as of December 31, 2017 and 2016:

	Summary of Net Position			
	2017		2016	
	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total
Assets				
Current and other assets	\$ 41,283,472	53%	\$ 39,749,233	51%
Capital assets	36,862,309	47%	37,486,467	49%
Total assets	78,145,781	100%	77,235,700	100%
Deferred Outflows of Resources	1,057,282	100%	1,426,744	100%
Liabilities				
Current liabilities	2,360,801	18%	1,982,471	16%
Noncurrent liabilities	10,790,009	82%	10,710,962	84%
Total liabilities	13,150,810	100%	12,693,433	100%
Deferred Inflows of Resources	27,308,811	100%	26,332,263	100%
Net Position				
Net investment in capital assets	36,767,440	95%	37,308,714	94%
Restricted	1,004,708	3%	956,559	2%
Unrestricted	971,294	3%	1,371,475	4%
Total net position	\$ 38,743,442	100%	\$ 39,636,748	100%

Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2017

The District continues to maintain a moderately high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. However, to make this ratio meaningful, we have eliminated the property taxes receivable for governmental activities. After this elimination, governmental activities' current assets are \$14,693,878. As a result, the current ratio for the District overall is 6.2 to 1, which is comparable to the December 31, 2016 ratio of 7.1 to 1. This ratio is strong.

The District reported positive balances in net position. Net position decreased by (\$893,306) for governmental activities.

Approximately 95% of the District's net position is comprised of capital assets as of December 31, 2017. The District uses these capital assets to provide services to its citizens.

The following table provides a summary of the District's changes in governmental activities' net position for the years ended December 31, 2017 and 2016:

	Summary of Changes in Net Position			
	2017		2016	
	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total
Revenues				
Program				
Charges for services, sales and fines	\$ 274,186	1%	\$ 494,493	2%
Operating grants/donations	596,824	2%	377,871	1%
Capital grants/donations	342,593	1%	269,621	1%
General				
Taxes	29,310,125	95%	27,673,192	95%
Other	370,425	1%	251,979	1%
Total revenues	<u>30,894,153</u>	<u>100%</u>	<u>29,067,156</u>	<u>100%</u>
Program expenses				
Public services	20,382,695	65%	13,251,004	45%
Administrative services	3,914,245	13%	3,823,660	13%
Chief Librarian and CEO's Office	474,077	1%	466,816	1%
Finance Office	551,706	2%	522,810	2%
Information Technology Office	1,868,122	6%	7,631,440	26%
Communications Office	830,962	3%	764,629	3%
Other administration	3,222,456	10%	3,116,763	10%
Total expenses	<u>31,244,263</u>	<u>100%</u>	<u>29,577,122</u>	<u>100%</u>
Special item - TABOR refund	<u>(543,196)</u>		<u>(57,073)</u>	
Change in net position	(893,306)		(567,039)	
Beginning net position	39,636,748		40,203,787	
Ending net position	<u>\$ 38,743,442</u>		<u>\$ 39,636,748</u>	

Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2017

Governmental Revenues

The District is heavily reliant on taxes to support governmental activities. Taxes provided 95% of the District's total revenues. Also, note that program revenues generated only 4% of governmental activities' revenues for the year ended December 31, 2017. This means that the government's taxpayers and the District's other general revenues fund provided 99% of the governmental activities. As a result, the general economy and the changes in both residential and commercial property values have a major impact on the District's revenue streams.

Governmental Function Expenses

Approximately 73% of the District's expenses provide supporting services to the public service and information technology functions. In addition, approximately \$1.3 million of depreciation expense on the District's buildings is included in total expenses, and total depreciation expense was approximately \$3.5 million.

Financial Analysis of the District's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflows and outflows of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$12,287,845.

Fund balances as of December 31, 2017 and 2016 include:

	<u>2017</u>	<u>2016</u>
Nonspendable	\$ 345,662	\$ 400,222
Restricted	1,004,708	956,559
Committed	2,710,995	3,243,444
Assigned	377,741	675,852
Unassigned	<u>7,848,739</u>	<u>6,425,409</u>
	<u>\$ 12,287,845</u>	<u>\$ 11,701,486</u>

Major Governmental Funds

General Fund

The General Fund is the District's primary operating fund and the largest source of day-to-day service delivery. The General Fund's balance increased by \$1,142,066 during 2017. The total fund balance of the General Fund as of December 31, 2017 was \$10,432,837. The total fund balance as of December 31, 2016 was \$9,290,771.

Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2017

The fund balance of the General Fund is broken down as follows as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Nonspendable	\$ 339,785	\$ 386,130
Restricted	1,001,784	945,380
Committed	865,000	865,000
Assigned	377,529	668,852
Unassigned	<u>7,848,739</u>	<u>6,425,409</u>
	<u>\$ 10,432,837</u>	<u>\$ 9,290,771</u>

Unassigned Fund Balance increased by \$1,423,330 from 2016 to 2017 primarily due to savings from unfilled staff positions during 2017. The District completed its compensation/staffing study during 2017, and certain staffing positions remained unfilled during 2017 until the study was completed.

Nonmajor Governmental Funds

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

Special Revenue Fund – Total fund balance as of December 31, 2017 was \$231,582. This amount is \$44,818 less than the fund balance of \$276,400 as of December 31, 2016.

Capital Projects Funds – As of December 31, 2017, fund balance for specific funds equals the following and represents ongoing projects; funds not listed have zero balances and were closed as the projects were completed:

	<u>2017</u>	<u>2016</u>
North Facility Project Fund	\$ 177,499	\$ 777,665
East Library Renovation Fund	107,231	132,256
Penrose Library Renovation Fund	84,339	173,206
Capital Reserve Fund	<u>1,254,357</u>	<u>1,051,188</u>
	<u>\$ 1,623,426</u>	<u>\$ 2,134,315</u>

The fund balance for the North Facility Project Fund decreased by \$600,166 from 2016 to 2017 primarily because the District completed its project to replace and rebuild the parking lot at the L21c library facility at a cost of \$642,553.

Pikes Peak Library District
Management’s Discussion and Analysis (Unaudited) (Continued)
December 31, 2017

For 2017, capital outlay for those specific funds equaled the following:

North Facility Project Fund	\$ 685,166
East Library Renovation Fund	25,025
Penrose Library Renovation Fund	148,557
Capital Reserve Fund	473,482

Budgetary Highlights

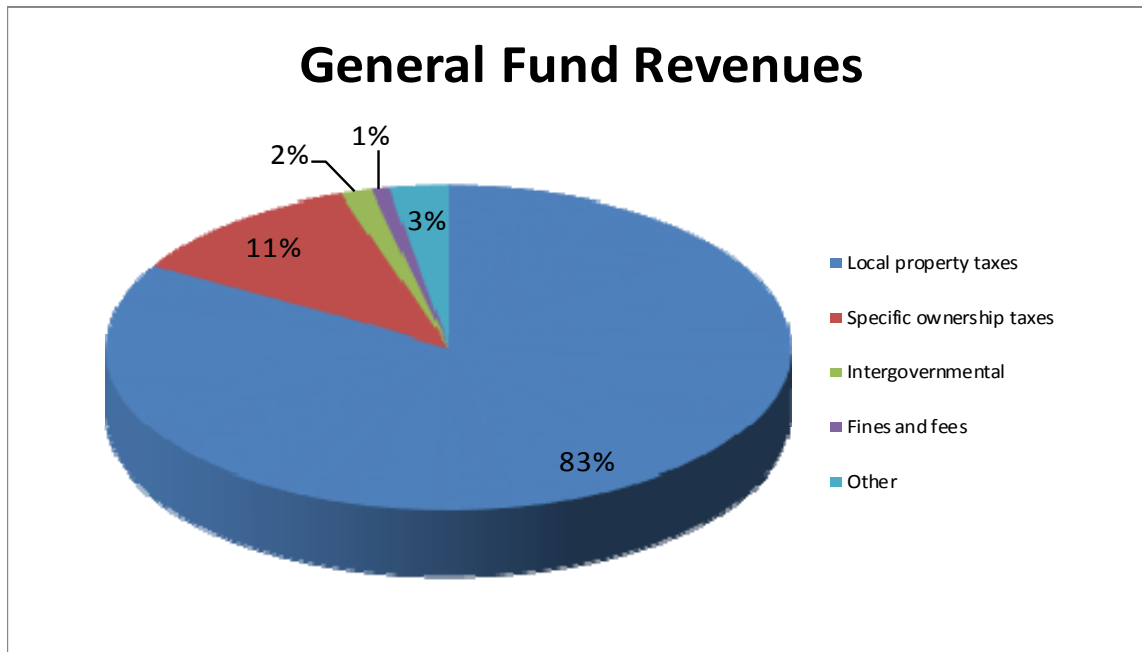
General Fund

The original budget (expenditures and transfers out) was amended by \$1,082,057, principally to utilize prior year fund balances that were primarily either reserved for encumbrances or designated for specific capital projects. Such reserves and designations of fund balance were not included in the original 2017 budget.

General Fund Revenues

Total General Fund actual revenues for fiscal year 2017 were \$30,907,008. This amount exceeded the 2017 budget, as amended, by \$229,619, which is approximately 0.7% of the total revenue budget.

The following chart depicts General Fund revenue for 2017 by category:

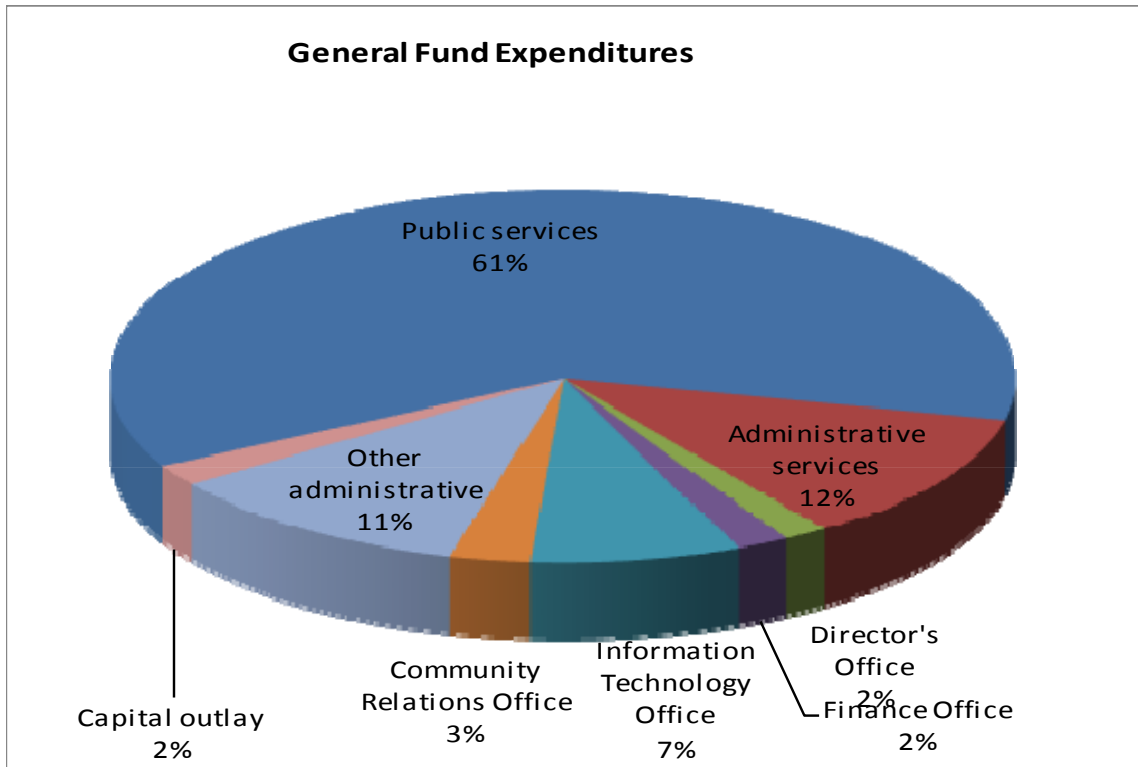


Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2017

General Fund Expenditures

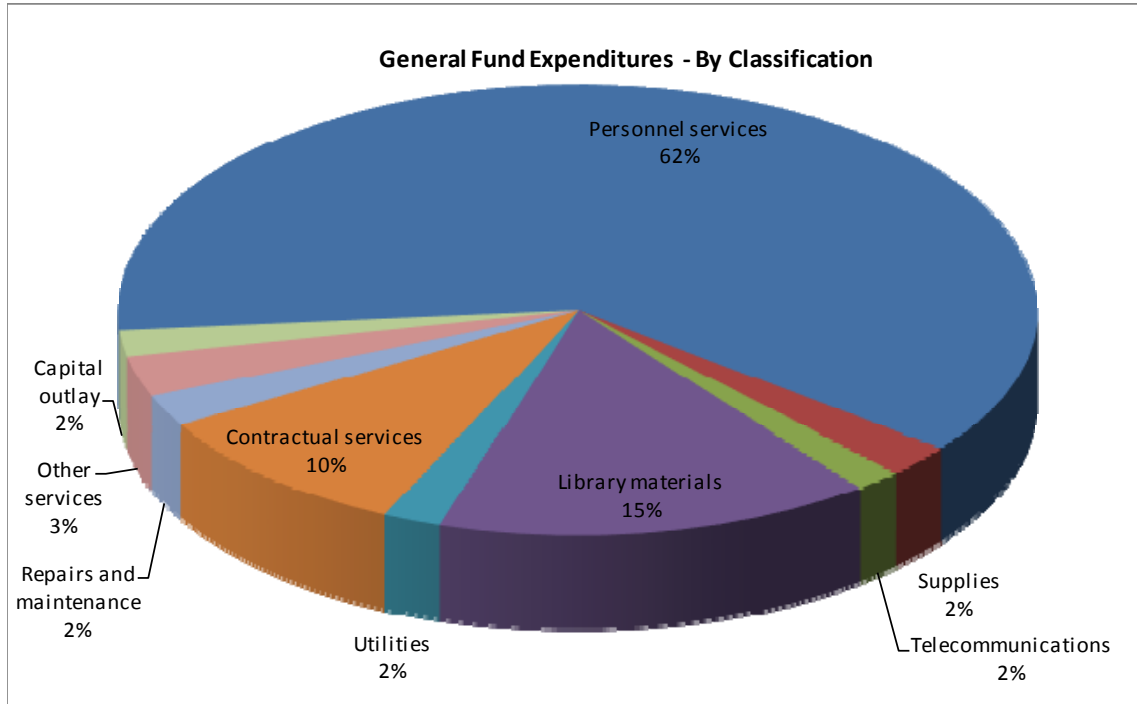
Total General Fund actual expenditures for fiscal year 2017 was \$28,447,045. This amount was less than the 2017 budget, as amended, by \$2,640,922, which is approximately 8.5% of the total budget.

The following chart depicts 2017 General Fund expenditures by function:



Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2017

The following chart depicts 2017 General Fund expenditures by classification:



The following is a summary of the departments or accounts that significantly contributed to the difference between the 2017 budget and actual expenditures:

Public Services – For 2017, this function was under budget by \$639,231. The primary cause is due to staff positions that were vacant at some point throughout 2017. The annual budget includes all authorized positions budgeted at the amount for full employment for the entire year. The time periods that such positions were vacant resulted in budget savings.

Administrative Services – For 2017, this function was under budget by \$364,536. In general, budget accounts under this category include estimates for contingencies for unknown items at the time the budget was prepared, such as repairs and maintenance. Actual expenditures may vary from year to year depending on identified needs throughout the year.

Information Technology – For 2017, this function was under budget by \$356,250. The primary reason for the budget savings is the amount spent on repairs and maintenance was less than budget by \$221,029. .

Capital outlay – For 2017, this function was under budget by \$190,569.

Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2017

Capital Assets

The District's capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2017 was \$36,862,309. See note III-D on page 78 for additional information about changes in capital assets during the calendar year and balances at the end of the year.

The following table provides a summary of capital assets as of December 31, 2017 and 2016:

	2017		2016	
	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total
Nondepreciable assets				
Land	\$ 5,317,363	6%	\$ 5,317,363	6%
Collections of historical treasures	9,789,208	12%	9,873,804	12%
Construction in progress	38,644	0%	183,098	0%
Total nondepreciable assets	15,145,215		15,374,265	
Depreciable assets				
Land improvements	871,954	1%	210,678	0%
Leasehold improvements	1,017,507	1%	1,017,507	2%
Buildings	42,378,101	51%	41,810,188	50%
Equipment, furniture and fixtures	6,087,291	7%	6,388,872	8%
Vehicles	825,471	1%	815,125	1%
Books and materials	17,381,081	21%	17,535,352	21%
Total depreciable assets	68,561,405	100%	67,777,722	100%
Less accumulated depreciation	(46,844,311)		(45,665,520)	
Book value - depreciable assets	21,717,094		22,112,202	
Percentage depreciated	68%		67%	
Book value - all capital assets	\$ 36,862,309		\$ 37,486,467	

At December 31, 2017, the depreciable capital assets for governmental activities were 68% depreciated. This compares consistently to the December 31, 2016 percentage of 67%.

Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2017

Economic Factors and Next Year's Budget and Mill Levy

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

1. The unemployment rate for El Paso County, Colorado was 3.5%, which is a decrease from a rate of 3.8% a year ago.
2. Inflationary trends in the region and cost of living indices in the region compare favorably to national indices.

At December 31, 2017, unassigned fund balance in the General Fund totaled \$7,848,739. The District has appropriated \$925,410 of this balance for spending in the 2018 fiscal year budget.

For the fiscal year 2018 budget, the total mill levy is 3.812 mills (3.860 mills for general operating expenses, 0.023 mills for refunds and abatements, and a temporary mill levy credit of (0.071) for a refund to taxpayers for excess revenue collected during 2017 above the legal limit). The mill levy for fiscal year 2017 was 3.957 mills. The gross assessed valuation for all taxable property within the District's legal service area is \$7,080,595,440 and \$6,617,856,790 for 2018 and 2017, respectively.

Requests for Information

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

Pikes Peak Library District
Statement of Net Position
December 31, 2017

	Primary Government Governmental Activities
Assets and Deferred Outflows of Resources	
Current Assets	
Cash and investments	\$ 13,914,781
Property taxes receivable	26,589,594
Other receivables	116,609
Due from discretely presented component unit	14,733
Due from other governments	265,726
Prepaid items	382,029
Total current assets	41,283,472
Noncurrent Assets	
Capital assets	
Nondepreciable property	15,145,215
Depreciable building, property and equipment, net	21,717,094
Total noncurrent assets	36,862,309
Total assets	78,145,781
Deferred Outflows of Resources	
Pension-related amounts	1,057,282
Total assets and deferred outflows of resources	79,203,063
Liabilities and Deferred Inflows of Resources	
Current Liabilities	
Accounts payable	1,210,439
Accrued compensation payable	1,150,362
Total current liabilities	2,360,801
Noncurrent Liabilities	
Noncurrent portion of long-term obligations	
Net pension liability	9,547,787
Accrued compensated absences	1,242,222
Total noncurrent liabilities	10,790,009
Total liabilities	13,150,810
Deferred Inflows of Resources	
Property taxes	26,589,594
Pension-related amounts	719,217
Total deferred inflows of resources	27,308,811
Total liabilities and deferred inflows of resources	40,459,621
Net Position	
Net investment in capital assets	36,767,440
Restricted for	
Declared emergencies	890,607
Gifts and grants	114,101
Total restricted	1,004,708
Unrestricted	971,294
Total net position	\$ 38,743,442

Pikes Peak Library District Foundation, Inc.
Statement of Financial Position
December 31, 2017

Assets

Cash and cash equivalents	\$ 468,810
Contributions receivable, net	34,463
Accounts receivable	49,582
Investments	<u>2,143,525</u>
Total assets	<u><u>\$ 2,696,380</u></u>

Liabilities

Accounts payable	\$ 8,445
Accounts payable, related party	<u>14,733</u>
Total liabilities	<u>23,178</u>

Net Assets

Unrestricted	820,912
Temporarily restricted	1,812,758
Permanently restricted	<u>39,532</u>
Total net assets	<u>2,673,202</u>
Total liabilities and net assets	<u><u>\$ 2,696,380</u></u>

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Pikes Peak Library District
Statement of Activities
Year Ended December 31, 2017

Functions/Programs	Expenses	Charges for Services, Sales and Fines
Primary Government		
Governmental activities		
Public Services	\$ 20,382,695	\$ 274,186
Administrative Services	3,914,245	-
Chief Librarian and CEO's Office	474,077	-
Finance Office	551,706	-
Information Technology Office	1,868,122	-
Communications Office	830,962	-
Other administration	3,222,456	-
	<u>\$ 31,244,263</u>	<u>\$ 274,186</u>
General revenues		
Property taxes levied for library purposes		
Specific ownership taxes		
Investment earnings		
Miscellaneous		
Total general revenues		
Special item		
TABOR refund of property tax revenue in excess of limit		
Total general revenues and special item		
Change in net position		
Net position, January 1		
Net position, December 31		

Program Revenues		Net (Expense) Revenue and Changes in Net Position
Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
\$ 596,824	\$ 253,467	\$ (19,258,218)
-	53,096	(3,861,149)
-	-	(474,077)
-	-	(551,706)
-	36,030	(1,832,092)
-	-	(830,962)
-	-	(3,222,456)
<u>\$ 596,824</u>	<u>\$ 342,593</u>	<u>(30,030,660)</u>
		25,762,260
		3,547,865
		187,896
		<u>182,529</u>
		<u>29,680,550</u>
		(543,196)
		<u>29,137,354</u>
		<u>(893,306)</u>
		<u>39,636,748</u>
		<u>\$ 38,743,442</u>

Pikes Peak Library District Foundation, Inc.

Statement of Activities

Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, gains and other support				
Contributions	\$ 178,427	\$ 560,970	\$ -	\$ 739,397
Contributed services	199,801	-	-	199,801
Gifts in kind	3,650	4,322	-	7,972
Investment return	92,390	95,365	3,878	191,633
Net assets released from restrictions	<u>716,457</u>	<u>(716,457)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>1,190,725</u>	<u>(55,800)</u>	<u>3,878</u>	<u>1,138,803</u>
Expenses				
Program services				
Support for PPLD	<u>767,606</u>	<u>-</u>	<u>-</u>	<u>767,606</u>
Total program services	<u>767,606</u>	<u>-</u>	<u>-</u>	<u>767,606</u>
Support services				
General and administrative	16,679	-	-	16,679
Fundraising	<u>170,034</u>	<u>-</u>	<u>-</u>	<u>170,034</u>
Total support services	<u>186,713</u>	<u>-</u>	<u>-</u>	<u>186,713</u>
Total expenses	<u>954,319</u>	<u>-</u>	<u>-</u>	<u>954,319</u>
Change in net assets	236,406	(55,800)	3,878	184,484
Net assets, beginning of year	<u>584,506</u>	<u>1,868,558</u>	<u>35,654</u>	<u>2,488,718</u>
Net assets, end of year	<u>\$ 820,912</u>	<u>\$ 1,812,758</u>	<u>\$ 39,532</u>	<u>\$ 2,673,202</u>

Pikes Peak Library District
Balance Sheet – Governmental Funds
December 31, 2017

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 13,392,415	\$ -	\$ 13,392,415
Property taxes receivable	26,589,594	-	26,589,594
Other receivables	114,143	-	114,143
Due from discretely presented component unit	14,733	-	14,733
Due from other governments	265,726	-	265,726
Due from other funds	-	1,944,000	1,944,000
Prepaid items	339,485	5,877	345,362
Total assets	\$ 40,716,096	\$ 1,949,877	\$ 42,665,973
Liabilities			
Accounts payable	\$ 1,044,038	\$ 94,869	\$ 1,138,907
Accrued compensation payable	617,981	-	617,981
Due to other funds	1,944,000	-	1,944,000
Total liabilities	3,606,019	94,869	3,700,888
Deferred Inflows of Resources			
Unavailable revenue - property taxes	26,589,594	-	26,589,594
Unavailable fund resources	87,646	-	87,646
Total deferred inflows of resources	26,677,240	-	26,677,240
Fund Balances			
Nonspendable:			
Prepaid expenditures	339,785	5,877	345,662
Restricted for:			
Declared emergencies	890,607	-	890,607
Gifts and grants	111,177	2,924	114,101
Committed to:			
Capital projects	865,000	1,845,995	2,710,995
Assigned to:			
Purchased contracts	186,847	-	186,847
Library materials	190,682	-	190,682
Gifts and grants	-	212	212
Unassigned	7,848,739	-	7,848,739
Total fund balances	10,432,837	1,855,008	12,287,845
Total liabilities, deferred inflows of resources, and fund balances	\$ 40,716,096	\$ 1,949,877	\$ 42,665,973

Pikes Peak Library District
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
December 31, 2017

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

Fund balances - total governmental funds (page 49)		\$ 12,287,845
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Cost of capital assets	\$ 83,706,620	
Less: accumulated depreciation	(46,844,311)	
Net capital assets		36,862,309
Certain long-term pension related costs and adjustments are not to pay or not are payable currently and are therefore not reported in the funds.		
Net pension-related amounts		(9,209,722)
Liabilities that are not due and payable in the current period and, therefore, are not reported in the funds		
Accrued compensated absences		(1,774,603)
Certain revenue earned but not available, classified as deferred inflows in governmental funds is susceptible to full accrual on the entity-wide statements		
		87,646
Internal service funds are used by management to charge the costs of certain activities, such as health insurance, to the individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position		
		489,967
Net position - governmental activities (page 47)		\$ 38,743,442

Pikes Peak Library District
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2017

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 29,310,125	\$ -	\$ 29,310,125
Intergovernmental	458,187	-	458,187
Fines and fees	274,186	-	274,186
Interest earnings	187,896	-	187,896
Donations	505,725	35,000	540,725
Miscellaneous	170,889	-	170,889
Total revenues	30,907,008	35,000	30,942,008
Expenditures			
Current			
Public Services	17,459,627	-	17,459,627
Administrative Services	3,301,930	-	3,301,930
Director's Office	458,862	-	458,862
Finance Office	533,083	-	533,083
Information Technology Office	2,141,060	-	2,141,060
Community Relations Office	802,203	-	802,203
Other administrative	3,222,456	-	3,222,456
Capital outlay	527,824	1,377,048	1,904,872
Total expenditures	28,447,045	1,377,048	29,824,093
Excess (deficiency) of revenues over (under) expenditures	2,459,963	(1,342,048)	1,117,915
Other financing sources (uses)			
Transfers in	-	786,341	786,341
Transfers out	(786,341)	-	(786,341)
Proceeds from sale of capital assets	11,640	-	11,640
Total other financing sources (uses)	(774,701)	786,341	11,640
Special item			
TABOR refund of property tax revenue in excess of limit	(543,196)	-	(543,196)
Net change in fund balances	1,142,066	(555,707)	586,359
Fund balances, beginning of year	9,290,771	2,410,715	11,701,486
Fund balances, end of year	\$ 10,432,837	\$ 1,855,008	\$ 12,287,845

Pikes Peak Library District
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2017

Amounts reported for governmental activities in the statement of activities (pages 46 and 47) are different because:

Net change in fund balances - total governmental funds (page 51)	\$ 586,359
Revenues in the statement of activities that do not provide current financial resources are not reported in the fund statements until they become available. This amount is the difference in the treatment of revenue recognition.	(59,495)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this difference are as follows:	
Depreciation expense	(3,446,302)
Capital outlay for building, furniture, land and vehicles	1,374,225
Amounts paid for books, audio visual materials and historical collections	2,140,189
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the capital assets sold.	(692,270)
Pension expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amounts represents the actuarial cost of the benefits for the fiscal year	
Pension related amounts	(517,223)
Compensated absences expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(138,623)
Internal service funds are used by management to charge the costs of certain activities, such as health insurance, to the individual funds. The net revenue of the internal service fund is reported with governmental activities.	(140,166)
Change in net position - governmental activities (page 47)	\$ (893,306)

Pikes Peak Library District
Statement of Net Position
Proprietary Fund
December 31, 2017

	Governmental Activities - Internal Service Fund
Assets	
Current Assets	
Cash and cash equivalents	\$ 522,366
Accounts receivable	2,466
Deposit	<u>36,667</u>
Total current assets	<u>561,499</u>
 Liabilities	
Current Liabilities	
Claims payable	<u>71,532</u>
 Net Position	
Total Net Position - Unrestricted	<u><u>\$ 489,967</u></u>

Pikes Peak Library District
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
Year Ended December 31, 2017

	Governmental Activities - Internal Service Fund
Operating revenues	
Employer contributions	\$ 1,521,068
Employee contributions	337,962
	1,859,030
Total operating revenues	1,859,030
Operating expenses	
Claims incurred	1,240,751
Administrative	758,477
	1,999,228
Total operating expenses	1,999,228
Operating gain	(140,198)
Nonoperating revenues	
Investment earnings	32
	32
Change in net position	(140,166)
Total net position, beginning of year	630,133
Total net position, end of year	\$ 489,967

Pikes Peak Library District
Statement of Cash Flows
Proprietary Fund
Year Ended December 31, 2017

	Governmental Activities - Internal Service Fund
Cash flows from operating activities	
Employee and employer contributions	\$ 1,856,564
Payment of claims and administrative expenses	<u>(2,002,815)</u>
Net cash used in operating activities	<u>(146,251)</u>
Cash flows from investing activities	
Interest received	<u>32</u>
Net decrease in cash and cash equivalents	(146,219)
Cash and cash equivalents - January 1	<u>668,585</u>
Cash and cash equivalents - December 31	<u><u>\$ 522,366</u></u>
Reconciliation of operating gain to net cash provided by operating activities	
Operating loss	<u>\$ (140,198)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities	
Change in accounts receivable	(2,466)
Change in accounts payable	(7,458)
Change in claims payable	<u>3,871</u>
Total adjustments	<u>(6,053)</u>
Net cash used in operating activities	<u><u>\$ (146,251)</u></u>

Pikes Peak Library District
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
December 31, 2017

	Agency Fund
Assets	
Cash and cash equivalents	\$ 59,544
Accounts receivables	430
Total assets	\$ 59,974
Liabilities	
Accounts payable	\$ 59,974

Pikes Peak Library District
Notes to Financial Statements
December 31, 2017

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Pikes Peak Library District

Notes to Financial Statements

December 31, 2017

Note I: Summary of Significant Accounting Policies

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

I-A. Reporting Entity

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

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

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

Related Organizations – The District had no financial relationships of this type during the fiscal year ended December 31, 2017.

Joint Ventures – The District did not participate in any joint venture during the fiscal year ended December 31, 2017.

Jointly Governed Organizations – The District had no financial relationships of this type during the fiscal year ended December 31, 2017.

Discretely Presented Component Unit

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

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

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

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

Pikes Peak Library District

Notes to Financial Statements

December 31, 2017

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

I-B. Basis of Presentation

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

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

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

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

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

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

Pikes Peak Library District

Notes to Financial Statements

December 31, 2017

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

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

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

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

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

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

The following is the District's major governmental fund:

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

Additionally, the District reports the following nonmajor governmental fund type:

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

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

The District also reports the following proprietary fund type:

Pikes Peak Library District

Notes to Financial Statements

December 31, 2017

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

Additionally, the District reports the following fiduciary fund type:

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

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

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

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

I-C. Measurement Focus

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

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

I-D. Basis of Accounting

District

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

Pikes Peak Library District
Notes to Financial Statements
December 31, 2017

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Foundation

The Foundation uses the accrual basis of accounting.

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

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

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

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

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

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

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income. The Foundation had no unrelated business taxable income for the year ended December 31, 2017. The Foundation is not considered a private foundation.

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

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

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

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

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

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

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

I-E-2. Receivables

All trade and property tax receivables are reported net of an allowance for uncollectible amounts, when applicable. Property tax allowance as of December 31, 2017 was \$100,366.

Pikes Peak Library District
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I-E-3. Restricted Assets

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

I-E-4. Interfund Activity

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

I-E-5. Prepaid Items

Payments made to vendors for services (e.g., insurance, rents, and library services from other libraries) that will benefit periods beyond December 31, 2017, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is classified as nonspendable, as this amount is not available for general appropriation.

I-E-6. Capital Assets

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

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

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

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

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

I-E-7. Compensated Absences

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

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

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

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

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

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

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

Pikes Peak Library District
Notes to Financial Statements
December 31, 2017

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

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

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

I-E-9. Net Position or Fund Balances

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

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

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

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

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

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

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

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

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

I-E-10. Estimates

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

Note II: Stewardship, Compliance and Accountability

II-A. Budgetary Information

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

1. The District adopts an annual operating budget for its General Fund, Special Revenue Fund, Debt Service Fund (none for 2017) and Capital Projects Funds. During October, the Executive Director submits to the Board of Trustees a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and means of financing them.
2. Public hearings are conducted by the Board of Trustees to obtain taxpayer comments.
3. Prior to December 15, the budget is adopted by formal resolution.
4. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments within any fund and the reallocation of budget line items within any department in the General Fund rests with the Executive Director and/or Chief Finance and Business Officer. The Board of Trustees must approve revisions that alter the total expenditures of any fund.
5. Budgets for all fund types are adopted on a basis consistent with generally accepted accounting principles.

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

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

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Notes to Financial Statements

December 31, 2017

Changes to Original Budget

	Original Budget	Revised Budget	Budget Change
General Fund	\$ 30,792,251	\$ 31,874,308	\$ 1,082,057
Designated Purpose Fund	-	151,099	151,099
North Facility Project Fund	681,000	813,793	132,793
East Library Renovation Fund	36,450	50,001	13,551
Penrose Library Renovation Fund	164,200	228,737	64,537
Capital Reserve Fund	1,088,457	1,727,839	639,382

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

II-B. Encumbrances

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

Note III: Detailed Notes on All Funds

III-A. Deposits and Investments

III-A-1. Deposits

Deposits include bank accounts and short-term investments.

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

The District has transaction accounts that are covered under FDIC insurance. The FDIC insurance limit for cash accounts is \$250,000. The carrying amount of the District's deposits, excluding the cash held in the Agency Fund of \$59,544, as of December 31, 2017 was \$809,151. The bank balances, excluding the cash held in the agency fund of \$59,544, were \$1,193,885, of which \$943,885 is not covered by federal deposit insurance. While this amount is uninsured, it is collateralized in accordance with provisions of the PDPA. Additionally, the District had \$18,708 in cash on hand as of December 31, 2017.

III-A-2. Investments

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

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Notes to Financial Statements
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The primary objectives of the investment policy are:

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

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

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

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

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

The following is a list of eligible instruments for investments:

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

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

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

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

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

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

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

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

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

Pikes Peak Library District

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

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

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

Credit Risk

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

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

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

The District's policy permits investment in local government investment pools. Current investments of \$13,086,923 are held in COLOTRUST, which was rated AAAM by Standard & Poor's at December 31, 2017. The District policy also encourages diversification of investments, limited to the Colorado Revised Statute CRS 24-75-701.

Cash and Investment Reconciliation

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	Cash and Cash Equivalents	Investments	Total
Governmental activities - statement of net position	\$827,858	\$13,086,923	\$13,914,781
Agency Fund	59,544	-	59,544
Less cash on hand and petty cash	(18,708)	-	(18,708)
Total deposits and investments	\$868,694	\$13,086,923	\$13,955,617
Per note disclosure above			
Deposits			\$868,694
Investments			13,086,923
Primary government total			\$13,955,617

The Foundation's cash and investments are comprised of the following as of December 31, 2017:

	2017 Amount	Institutions	Insurance or Collateral	Credit Ratings of Underlying Securities *
Money market savings account	\$468,810	ENT Federal Credit Union	\$250,000	N/A
Investments (stocks, bonds, mutual funds)	2,013,979	Members Trust Company	-	A/AAA
Investment level money market account	129,546	Members Trust Company	-	A1/P1
Total	\$2,612,335			

* As applicable

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Foundation's cash and investments are exposed to \$2,362,335 of custodial credit risk as of December 31, 2017.

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Investment in a State Investment Pool

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

III-B. Taxes

III-B-1. Property Taxes

Property taxes for the current year are certified in arrears to El Paso County on December 15 and attach as a lien on property the previous January 1. For example, property taxes owed in 2017 are certified to the County in December 2016 and are available for collection on the due date, January 1, 2017. Property taxes are payable in full by April 30 or in two equal installments due February 28 and June 15. El Paso County bills and collects property taxes for all taxing districts in the County. The property tax receipts collected by El Paso County are remitted to the District in the subsequent month.

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

III-B-2. Specific Ownership Taxes

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

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Notes to Financial Statements
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III-C. Interfund Receivables, Payables, and Transfers

The following schedule reflects the District's interfund receivables and payables as of December 31, 2017.

<u>Receivable Fund</u>	<u>Payable Fund</u> <u>General Fund</u>
Designated Purpose Fund	\$ 231,582
Penrose Library Renovation Fund	84,339
East Library Renovation Fund	107,231
North Facility Project Fund	197,799
Capital Reserve Fund	1,323,049
Total	<u>\$ 1,944,000</u>

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

Interfund transfers:

<u>Transfers In</u>	<u>Transfers Out</u> <u>General Fund</u>
Penrose Library Renovation Fund	59,690
North Facility Project Fund	50,000
Capital Reserve Fund	676,651
	<u>\$ 786,341</u>

Transfers are used to:

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

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III-D. Capital Assets

Capital asset activity for the year ended December 31, 2016 was as follows:

	Balance January 1, 2017	Additions	Deletions	Transfers	Balance December 31, 2017
Governmental activities					
Capital assets not being depreciated					
Land	\$ 5,317,363	\$ -	\$ -	\$ -	\$ 5,317,363
Collections of historical treasurers	9,873,804	522	(85,118)	-	9,789,208
Construction in progress	183,098	38,644	-	(183,098)	38,644
Total capital assets not being depreciated	<u>15,374,265</u>	<u>39,166</u>	<u>(85,118)</u>	<u>(183,098)</u>	<u>15,145,215</u>
Capital assets, being depreciated					
Land improvements	210,678	646,706	-	14,570	871,954
Leasehold improvements	1,017,507	-	-	-	1,017,507
Buildings	41,810,188	567,913	-	-	42,378,101
Equipment, furniture and fixtures	6,388,872	110,616	(580,725)	168,528	6,087,291
Vehicles	815,125	10,346	-	-	825,471
Books and audio visual materials	17,535,352	2,139,667	(2,293,938)	-	17,381,081
Total capital assets being depreciated	<u>67,777,722</u>	<u>3,475,248</u>	<u>(2,874,663)</u>	<u>183,098</u>	<u>68,561,405</u>
Less accumulated depreciation for					
Land improvements	(21,141)	(26,983)	-	-	(48,124)
Leasehold improvements	(1,013,566)	(985)	-	-	(1,014,551)
Buildings	(26,096,898)	(1,334,769)	-	-	(27,431,667)
Equipment, furniture and fixtures	(4,557,283)	(587,621)	579,833	-	(4,565,071)
Vehicles	(620,780)	(44,210)	-	-	(664,990)
Books and audio visual materials	(13,355,852)	(1,451,734)	1,687,678	-	(13,119,908)
Total accumulated depreciation	<u>(45,665,520)</u>	<u>(3,446,302)</u>	<u>2,267,511</u>	<u>-</u>	<u>(46,844,311)</u>
Total capital assets, being depreciated, net	<u>22,112,202</u>	<u>28,946</u>	<u>(607,152)</u>	<u>183,098</u>	<u>21,717,094</u>
Governmental activities capital assets, net	<u>\$ 37,486,467</u>	<u>\$ 68,112</u>	<u>\$ (692,270)</u>	<u>\$ -</u>	<u>\$ 36,862,309</u>
Governmental activities depreciation expense					
Public services					\$ 1,475,678
Administrative services					309,121
Information Technology					1,661,503
Total governmental activities depreciation expense					<u>\$ 3,446,302</u>

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

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

Long-term liability activity of the District for the year ended December 31, 2017 was as follows:

	Balance January 1, 2017	Additions	Reductions	Balance December 31, 2017	Due Within One Year
Governmental activities					
EPCRP net pension liability	\$ 9,631,215	\$ -	\$ 83,428	\$ 9,547,787	\$ -
Compensated absences	1,635,980	1,695,438	1,556,815	1,774,603	532,381
Total governmental activities long-term liabilities	<u>\$ 11,267,195</u>	<u>\$ 1,695,438</u>	<u>\$ 1,640,243</u>	<u>\$ 11,322,390</u>	<u>\$ 532,381</u>

Compensated absences are generally liquidated by the General Fund.

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

III-E-2. Computation of Legal Debt Margin

Assessed valuation	<u>\$6,617,856,790</u>
Debt limitation - 1.5% of total assessed value	<u>\$ 99,267,852</u>
Total debt (excluding compensated absences)	<u>-</u>
Total debt applicable to limitation	<u>-</u>
Legal debt margin	<u>\$ 99,267,852</u>

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

III-F. Operating Agreements

The District has entered into several agreements for building leases, equipment and services. All agreements are renewable on a year-to-year basis. Should the Board of Trustees fail to appropriate funds for the subsequent budget year, the agreements can be terminated. The total cost for such agreements was \$1,020,303 for the year ended December 31, 2017.

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December 31, 2017

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

Year Ending

2018	\$ 990,663
2019	966,760
2020	642,122
2021	316,507
2022	239,512
Future years	<u>1,220,198</u>
Total	<u>\$ 4,375,762</u>

Note IV: Other Information

IV-A. Retirement Plan

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

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

The participants of the Plan consisted of the following as of December 31, 2016 (the most recent actuarial valuation date):

Inactive plan members currently receiving benefits	1,564
Inactive plan members entitled to but not yet receiving benefits	306
Active plan members	<u>2,669</u>
Total	<u>4,539</u>

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

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

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

Contributions — Contribution requirements are established and may be amended by the Board. Through December 31, 2009, participants contributed 6% of their monthly compensation to the Plan. The Plan was amended during 2009 to increase the participant monthly contribution rate to 6.5% effective January 1, 2010, 7.0% effective January 1, 2011 and 7.5% effective January 1, 2012. The Plan was further amended in 2013 to increase the participant monthly contribution rate to 8.0% effective January 1, 2014. The participating employers make monthly contributions at least equal to the contributions made by the participants. Interest is credited on employee contributions at the rate of 3% per annum, compounded monthly. Employee and employer basic contributions amounted to 16% of covered payroll for both 2017 and 2016.

Contributions are tax-deferred to the participants for federal income tax purposes. If participants have at least five or eight years of credited service (see Retirement Benefits below), they are eligible to receive a future monthly retirement benefit. Any refund of contributions paid waives all future rights to any benefits. However, eligible participants who return to employment with a participating employer within 48 months and were

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previously refunded their contributions may reinstate withdrawn service if they repay the Plan the amount received when employment was terminated, plus interest, within twelve months of rehire.

Active participants who have completed five years of service if hired before January 1, 2013 and eight years of service if hired on or after January 1, 2013 may purchase up to five years of service credit for any period of full-time, nonvested previous employment with any public or private employer. One month of service credit may be purchased for each full month of full-time, nonvested, noncovered employment. The cost to purchase one month of service credit for noncovered employment is the “actuarial equivalent cost”, as determined by the actuary for the Plan.

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

Contributions to the plan by the District were \$766,774 for 2017.

Administrative Expenses — The Plan's administrative expenses are paid from the assets of the Plan accumulated from contributions and investment earnings. In 2016, the Board of County Commissioners voted to reimburse the Plan's administrative costs annually up to a maximum of \$600,000 commencing in 2017. The Plan received \$450,000 in 2017 for reimbursement of administrative costs, which is included in Other Income in the accompanying financial statements.

Termination Benefits — Participants vest in accumulated contributions as follows:

(a) If hired before January 1, 2013 and credited with less than five years of service or hired on or after January 1, 2013 and credited with less than eight years of service: Refund of the participant's accumulated contributions.

(b) If hired before January 1, 2013 and credited with five or more years of service or hired on or after January 1, 2013 and credited with eight or more years of service:

(i) The participant may elect to receive a deferred retirement benefit that shall be equal to the participant's accrued benefit as of the date of termination and payable on the participant's normal retirement date. The participant may elect to receive a reduced retirement benefit beginning on the first day of any month subsequent to the participant's attainment of age 55. The reduction shall be 3% for each year by which payments

Pikes Peak Library District
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commence prior to the first of the month following the participant's normal retirement date.

(ii) In lieu of (i), a participant may elect a current refund of accumulated contributions made by the participant.

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

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

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

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

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

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

Pikes Peak Library District
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December 31, 2017

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

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

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

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

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

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

Pikes Peak Library District
Notes to Financial Statements
December 31, 2017

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

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

At December 31, 2017, the District reported a liability of \$9,547,787 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The District's proportion of the net pension liability was based on the District's contribution to the El Paso County Retirement Plan for the calendar year 2017 relative to the total contributions of participating employers to the EPCRP. The net pension liability is the difference between the total pension liability and fiduciary net position as of December 31, 2017.

As of December 31, 2017, the District's proportion was 6.42%, which was an increase of 0.44% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2017, the District recognized pension expense of \$1,283,998. As of December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 362,268	\$ -
Net difference between projected and actual earnings on pension plan investments	-	359,618
Changes in proportion	695,014	359,599
Total	<u>\$ 1,057,282</u>	<u>\$ 719,217</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Pikes Peak Library District
Notes to Financial Statements
December 31, 2017

<u>Year Ended December 31,</u>	<u>Amount</u>
2018	\$ 307,115
2019	295,383
2020	(162,434)
2021	(101,999)
2022	-
	<hr/>
Total	<u>\$ 338,065</u>

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

Actuarial Assumptions — The total pension liability was determined by an actuarial valuation as of January 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of December 31, 2017:

Inflation	3.50%
Salary increases	Graded by service, from 7.76% to 3.75%
Investment rate of return	8.00%, net of pension plan investment expenses. This is based on an average inflation rate of 3.5% and a real rate of return of 4.5%.

Mortality rates were based on the RP-2000 sex-distinct mortality table projected generationally using Projection Scale AA, with a one year setback used for females. Mortality rates used for disabled members is based on the RP-2000 Disabled Mortality Table.

The actuarial assumptions used in the January 1, 2017 actuarial valuation were based on the results of an actuarial experience study for the period from January 1, 2008 to December 31, 2012, resulting in changes in actuarial assumptions adopted by the Board to better reflect expected future experience. The Plan expects to complete a new actuarial experience study during 2018, which may result in changes in actuarial assumptions.

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

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December 31, 2017

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	40%	7.50%
Private equity	5%	11.45%
Fixed income	25%	1.85%
Real estate	20%	6.73%
Hedge funds of funds	10%	4.73%
	<u>100%</u>	

Discount Rate — The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumed that employer contributions will continue to follow the current funding policy adopted by the Board. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate — The following presents the District's proportionate share of the net pension liability, calculated using the discount rate of 8.0%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.0%) or 1-percentage-point higher (9.0%) than the current rate:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
District's proportionate share of the net pension liability	\$ 13,469,986	\$ 9,547,787	\$ 6,242,687

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

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

IV-B. Deferred Compensation Plan

The District offers its employees the Pikes Peak Library District Deferred Compensation Plan, an Internal Revenue Code Section 457 deferred compensation plan. Participation is voluntary. The District does not contribute to the Plan, and the maximum amount that may be deferred under the Plan for 2017, excluding catch-up provisions, was the lesser of \$18,000 or 33-1/3 percent of the participant's includable compensation. The District does not have fiduciary accountability for the

Pikes Peak Library District
Notes to Financial Statements
December 31, 2017

Plan and does not hold the Plan's assets in a trustee capacity. Accordingly, the Plan's assets and related liabilities to Plan participants are not recorded on the financial statements of the District.

IV-C. Contingencies

IV-C-1. Risk Management

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

The following is a summary of claims activity for the District's employee health plan for the years ended December 31, 2017 and 2016:

	Claims Payable Beginning of Year	Claims Incurred	Claims Paid	Claims Payable End of Year
Fiscal Year 2017	\$ 67,661	\$ 1,240,751	\$ (1,236,880)	\$ 71,532
Fiscal Year 2016	\$ 112,438	\$ 1,039,201	\$ (1,083,978)	\$ 67,661

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

IV-C-2. Grants

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

IV-C-3. TABOR Amendment

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

Pikes Peak Library District
Notes to Financial Statements
December 31, 2017

- Each district shall reserve for use in declared emergencies 3% or more of its fiscal year spending (as defined by TABOR) excluding bonded debt service, and this amount is set aside as part of reserved fund balance, called “declared emergencies”.
- If revenue from sources not excluded from fiscal year spending exceeds the limits prescribed by TABOR in dollars for that fiscal year, the excess shall be refunded in the next fiscal year unless voters approve a revenue change as an offset.
- Revenue collected, kept, or spent illegally since four full fiscal years before an individual or class action enforcement suit is filed shall be refunded with 10% annual simple interest from the initial conduct.
- With minor exceptions, advance voter approval is required for any new tax, tax rate increase, or mill levy above that for the prior year or creation of any multiple-fiscal year direct or indirect district debt or other financial obligation without certain cash reserve amounts or a non-appropriation clause contained within the legal documents.
- Management believes it complies with all aspects of TABOR.

IV-C-4. Claims and Litigation

Various claim(s) pending against the District as of December 31, 2017. Although the outcome of such claim(s) cannot be predicted with certainty, the District believes that adequate insurance coverage exists and that the final settlements of such matters will not materially affect the financial statements of the District.

IV-D. Commitments

Total encumbrances outstanding as of December 31, 2017 by fund are as follows:

Fund	Balance
General Fund	\$ 338,255
Designated Purpose Fund	13,700
Capital Reserve Fund	222,944
North Facility Fund	18,134

Required Supplementary Information

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

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

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

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

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

Note - there were no changes to benefit assumptions for the year ended December 31, 2017, the plan measurement date.

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

Pikes Peak Library District
Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual
General Fund
Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Taxes				
Local property taxes				
Current	\$ 25,749,236	\$ 25,749,236	\$ 25,709,842	\$ (39,394)
Delinquent	15,000	15,000	14,007	(993)
Omitted	3,150	3,150	5,224	2,074
Specific ownership taxes	2,825,000	3,125,000	3,547,865	422,865
Interest on taxes	30,000	30,000	33,187	3,187
Total taxes	<u>28,622,386</u>	<u>28,922,386</u>	<u>29,310,125</u>	<u>387,739</u>
Intergovernmental	370,000	378,000	458,187	80,187
Fines and fees	331,500	331,500	274,186	(57,314)
Interest earnings	100,000	100,000	187,896	87,896
Donations/fundraising	836,753	828,753	505,725	(323,028)
Miscellaneous				
Copy sales	55,000	55,000	94,826	39,826
Parking lot collections	34,000	34,000	31,880	(2,120)
Other	27,750	27,750	44,183	16,433
Total miscellaneous	<u>116,750</u>	<u>116,750</u>	<u>170,889</u>	<u>54,139</u>
Total revenues	<u>30,377,389</u>	<u>30,677,389</u>	<u>30,907,008</u>	<u>229,619</u>
Expenditures				
Current				
Public Service				
Personnel services	11,627,257	12,647,858	12,470,281	177,577
Supplies	361,235	400,476	314,647	85,829
Library materials	4,208,413	4,284,058	4,054,819	229,239
Contractual services	517,354	558,364	465,943	92,421
Other services	200,054	208,102	153,937	54,165
Total Public Service	<u>16,914,313</u>	<u>18,098,858</u>	<u>17,459,627</u>	<u>639,231</u>

Pikes Peak Library District
Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual
General Fund
Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Administrative Services				
Personnel services	917,311	984,026	932,391	51,635
Supplies	78,350	79,261	60,620	18,641
Utilities	680,848	680,848	583,442	97,406
Contractual services	1,245,476	1,309,463	1,270,937	38,526
Repairs and maintenance	421,300	422,993	334,056	88,937
Other services	199,875	189,875	120,484	69,391
Total Administrative Services	<u>3,543,160</u>	<u>3,666,466</u>	<u>3,301,930</u>	<u>364,536</u>
Chief Librarian and CEO Office				
Personnel services	403,062	252,219	250,170	2,049
Supplies	3,500	3,000	179	2,821
Contractual services	19,000	-	-	-
Other services	48,700	238,353	208,513	29,840
Total Director's Office	<u>474,262</u>	<u>493,572</u>	<u>458,862</u>	<u>34,710</u>
Finance Office				
Personnel services	398,389	428,624	411,504	17,120
Supplies	8,000	8,000	6,168	1,832
Contractual services	155,450	155,450	101,472	53,978
Other services	18,700	18,700	13,939	4,761
Total Finance Office	<u>580,539</u>	<u>610,774</u>	<u>533,083</u>	<u>77,691</u>
Information Technology Office				
Personnel services	898,621	981,345	984,983	(3,638)
Supplies	348,604	323,198	253,706	69,492
Telecommunications	334,680	506,680	465,959	40,721
Contractual services	295,000	99,828	74,575	25,253
Repairs and maintenance	475,480	532,960	311,931	221,029
Other services	52,000	53,299	49,906	3,393
Total Information Technology Office	<u>2,404,385</u>	<u>2,497,310</u>	<u>2,141,060</u>	<u>356,250</u>
Communications Office				
Personnel services	633,092	656,532	586,075	70,457
Supplies	17,100	39,300	9,913	29,387
Contractual services	131,000	121,000	104,359	16,641
Repairs and maintenance	7,500	7,500	3,035	4,465
Other services	107,800	107,800	98,821	8,979
Total Community Engagement Outreach Office	<u>896,492</u>	<u>932,132</u>	<u>802,203</u>	<u>129,929</u>

Pikes Peak Library District
Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual
General Fund
Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Other administrative				
Personnel services	3,353,802	2,617,445	1,963,881	653,564
Supplies	2,500	21,074	19,201	1,873
Library materials	147,291	227,764	309,914	(82,150)
Contractual services	703,656	703,810	682,484	21,326
Other services	615,361	500,369	246,976	253,393
Total other administrative	<u>4,822,610</u>	<u>4,070,462</u>	<u>3,222,456</u>	<u>848,006</u>
Capital outlay	<u>420,149</u>	<u>718,393</u>	<u>527,824</u>	<u>190,569</u>
Total expenditures	<u>30,055,910</u>	<u>31,087,967</u>	<u>28,447,045</u>	<u>2,640,922</u>
Excess of revenues over expenditures	<u>321,479</u>	<u>(410,578)</u>	<u>2,459,963</u>	<u>2,870,541</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	25,000	25,000	11,640	(13,360)
Transfers out	(736,341)	(786,341)	(786,341)	-
Total other financing sources (uses)	<u>(711,341)</u>	<u>(761,341)</u>	<u>(774,701)</u>	<u>(13,360)</u>
Special item				
TABOR refund of property tax revenue in excess of limit	-	-	(543,196)	(543,196)
Net change in fund balance	<u>(389,862)</u>	<u>(1,171,919)</u>	<u>1,142,066</u>	<u>2,313,985</u>
Fund balance, beginning of year	<u>9,290,771</u>	<u>9,290,771</u>	<u>9,290,771</u>	<u>-</u>
Fund balance, end of year	<u>\$ 8,900,909</u>	<u>\$ 8,118,852</u>	<u>\$ 10,432,837</u>	<u>\$ 2,313,985</u>

Pikes Peak Library District
Notes to Required Supplementary Information
Year Ended December 31, 2017

Note I: General Fund Budgetary Information

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

Note II: Pension Plan Schedules

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

Supplementary Information

MAJOR FUND

General Fund

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

Pikes Peak Library District
Comparative Balance Sheets
General Fund
December 31, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	\$ 13,392,415	\$ 12,362,552
Receivables, net of allowance for uncollectibles		
Property taxes	26,589,594	25,844,235
Accounts	114,143	153,611
Due from discretely presented component unit	14,733	12,688
Due from other governments	265,726	261,357
Prepaid items	339,485	386,130
	\$ 40,716,096	\$ 39,020,573
Liabilities		
Accounts payable	\$ 1,044,038	\$ 641,852
Accrued compensation payable	617,981	529,114
Due to other funds	1,944,000	2,567,460
	3,606,019	3,738,426
Deferred Inflows of Resources		
Unavailable revenue - property taxes	26,589,594	25,844,235
Unavailable fund resources	87,646	147,141
	26,677,240	25,991,376
Fund Balances		
Nonspendable:		
Prepaid expenditures	339,785	386,130
Restricted for:		
Declared	890,607	855,665
Gifts and grants	111,177	89,715
Committed for:		
Capital projects	865,000	865,000
Assigned to:		
Purchased contracts	186,847	153,297
Library materials	190,682	515,555
Unassigned	7,848,739	6,425,409
	10,432,837	9,290,771
Total fund balances	10,432,837	9,290,771
Total liabilities, deferred inflows of resources, and fund balances	\$ 40,716,096	\$ 39,020,573

Pikes Peak Library District
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balance
General Fund
Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Taxes		
Local property taxes		
Current	\$ 25,709,842	\$ 24,730,868
Delinquent	14,007	10,720
Omitted	5,224	9,505
Specific ownership taxes	3,547,865	2,892,197
Interest on taxes	33,187	29,902
Total taxes	<u>29,310,125</u>	<u>27,673,192</u>
Intergovernmental	458,187	398,039
Fines and fees	274,186	494,493
Interest earnings	187,896	96,038
Donations/fundraising	505,725	308,716
Miscellaneous		
Copy sales	94,826	71,887
Parking lot collections	31,880	34,332
Other	44,183	32,375
Total miscellaneous	<u>170,889</u>	<u>138,594</u>
Total revenues	<u>30,907,008</u>	<u>29,109,072</u>
Expenditures		
Current		
Public services	17,459,627	11,293,011
Administrative services	3,301,930	3,254,306
Director's Office	458,862	459,139
Finance Office	533,083	513,871
Information Technology Office	2,141,060	6,833,133
Community Relations Office	802,203	748,267
Other administrative	3,222,456	3,116,763
Capital outlay	527,824	136,289
Total expenditures	<u>28,447,045</u>	<u>26,354,779</u>
Excess of revenues over expenditures	<u>2,459,963</u>	<u>2,754,293</u>
Other financing sources (uses)		
Proceeds from sale of capital assets	11,640	17,345
Transfers out	(786,341)	(1,259,088)
Total other financing sources (uses)	<u>(774,701)</u>	<u>(1,241,743)</u>
Special item		
TABOR refund of property tax revenue in excess of limit	(543,196)	(57,073)
Net change in fund balance	1,142,066	1,455,477
Fund balance, beginning of year	<u>9,290,771</u>	<u>7,835,294</u>
Fund balance, end of year	<u>\$ 10,432,837</u>	<u>\$ 9,290,771</u>

Pikes Peak Library District
Schedule of Expenditures by Natural Classification-
Budget and Actual
General Fund
Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Current				
Personnel services	\$ 18,231,536	\$ 18,568,048	\$ 17,599,286	\$ 968,762
Supplies	819,289	874,309	664,432	209,877
Telecommunications	334,680	506,680	465,959	40,721
Library materials	4,355,704	4,511,975	4,368,968	143,007
Utilities	680,848	680,848	583,442	97,406
Contractual services	3,147,351	3,039,328	2,753,994	285,334
Repairs and maintenance	904,280	963,453	649,023	314,430
Other services	1,162,073	1,224,931	834,116	390,815
Capital outlay	420,149	718,395	527,825	190,570
Total expenditures	\$ 30,055,910	\$ 31,087,967	\$ 28,447,045	\$ 2,640,922

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUND

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

CAPITAL PROJECTS FUNDS

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

North Facility Project Fund

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

East Library Renovation Fund

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

Penrose Library Renovation Fund

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

Capital Reserve Fund

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

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Pikes Peak Library District
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2017

	Special Revenue Fund	Capital	
	Designated Purpose Fund	North Facility Project Fund	East Library Renovation Fund
Assets			
Due from other funds	\$ 231,582	\$ 197,799	\$ 107,231
Prepaid items	-	-	-
Total Assets	\$ 231,582	\$ 197,799	\$ 107,231
 Liabilities			
Accounts payable	\$ -	\$ 20,300	\$ -
 Fund Balance			
Nonspendable			
Prepaid expenditures	-	-	-
Restricted for:			
Gifts and grants	2,924	-	-
Committed to:			
Capital projects	228,446	177,499	107,231
Assigned to:			
Gifts and grants	212	-	-
Total fund balance	231,582	177,499	107,231
Total liabilities and fund balance	\$ 231,582	\$ 197,799	\$ 107,231

Project Funds		
Penrose Library Renovation Fund	Capital Reserve Fund	Total Nonmajor Governmental Funds
\$ 84,339	\$ 1,323,049	\$ 1,944,000
-	5,877	5,877
<u>\$ 84,339</u>	<u>\$ 1,328,926</u>	<u>\$ 1,949,877</u>
<u>\$ -</u>	<u>\$ 74,569</u>	<u>\$ 94,869</u>
-	5,877	5,877
-	-	2,924
84,339	1,248,480	1,845,995
-	-	212
<u>84,339</u>	<u>1,254,357</u>	<u>1,855,008</u>
<u>\$ 84,339</u>	<u>\$ 1,328,926</u>	<u>\$ 1,949,877</u>

Pikes Peak Library District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2017

	Special Revenue Fund	Capital	
	Designated Purpose Fund	North Facility Project Fund	East Library Renovation Fund
Revenues			
Donations	\$ -	\$ 35,000	\$ -
Expenditures			
Capital outlay	44,818	685,166	25,025
Deficiency of revenues over expenditures	<u>(44,818)</u>	<u>(650,166)</u>	<u>(25,025)</u>
Other financing sources			
Transfers in	-	50,000	-
Net change in fund balances	(44,818)	(600,166)	(25,025)
Fund balances, beginning of year	<u>276,400</u>	<u>777,665</u>	<u>132,256</u>
Fund balances, end of year	<u>\$ 231,582</u>	<u>\$ 177,499</u>	<u>\$ 107,231</u>

Project Funds		
Penrose Library Renovation Fund	Capital Reserve Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 35,000
148,557	473,482	1,377,048
(148,557)	(473,482)	(1,342,048)
59,690	676,651	786,341
(88,867)	203,169	(555,707)
173,206	1,051,188	2,410,715
<u>\$ 84,339</u>	<u>\$ 1,254,357</u>	<u>\$ 1,855,008</u>

Pikes Peak Library District
Comparative Balance Sheets
Designated Purpose Fund
December 31, 2017 and 2016

	2017	2016
Assets		
Due from other funds	\$ 231,582	\$ 278,800
Liabilities		
Accounts payable	\$ -	\$ 2,400
Fund Balance		
Restricted for:		
Gifts and grants	2,924	11,179
Committed to:		
Capital projects	228,446	258,221
Assigned to:		
Gifts and grants	212	7,000
Total fund balance	231,582	276,400
Total liabilities and fund balance	\$ 231,582	\$ 278,800

Pikes Peak Library District
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balance
Designated Purpose Fund
Years Ended December 31, 2017 and 2016

	2017	2016
Expenditures		
Current - public services	\$ -	\$ 25,087
Capital outlay	44,818	31,345
Total expenditures	44,818	56,432
Deficiency of revenues over expenditures	(44,818)	(56,432)
Fund balance, beginning of year	276,400	332,832
Fund balance, end of year	\$ 231,582	\$ 276,400

Pikes Peak Library District
Schedule of Revenues, Expenditures
and Changes in Fund Balance – Budget and Actual
Designated Purpose Fund
Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Capital outlay	\$ -	\$ 151,099	\$ 44,818	\$ 106,281
Net change in fund balance	-	(151,099)	(44,818)	(106,281)
Fund balance, beginning of year	<u>276,400</u>	<u>276,400</u>	<u>276,400</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 276,400</u></u>	<u><u>\$ 125,301</u></u>	<u><u>\$ 231,582</u></u>	<u><u>\$ (106,281)</u></u>

Pikes Peak Library District
Comparative Balance Sheets
North Facility Project Fund
December 31, 2017 and 2016

	2017	2016
Assets		
Due from other funds	\$ 197,799	\$ 777,665
Liabilities		
Accounts payable	\$ 20,300	\$ -
Fund Balance		
Committed to:		
Capital projects	177,499	777,665
Total liabilities and fund balance	\$ 197,799	\$ 777,665

Pikes Peak Library District
Comparative Statements of Revenue, Expenditures
and Changes in Fund Balance
North Facility Project Fund
Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Donations	\$ 35,000	\$ -
Expenditures		
Capital outlay	685,166	189,947
Deficiency of revenues over expenditures	<u>(650,166)</u>	<u>(189,947)</u>
Other financing sources (uses)		
Transfers in	50,000	92,150
Net change in fund balance	(600,166)	(97,797)
Fund balance, beginning of year	<u>777,665</u>	<u>875,462</u>
Fund balance, end of year	<u>\$ 177,499</u>	<u>\$ 777,665</u>

Pikes Peak Library District
Schedule of Revenue, Expenditures
and Changes in Fund Balance – Budget and Actual
North Facility Project Fund
Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Donations	30,000	30,000	\$ 35,000	5,000
Expenditures				
Capital outlay	681,000	813,793	685,166	128,627
Deficiency of revenues under expenditures	(651,000)	(783,793)	(650,166)	133,627
Other financing sources				
Transfers in	-	50,000	50,000	-
Net change in fund balance	(651,000)	(733,793)	(600,166)	133,627
Fund balance, beginning of year	777,665	777,665	777,665	-
Fund balance, end of year	\$ 126,665	\$ 43,872	\$ 177,499	\$ 133,627

Pikes Peak Library District
Comparative Balance Sheets
East Library Renovation Fund
December 31, 2017 and 2016

	2017	2016
Assets		
Accounts receivable	\$ -	\$ 4,037
Due from other funds	107,231	128,894
Total assets	\$ 107,231	\$ 132,931
Liabilities		
Accounts payable	\$ -	\$ 675
Fund Balance		
Committed to:		
Capital projects	107,231	132,256
Total liabilities and fund balance	\$ 107,231	\$ 132,931

Pikes Peak Library District
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balance
East Library Renovation Fund
Years Ended December 31, 2017 and 2016

	2017	2016
Expenditures		
Capital outlay	\$ 25,025	\$ 71,889
Deficiency of revenues over expenditures	(25,025)	(71,889)
Other financing sources		
Transfers in	-	27,500
Net change in fund balance	(25,025)	(44,389)
Fund balance, beginning of year	132,256	176,645
Fund balance, end of year	\$ 107,231	\$ 132,256

Pikes Peak Library District
Schedule of Revenues, Expenditures
and Changes in Fund Balance – Budget and Actual
East Library Renovation Fund
Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Capital outlay	\$ 36,450	\$ 50,001	\$ 25,025	\$ 24,976
Deficiency of revenues under expenditures	<u>(36,450)</u>	<u>(50,001)</u>	<u>(25,025)</u>	<u>24,976</u>
Net change in fund balance	(36,450)	(50,001)	(25,025)	24,976
Fund balance, beginning of year	<u>132,256</u>	<u>132,256</u>	<u>132,256</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 95,806</u></u>	<u><u>\$ 82,255</u></u>	<u><u>\$ 107,231</u></u>	<u><u>\$ 24,976</u></u>

Pikes Peak Library District
Comparative Balance Sheets
Penrose Library Renovation Fund
December 31, 2017 and 2016

	2017	2016
ASSETS		
Accounts receivable	\$ -	\$ 5,279
Due from other funds	84,339	167,927
Total assets	\$ 84,339	\$ 173,206
 FUND BALANCE		
Committed to:		
Capital projects	\$ 84,339	\$ 173,206

Pikes Peak Library District
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balance
Penrose Library Renovation Fund
Years Ended December 31, 2017 and 2016

	2017	2016
Expenditures		
Capital outlay	\$ 148,557	\$ 69,433
Deficiency of revenues over expenditures	(148,557)	(69,433)
Other financing sources		
Transfers in	59,690	87,000
Net change in fund balance	(88,867)	17,567
Fund balance, beginning of year	173,206	155,639
Fund balance, end of year	\$ 84,339	\$ 173,206

Pikes Peak Library District
Schedule of Revenues, Expenditures
and Changes in Fund Balance – Budget and Actual
Penrose Library Renovation Fund
Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Capital outlay	\$ 164,200	\$ 228,737	\$ 148,557	\$ 80,180
Deficiency of revenues under expenditures	<u>(164,200)</u>	<u>(228,737)</u>	<u>(148,557)</u>	<u>80,180</u>
Other financing sources				
Transfers in	<u>59,690</u>	<u>59,690</u>	<u>59,690</u>	<u>-</u>
Net change in fund balance	(104,510)	(169,047)	(88,867)	80,180
Fund balance, beginning of year	<u>173,206</u>	<u>173,206</u>	<u>173,206</u>	<u>-</u>
Fund balance, end of year	<u>\$ 68,696</u>	<u>\$ 4,159</u>	<u>\$ 84,339</u>	<u>\$ 80,180</u>

Pikes Peak Library District
Comparative Balance Sheets
Capital Reserve Fund
December 31, 2017 and 2016

	2017	2016
Assets		
Due from other funds	\$ 1,323,049	\$ 1,214,174
Prepaid items	5,877	14,092
Total assets	\$ 1,328,926	\$ 1,228,266
Liabilities		
Accounts payable	\$ 74,569	\$ 177,078
Fund Balance		
Nonspendable:		
Prepaid expenditures	5,877	14,092
Committed to:		
Capital projects	1,248,480	1,037,096
Total fund balance	1,254,357	1,051,188
Total liabilities and fund balance	\$ 1,328,926	\$ 1,228,266

Pikes Peak Library District
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balance
Capital Reserve Fund
Years Ended December 31, 2017 and 2016

	2017	2016
Expenditures		
Capital outlay	473,482	503,676
Deficiency of revenues over expenditures	(473,482)	(503,676)
Other financing sources (uses)		
Transfers in	676,651	1,052,438
Net change in fund balance	203,169	548,762
Fund balance, beginning of year	1,051,188	502,426
Fund balance, end of year	\$ 1,254,357	\$ 1,051,188

Pikes Peak Library District
Schedule of Revenues, Expenditures
and Changes in Fund Balance – Budget and Actual
Capital Reserve Fund
Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Capital outlay	\$ 1,088,457	\$ 1,727,839	\$ 473,482	\$ 1,254,357
Deficiency of revenues under expenditures	<u>(1,088,457)</u>	<u>(1,727,839)</u>	<u>(473,482)</u>	<u>1,254,357</u>
Other financing sources				
Transfers in	<u>676,651</u>	<u>676,651</u>	<u>676,651</u>	<u>-</u>
Total financing sources	<u>676,651</u>	<u>676,651</u>	<u>676,651</u>	<u>-</u>
Net change in fund balance	(411,806)	(1,051,188)	203,169	1,254,357
Fund balance, beginning of year	<u>1,051,188</u>	<u>1,051,188</u>	<u>1,051,188</u>	<u>-</u>
Fund balance, end of year	<u>\$ 639,382</u>	<u>\$ -</u>	<u>\$ 1,254,357</u>	<u>\$ 1,254,357</u>

INTERNAL SERVICE FUND

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

The District has one Internal Service Fund.

Employee Health Plan Fund

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

Pikes Peak Library District
Internal Service Fund
Comparative Statements of Net Position
Employee Health Plan Fund
December 31, 2017 and 2016

	2017	2016
Assets		
Current Assets		
Cash and cash equivalents	\$ 522,366	\$ 668,585
Accounts receivable	2,466	-
Deposit	36,667	36,667
Total current assets	561,499	705,252
 Liabilities		
Current Liabilities		
Claims payable	71,532	67,661
Accounts payable	-	7,458
Total current liabilities	71,532	75,119
 Net Position		
Total Net Position - Unrestricted	\$ 489,967	\$ 630,133

Pikes Peak Library District
Internal Service Fund
Comparative Statements of Revenue, Expenses
and Changes in Net Position
Employee Health Plan Fund
Years Ended December 31, 2017 and 2016

	2017	2016
Operating revenues		
Employer contributions	\$ 1,521,068	\$ 1,538,345
Employee contributions	337,962	345,736
Total operating revenues	1,859,030	1,884,081
Operating expenses		
Claims incurred	1,240,751	1,039,201
Administrative	758,477	731,542
Total operating expenses	1,999,228	1,770,743
Operating gain (loss)	(140,198)	113,338
Nonoperating revenues		
Investment earnings	32	12
Change in net position	(140,166)	113,350
Total net position, beginning	630,133	516,783
Total net position, ending	\$ 489,967	\$ 630,133

Pikes Peak Library District
Internal Service Fund
Comparative Statements of Cash Flows
Employee Health Plan Fund
Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Employee and employer contributions	\$ 1,856,564	\$ 1,884,081
Payment of claims and administrative expenses	<u>(2,002,815)</u>	<u>(1,873,896)</u>
Net cash provided by (used in) operating activities	(146,251)	10,185
Cash flows from investing activities		
Interest received	<u>32</u>	<u>12</u>
Net increase (decrease) in cash and cash equivalents	(146,219)	10,197
Cash and cash equivalents, January 1	<u>668,585</u>	<u>658,388</u>
Cash and cash equivalents, December 31	<u>\$ 522,366</u>	<u>\$ 668,585</u>
Reconciliation of operating loss to net cash provided by operating activities		
Operating income (loss)	\$ (140,198)	\$ 113,338
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities		
Change in accounts receivable	(2,466)	-
Change in accounts payable	(7,458)	(58,376)
Change in claims payable	<u>3,871</u>	<u>(44,777)</u>
Total adjustments	<u>(6,053)</u>	<u>(103,153)</u>
Net cash provided by (used in) operating activities	<u>\$ (146,251)</u>	<u>\$ 10,185</u>

AGENCY FUND

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

The District has one agency fund.

Flexible Spending Accounts

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

Pikes Peak Library District
Comparative Statements of Fiduciary Assets and Liabilities
Flexible Spending Accounts – Agency Fund
December 31, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	\$ 59,544	\$ 53,906
Accounts receivable	430	-
Total assets	\$ 59,974	\$ 53,906
Liabilities		
Accounts payable	\$ 59,974	\$ 53,906

Pikes Peak Library District
Statement of Changes in Fiduciary Assets and Liabilities
Flexible Spending Accounts – Agency Fund
Year Ended December 31, 2017

	Flexible Spending Accounts			Balance December 31, 2017
	Balance January 1, 2017	Additions	Deletions	
Assets				
Cash and cash equivalents	\$ 53,906	\$ 107,318	\$ 101,680	\$ 59,544
Other receivables	-	430	-	430
Total assets	<u>\$ 53,906</u>	<u>\$ 107,748</u>	<u>\$ 101,680</u>	<u>\$ 59,974</u>
Liabilities				
Accounts payable	<u>\$ 53,906</u>	<u>\$ 107,748</u>	<u>\$ 101,680</u>	<u>\$ 59,974</u>

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STATISTICAL SECTION

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

	Page
Financial Trends	131
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	144
These schedules contain information to help the reader assess the District's most significant revenue source, the property tax.	
Debt Capacity	156
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Demographic and Economic Information	163
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
Operating Information	165
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

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Exhibit I-1

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

Governmental Activities						
Fiscal Year	Net Investment			Total		
	In Capital Assets	Restricted	Unrestricted			
2008	\$ 30,800,858	\$ 714,126	\$ 6,459,901	\$ 37,974,885		
2009	31,464,402	754,282	8,313,471	40,532,155		
2010	32,881,474	771,319	8,894,537	42,547,330		
2011	32,872,879	858,203	10,686,653	44,417,735		
2012	34,818,102	837,421	10,230,456	45,885,979		
2013	33,839,914	1,005,719	12,831,121	47,676,754		
2014	37,633,108	994,338	9,249,165	47,876,611		
2015	38,922,766	998,444	282,577	40,203,787		
2016	37,308,714	956,559	1,371,475	39,636,748		
2017	36,767,440	1,004,708	971,294	38,743,442		

Exhibit I-2

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

Fiscal Year	Expenses Governmental Activities					
	Public Services	Support and Outreach Services	Administrative Services	Chief Librarian & CEO Office	Finance Office	Information Technology Office
2008	\$ 8,271,488	\$ 4,081,256	\$ 3,476,979	\$ 219,409	\$ 426,739	\$ 1,359,962
2009	10,043,347	4,962,156	3,337,749	224,311	514,702	1,343,640
2010	10,029,059	5,111,509	3,304,300	239,948	449,031	1,383,900
2011	8,132,184	-	10,916,543	339,211	451,191	1,472,077
2012	8,115,178	-	10,846,365	366,455	404,789	1,634,549
2013	7,883,922	-	12,021,277	373,535	403,231	1,531,283
2014	8,422,792	-	11,964,223	386,564	435,422	1,716,479
2015	11,479,186	-	4,117,367	400,652	436,539	7,814,245
2016	13,251,004	-	3,823,660	466,816	522,810	7,631,440
2017	20,382,695	-	3,914,245	474,077	551,706	1,868,122

Fiscal Year	Charges for Services			Program Revenues Governmental Activities Operating Grants and Contributions		
	Public Services	Support and Outreach Services	Total	Public Services	Administrative Services	Information Technology
2008	\$ 370,841	\$ 147,394	\$ 518,235	\$ 224,384	\$ 89,183	-
2009	379,233	153,934	533,167	194,605	78,991	-
2010	526,805	-	526,805	163,885	-	-
2011	521,577	-	521,577	181,675	-	-
2012	529,077	-	529,077	99,400	34,536	-
2013	523,316	-	523,316	141,009	213,927	-
2014	530,364	-	530,364	136,227	-	142,433
2015	538,214	-	538,214	258,925	-	15,769
2016	494,493	-	494,493	233,889	-	143,982
2017	274,186	-	274,186	596,824	-	-

Total Net Expenses	
Fiscal Year	Total Primary Government
2008	\$ (21,547,989)
2009	(21,641,226)
2010	(23,331,594)
2011	(23,217,741)
2012	(24,222,713)
2013	(24,826,204)
2014	(25,208,590)
2015	(27,268,439)
2016	(28,435,137)
2017	(30,030,660)

	Communications Office	Other Administration	Interest Expense	Total Primary Government
\$	762,408	\$ 1,741,607	\$ 2,680	\$ 20,342,528
	821,686	1,973,592	298	23,221,481
	797,124	2,153,292	-	23,468,163
	731,409	2,235,421	6,085	24,284,121
	676,199	2,073,758	4,261	24,121,554
	721,944	2,571,087	1,672	25,507,951
	709,136	2,489,209	-	26,123,824
	766,469	2,652,230	-	27,666,688
	764,629	3,116,763	-	29,577,122
	830,962	3,222,456	-	31,244,263

Capital Grants and Contributions

	Total	Public Services	Support and Outreach Services	Administrative Services	Information Technology	Total	Total Primary Government
\$	313,567	\$ 146,295	\$ 265,121	\$ -	\$ -	\$ 411,416	\$ 1,243,218
	273,596	79,354	787,375	-	-	866,729	1,673,492
	163,885	1,093,374	-	42,873	-	1,136,247	1,826,937
	181,675	168,993	-	80,282	-	249,275	952,527
	133,936	98,131	-	142,669	-	240,800	903,813
	354,936	166,769	-	240,217	-	406,986	1,285,238
	278,660	229,665	-	88,553	170,380	488,598	1,297,622
	274,694	836,583	-	258,308	550,299	1,645,191	2,458,099
	377,871	142,378	-	41,939	85,304	269,621	1,141,985
	596,824	253,467	-	53,096	36,030	342,593	1,213,603

Exhibit I-3

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

		Governmental Activities				
		General Revenues				
Fiscal Year	Property Taxes	Specific Ownership Taxes	Investment Earnings	Miscellaneous	Total	
2008	\$ 20,382,917	\$ 2,325,426	\$ 282,118	\$ 140,716	\$ 23,131,177	
2009	21,881,357	2,247,518	50,888	172,178	24,351,941	
2010	22,199,204	2,072,875	30,838	169,442	24,472,359	
2011	22,783,130	2,013,321	15,988	226,993	25,039,432	
2012	23,588,482	2,267,050	34,635	182,215	26,072,382	
2013	23,930,258	2,413,142	21,912	264,051	26,629,363	
2014	23,823,607	2,546,327	18,692	180,297	26,568,923	
2015	24,137,929	2,765,049	26,550	201,916	27,131,444	
2016	24,780,995	2,892,197	96,038	155,941	27,925,171	
2017	25,762,260	3,547,865	187,896	182,529	29,680,550	
Total Changes in Net Position						
Fiscal Year	Total Primary Government					
2008	\$ 2,373,678					
2009	2,677,688					
2010	2,015,175					
2011	1,870,405					
2012	1,468,244					
2013	1,790,775					
2014	199,857					
2015	(136,995)					
2016	(567,039)					
2017	(893,306)					

TABOR Refund		
Fiscal Year Spending and Property Tax Revenue in Excess of Limit		Total Primary Government
\$	(102,809)	\$ 23,028,368
	-	24,351,941
	-	24,472,359
	-	25,039,432
	-	26,072,382
	-	26,629,363
	-	26,568,923
	-	27,131,444
	(57,073)	27,868,098
	(543,196)	29,137,354

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Exhibit I-4

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

General Fund

Fiscal Year	Reserved	Unreserved	Non-spendable	Restricted	Committed	Assigned	Unassigned	Total
2008	\$ 1,706,414	\$ 4,139,543	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,845,957
2009	1,686,328	5,594,367	-	-	-	-	-	7,280,695
2010	1,684,352	6,671,066	-	-	-	-	-	8,355,418
2011	-	-	302,673	768,933	-	2,283,641	2,681,795	6,037,042
2012	-	-	515,665	849,133	-	1,413,211	4,626,698	7,404,707
2013	-	-	432,357	927,498	-	809,250	4,056,243	6,225,348
2014	-	-	475,065	918,560	-	679,883	3,632,798	5,706,306
2015	-	-	510,377	944,548	900,000	583,947	4,896,422	7,835,294
2016	-	-	386,130	945,380	865,000	668,852	6,425,409	9,290,771
2017	-	-	339,785	1,001,784	865,000	377,529	7,848,739	10,432,837

Other Governmental Funds

Fiscal Year	Reserved	Unreserved - Fund Type			Non-spendable	Restricted	Committed	Assigned	Total
		Special Revenue	Capital Projects	Total					
2008	\$ 1,373,307	\$ 344,470	\$ 628,498	\$ 972,968	\$ -	\$ -	\$ -	\$ -	\$ 2,346,275
2009	132,884	322,133	2,718,990	3,041,123	-	-	-	-	3,174,007
2010	503,381	311,181	1,987,508	2,298,689	-	-	-	-	2,802,070
2011	-	-	-	-	-	89,270	6,930,814	272	7,020,356
2012	-	-	-	-	-	103,501	4,647,272	7,624	4,758,397
2013	-	-	-	-	2,902	78,221	7,399,563	7,624	7,488,310
2014	-	-	-	-	-	75,778	5,394,260	7,624	5,477,662
2015	-	-	-	-	4,990	53,896	1,976,494	7,624	2,043,004
2016	-	-	-	-	14,092	11,179	2,378,444	7,000	2,410,715
2017	-	-	-	-	5,877	2,924	1,845,995	212	1,855,008

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

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

Exhibit I-5

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

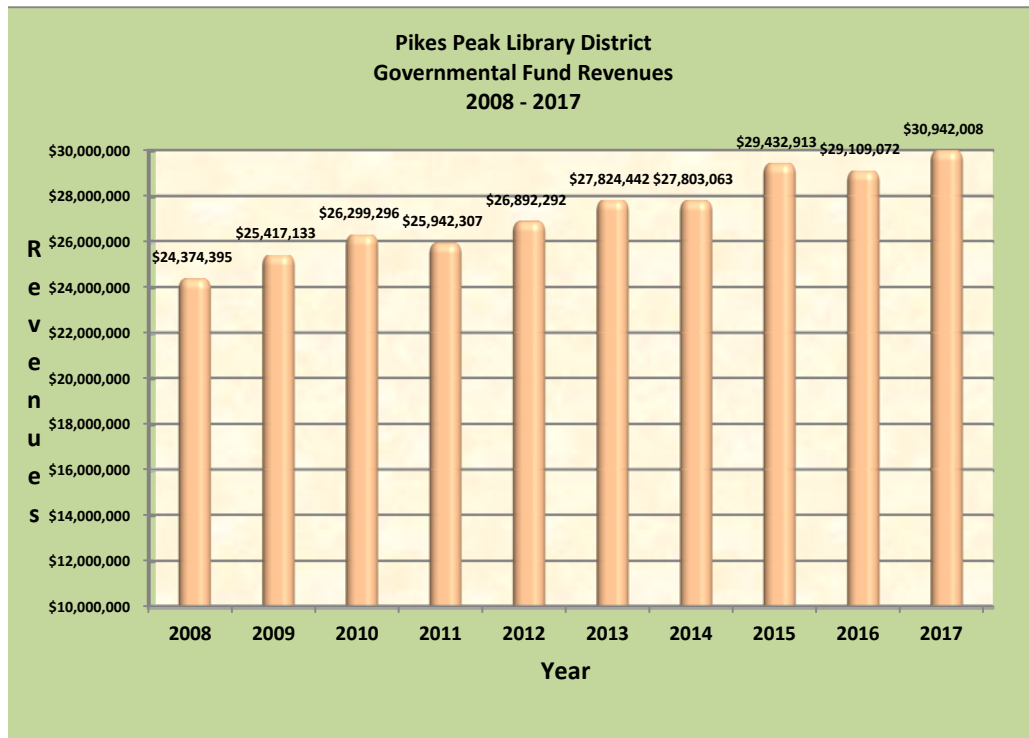
Fiscal Year	Revenues	Expenditures	Other Financing Sources (Uses)		
			Capital Lease Financing	Proceeds from Sale of Capital Assets	Proceeds from Insurance Reimbursement
2008	\$ 25,417,133	\$ 23,205,387	\$ -	\$ 51,596	\$ -
2009	26,299,296	25,818,473	-	50,724	-
2010	25,942,307	24,092,049	173,756	48,207	-
2011	26,892,292	27,827,510	-	49,652	-
2012	27,824,442	26,370,151	-	40,924	-
2013	27,803,063	30,383,156	-	83,277	12,985
2014	29,432,914	30,383,156	-	50,403	-
2015	29,432,914	30,785,347	-	28,060	18,703
2016	29,109,072	27,246,156	-	17,345	-
2017	30,942,008	29,824,093	-	11,640	-

TABOR Refund Fiscal Year Spending and Property Tax Revenue In Excess of Limit		Net Change in Fund Balance	Ratio of Debt Service Expenditures to Noncapital Expenditures
\$	(102,809)	\$ 2,160,533	0.00%
	-	531,547	0.26%
	-	2,072,221	0.28%
	-	(885,566)	0.30%
	-	1,495,215	0.27%
	-	(2,483,831)	0.00%
	-	(899,839)	0.00%
	-	(1,305,670)	0.00%
	(57,073)	1,823,188	0.00%
	(543,196)	586,359	0.00%

Exhibit I-6

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

Fiscal Year	Taxes	Intergovernmental	Fines and Fees	Interest Earnings
2008	\$ 22,708,343	\$ 291,416	\$ 518,235	\$ 282,118
2009	24,128,875	241,372	533,167	50,888
2010	24,272,079	1,126,247	526,805	30,838
2011	24,796,451	185,728	521,577	15,988
2012	25,855,532	85,247	529,077	34,635
2013	26,343,399	160,887	523,316	21,912
2014	26,369,934	291,251	530,364	18,692
2015	26,902,978	305,794	538,214	26,550
2016	27,673,192	398,039	494,493	96,038
2017	29,310,125	458,187	274,186	187,896

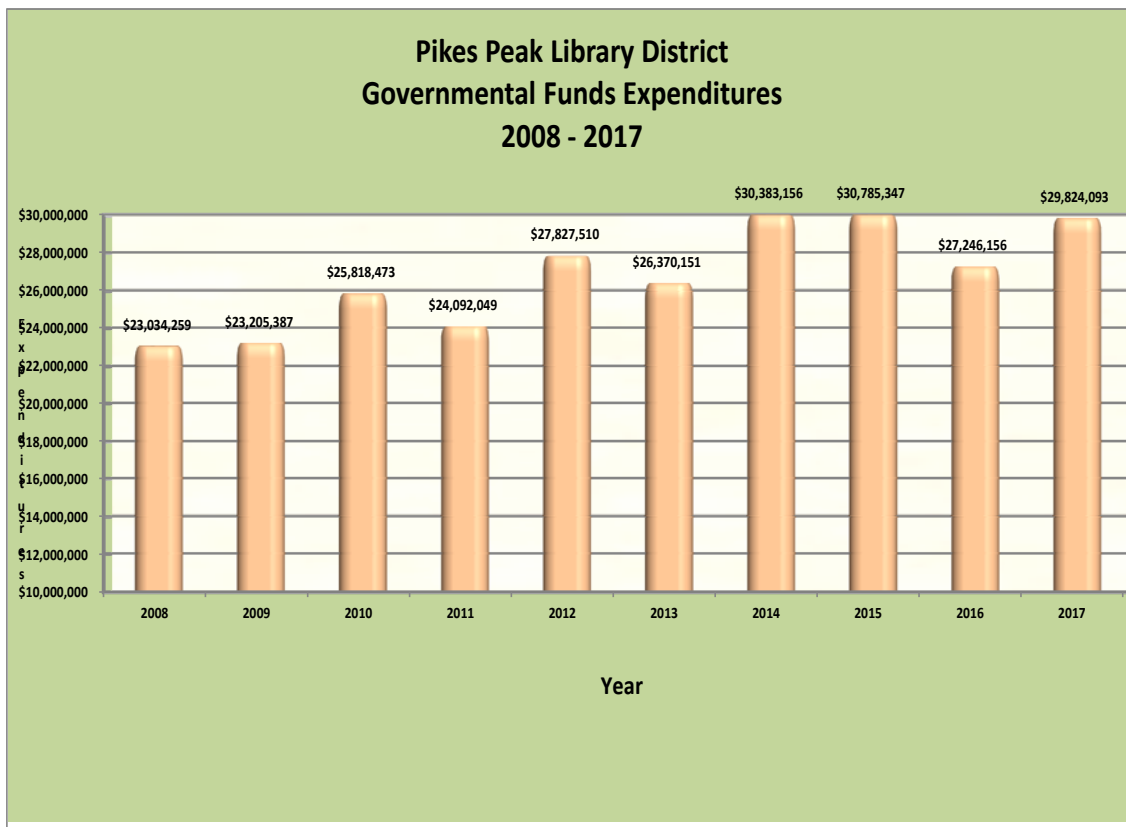


Miscellaneous	Total
\$ 574,283	\$ 24,374,395
462,831	25,417,133
343,327	26,299,296
422,563	25,942,307
387,801	26,892,292
774,928	27,824,442
592,822	27,803,063
1,659,378	29,432,913
447,310	29,109,072
711,614	30,942,008

Exhibit I-7

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

Fiscal Year	Current					
	Personnel Services	Supplies	Library Materials	Utilities	Telecommunications	Contractual Services
2008	\$ 12,636,652	\$ 497,294	\$ 3,189,695	\$ 443,750	\$ 230,476	\$ 2,210,009
2009	12,991,937	493,755	3,165,955	475,102	226,694	1,986,951
2010	13,225,570	495,039	3,881,375	468,604	215,510	2,459,797
2011	13,475,371	538,030	3,817,412	483,211	258,893	2,301,929
2012	13,972,868	448,827	3,974,955	497,624	305,675	2,431,627
2013	14,426,213	547,072	3,984,804	486,862	337,311	2,556,487
2014	15,032,543	605,206	4,324,974	587,082	362,758	2,720,845
2015	15,904,077	732,640	4,279,833	571,033	409,626	2,587,094
2016	16,007,317	690,060	4,482,638	539,735	339,276	2,769,599
2017	17,599,286	664,432	4,368,968	583,442	465,959	2,753,994



	Repairs and		Total	Capital	Debt Service		Total
	Maintenance	Other Services			Outlay	Principal	
\$	336,980	\$ 1,159,216	\$ 20,704,072	\$ 2,314,125	\$ 15,764	\$ 298	\$ 23,034,259
	264,760	1,059,682	20,664,836	2,540,551	-	-	23,205,387
	417,822	773,001	21,936,718	3,824,985	50,685	6,085	25,818,473
	457,546	729,920	22,062,312	1,967,806	57,670	4,261	24,092,049
	385,416	715,462	22,732,454	5,027,983	65,401	1,672	27,827,510
	454,927	760,146	23,553,822	2,816,329	-	-	26,370,151
	612,068	734,423	24,979,899	5,403,257	-	-	30,383,156
	578,877	753,353	25,816,533	4,968,814	-	-	30,785,347
	672,300	742,652	26,243,577	1,002,579	-	-	27,246,156
	649,023	834,117	27,919,221	1,904,872	-	-	29,824,093

Exhibit I-8

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

Assessment Year	Collection Year	Residential		All Other Property	
		Assessed Value	Estimated Actual value	Assessed Value	Estimated Actual Value
2007	2008	\$ 3,286,142,024	\$ 41,283,191,255	\$ 2,856,179,516	\$ 9,848,894,883
2008	2009	3,350,480,089	42,091,458,408	2,857,561,581	9,853,660,623
2009	2010	3,497,892,156	43,943,368,798	2,956,974,344	10,196,463,254
2010	2011	3,526,403,277	44,301,548,703	2,935,761,423	10,123,315,252
2011	2012	3,281,225,918	41,221,431,129	2,686,809,582	9,264,860,628
2012	2013	3,345,705,933	42,031,481,566	2,696,746,537	9,299,125,991
2013	2014	3,323,732,184	41,755,429,448	2,705,167,116	9,328,162,469
2014	2015	3,383,673,117	42,508,456,238	2,733,459,583	9,425,722,702
2015	2016	3,772,618,178	47,394,700,732	2,845,238,612	9,811,167,627
2016	2017	3,785,355,234	47,554,713,989	2,832,501,556	9,767,246,746

Notes:

(1) The following are the assessment rates for collection years 2008 through 2017:

Collection Year	Residential	All Other Categories
2008-2017	7.96%	29.00%

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

	Total Assessed Value	Total Mill Levy	Estimated Actual Value	Ratio of Total Assessed Value to Total Estimated Actual Value
\$	6,142,321,540	3.325	\$ 51,132,086,138	12.0%
	6,208,041,670	3.540	51,945,119,031	12.0%
	6,454,866,500	3.468	54,139,832,052	11.9%
	6,462,164,700	3.556	54,424,863,955	11.9%
	5,968,035,500	3.999	50,486,291,757	11.8%
	6,042,452,470	4.000	51,330,607,557	11.8%
	6,028,899,300	4.000	51,083,591,917	11.8%
	6,117,132,700	4.000	51,934,178,939	11.8%
	6,516,617,460	3.857	57,205,868,359	11.6%
	6,617,856,790	3.957	57,321,960,736	11.5%

Exhibit I-9

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

Taxing Authority	Collection Year				
	2008	2009	2010	2011	2012
Direct					
Pikes Peak Library District	3.325	3.540	3.468	3.556	3.999
Overlapping Governments					
El Paso County	7.514	7.583	7.531	7.717	7.597
Cities and Towns					
Calhan	17.563	17.563	17.563	17.563	17.563
Colorado Springs	4.944	4.944	4.279	4.279	4.279
Fountain	10.239	10.239	10.239	10.239	10.239
Green Mountain Falls	15.558	14.588	13.588	14.588	14.588
Manitou Springs	-	-	-	-	-
Monument	6.289	6.289	6.289	6.289	6.289
Palmer Lake	15.340	16.180	15.989	16.459	16.459
Ramah	19.827	19.827	19.827	19.827	19.827
Fire Districts					
Big Sandy	8.000	8.000	8.000	8.000	8.000
Black Forest	6.600	6.444	6.322	6.275	10.406
Black Forest (OPS)	1.635	1.479	1.357	1.310	1.191
Broadmoor	4.500	4.500	4.500	4.500	4.500
Calhan	7.558	7.461	6.313	7.094	6.500
Cascade	6.333	6.748	6.940	7.373	7.968
Cimarron Hills	11.110	11.082	11.110	11.110	12.150
Donald Wescott	7.000	7.000	7.000	7.000	7.000
Edison	9	9.000	9.000	9.000	9.000
Elbert	4.575	4.575	4.575	4.575	4.575
Ellicott	4.354	9.116	9.374	9.329	9.999
Falcon	5.712	5.712	5.712	5.712	8.612
Green Mountain Falls/Chipita Park	7.775	6.829	6.905	7.325	8.048
Hanover	4.720	4.720	4.720	4.720	4.720
Peyton	6.137	6.135	6.109	6.253	6.253
Security	6.675	6.706	6.687	6.693	6.681
Stratmoor Hills	12.423	12.423	12.423	12.423	12.423
SW Hwy 115	7.200	7.200	7.200	7.200	7.200
Tri-County	3.000	3.000	3.000	3.000	3.000
Tri-Lakes/Monument	8.500	8.500	8.500	8.500	8.500
Woodmoor Monument	8.500	-	-	-	-
Woodman Valley	9.050	9.050	9.050	9.050	9.050

2013	2014	2015	2016	2017
4.000	4.000	4.000	3.857	3.957
7.663	7.714	7.791	7.869	7.919
17.563	17.563	17.563	17.563	17.563
4.279	4.279	4.279	4.279	4.279
10.239	10.239	10.239	10.239	10.239
17.588	17.588	17.588	17.588	17.588
12.060	12.060	12.050	12.246	13.001
6.289	6.289	6.289	6.255	6.289
16.459	16.459	16.459	11.238	21.238
19.827	19.827	19.827	19.827	19.827
8.000	8.000	8.000	8.000	8.000
10.379	10.382	10.356	10.237	10.178
1.164	1.167	1.141	1.022	0.963
4.500	4.500	4.500	4.500	4.500
6.536	6.523	6.552	6.061	5.971
8.443	9.168	9.410	9.774	10.245
14.390	14.390	15.290	15.286	15.286
7.000	7.000	7.000	7.000	7.000
9.000	9.000	9.000	9.000	9.000
4.575	4.575	4.575	8.500	8.500
10.168	10.290	10.220	9.760	9.850
8.612	8.612	8.612	8.612	8.612
8.542	8.788	9.293	9.812	9.763
4.720	4.720	4.720	7.000	7.366
6.458	6.130	6.130	6.130	6.130
10.001	10.001	10.002	10.002	10.002
12.423	12.002	12.686	12.768	12.811
13.200	13.200	13.200	13.200	13.200
3.000	3.000	3.000	3.000	3.000
11.500	11.500	11.500	11.500	11.500
-	-	-	-	-
9.050	9.050	9.050	9.050	9.050

Exhibit I-9

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

Taxing Authority	Collection Year				
	2008	2009	2010	2011	2012
Water Districts					
Cheyenne Creek	0.800	0.800	0.800	0.500	0.500
Forest View	5.000	5.000	5.000	5.000	5.000
Park Forest	14.437	14.437	14.437	14.437	14.437
Red Rock Valley Estates	12.325	12.409	13.123	13.894	16.803
Stratmoor Hills	2.391	2.128	2.224	2.000	2.000
S.E. Colo. Water Conserv.	0.915	0.943	0.940	0.947	0.947
Security	5.946	5.822	5.961	5.960	5.952
Turkey Canyon Ranch	7.858	8.523	8.622	9.058	11.005
Upper Arkansas Water Conserv.	-	-	-	0.454	0.495
Upper Big Sandy	0.534	0.532	0.532	0.532	0.532
Upper Black Squirrel	0.682	0.682	0.682	1.082	1.082
Sanitation Districts					
Fountain	4.500	4.501	4.500	4.654	5.334
Security	0.898	0.889	0.896	0.900	0.899
Stratmoor Hills	0.650	0.579	0.621	0.549	0.549
Sanitation and Water Districts					
Academy	24.817	25.517	23.637	21.450	24.950
Donala (Area A)	16.296	16.296	16.296	16.296	16.296
Donala (Area B)	8.148	8.148	8.148	8.148	8.148
Garden Valley	4.065	4.001	7.000	10.000	8.617
Garden Valley #2	-	-	7	7.000	5.500
Westmoor	31.423	33.070	29.055	30.986	35.508
Woodmoor	7.250	7.000	6.950	6.950	-

Exhibit I-9

2013	2014	2015	2016	2017
0.500	0.500	0.500	0.500	1.000
5.000	5.000	5.000	5.000	5.000
14.437	14.437	14.437	14.437	14.437
17.709	17.872	18.575	16.444	17.725
2.088	2.055	1.974	2.086	2.105
0.944	0.944	0.094	0.941	0.940
5.947	5.980	5.955	5.654	5.695
9.500	9.500	9.500	9.500	9.500
0.478	0.478	0.478	0.471	0.478
0.532	0.532	0.532	0.532	0.532
1.082	1.082	1.082	1.057	1.063
5.534	5.755	6.101	6.040	6.248
0.898	0.903	0.899	0.856	0.862
0.573	0.578	0.578	0.587	0.591
24.755	2.937	2.937	2.937	2.937
21.296	21.296	21.296	21.296	21.296
10.648	10.648	10.648	10.648	10.648
8.167	9.920	9.055	9.695	10.296
5.805	5.613	5.736	5.816	5.196
37.471	34.956	41.288	34.943	36.836
-	-	-	-	-

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

Taxing Authority	Collection Year				
	2008	2009	2010	2011	2012
School Districts					
Air Force Academy #20	60.216	60.216	60.216	60.216	60.216
Big Sandy #100J	25.481	25.499	25.509	25.468	42.067
Calhan #RJ-1	33.800	33.645	30.031	30.049	30.049
Cheyenne Mountain #12	44.741	44.794	43.765	49.764	49.764
Colorado Springs #11	44.045	42.331	42.183	44.004	44.004
Edison #54	38.814	38.801	37.525	36.104	36.104
Ellicott #22	46.947	46.009	45.633	41.148	41.148
Falcon #49	45.795	45.674	45.572	45.842	45.842
Fremont/Florence #39	28.934	29.548	29.695	33.907	33.907
Fountain/Ft. Carson #8	19.715	24.301	29.695	24.723	24.723
Hanover #28	25.442	25.459	23.436	27.551	27.551
Harrison #2	42.473	41.409	41.434	41.147	41.147
Lewis-Palmer #38	49.586	46.077	48.074	52.343	52.343
Manitou Springs #14	-	-	-	-	-
Miami/Yoder #60	40.906	41.281	41.366	42.853	42.853
Peyton #23	35.000	34.000	33.969	34.041	34.041
Miscellaneous Districts	2,094.822	2,115.266	2,710.623	2,554.140	2,554.140

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

2013	2014	2015	2016	2017
60.216	60.216	60.216	60.216	60.216
42.128	40.787	40.379	38.860	38.782
29.117	27.096	27.193	27.091	27.003
50.000	50.000	53.000	53.000	53.000
43.445	44.264	43.165	40.803	40.878
37.044	37.861	37.340	40.834	36.502
41.147	37.124	37.126	37.001	37.046
45.585	45.617	45.796	44.635	44.417
28.774	28.776	29.251	28.908	29.300
24.703	24.726	24.775	25.195	24.748
27.463	31.103	27.759	35.112	34.679
41.344	41.344	36.997	36.414	36.278
51.756	50.091	49.677	45.501	46.404
47.354	47.649	47.555	52.000	52.000
43.194	42.710	41.926	28.504	28.303
34.097	30.985	30.919	30.419	30.469
2,703.102	2,975.466	3,083.266	3,391.527	3,075.868

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Exhibit I-10

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

Principal Taxpayer	Type of Business	Fiscal Year 2017		Fiscal Year 2008	
		Assessed Valuation	Percent of Total Assessed Valuation	Assessed Valuation	Percent of Total Assessed Valuation
CELLCO Partnership	Investments	\$ 89,757,560	1.36%	\$ -	-
Qwest Corporation	Telecommunications	67,021,700	1.01%	78,043,650	1.27%
Broadmoor Hotel, Inc.	Hotel	33,798,090	0.51%	28,982,740	0.47%
Wal-Mart Businesses	Merchandise/Retail	28,348,330	0.43%	32,434,900	0.53%
Mountain View Electric	Utilities	27,465,560	0.42%	16,525,500	-
CV Patriot Springs, LLC	Investments	24,657,630	0.37%	-	-
dpiX, LLC	Technology	24,133,290	0.36%	-	0.00%
Wal-Mart Datacenter	Technology	14,137,690	0.21%	-	-
Palmer Center LTD	Hotel, Office Center	13,688,640	0.21%	-	0.00%
Keysight Technologies	Technology	12,938,440	0.20%	-	-
Atmel Corp.	Investments	-	-	22,194,120	0.36%
Black Hills Fountain Valley Power LLC	Utilities	-	-	25,485,800	0.41%
Front Range Power	Utilities	-	-	26,178,500	0.43%
MCI Telecommunications Corp.	Telecommunications	-	-	19,591,300	0.32%
Intel Corp.	Technology	-	-	15,951,460	0.26%
MMP Citadel LLP	Retail Mall	-	-	15,499,600	0.25%
Total Top 10 Principal Taxpayers		\$ 335,946,930	5.08%	\$ 280,887,570	4.30%
Total Assessed Valuation		\$ 6,617,856,790	100.00%	\$ 6,142,321,540	100.00%

Data Source: El Paso County Assessor's Office

Exhibit I-11

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

Assessment Year	Collection Year	Current Tax Levy	Current Tax Collections	Percent of Current Tax Collected	Delinquent Tax Collections
2007	2008	\$ 20,404,148	\$ 20,325,222	99.6%	\$ 14,552
2008	2009	21,952,801	21,802,319	99.3%	17,902
2009	2010	22,348,644	22,096,603	98.9%	44,982
2010	2011	22,907,471	22,708,581	99.1%	19,503
2011	2012	23,776,533	23,521,488	98.9%	19,120
2012	2013	24,058,794	23,852,302	99.1%	30,559
2013	2014	23,978,299	23,691,576	98.8%	72,755
2014	2015	24,290,297	24,092,442	99.2%	12,160
2015	2016	24,926,355	24,730,868	99.2%	10,720
2016	2017	25,942,634	25,709,842	99.1%	14,007

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

Penalties and Interest Delinquent Tax Collections	Omitted Property Tax Collections	Total Tax Collection	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
\$ 40,610	\$ 2,533	\$ 20,382,917	99.9%	\$ 112,302	0.6%
54,453	6,683	21,881,357	99.7%	123,563	0.6%
53,198	4,421	22,199,204	99.3%	86,509	0.4%
50,844	4,202	22,783,130	99.5%	93,389	0.4%
44,669	3,205	23,588,482	99.2%	128,616	0.5%
41,758	5,639	23,930,258	99.5%	139,504	0.6%
56,389	2,887	23,823,607	99.4%	55,656	0.2%
29,628	3,699	24,137,929	99.4%	54,997	0.2%
29,902	9,505	24,780,995	99.4%	62,246	0.2%
33,187	5,224	25,762,260	99.3%	71,429	0.3%

Exhibit I-12

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

Year Ended December 31,	Population	Capital Leases		
		Gross Debt	Funds Available in Debt Service Fund	Net Debt
2008	535,537	\$ -	\$ -	\$ -
2009	547,061	-	-	-
2010	554,355	123,071	-	123,071
2011	575,789	65,401	-	65,401
2012	585,158	-	-	-
2013	598,549	-	-	-
2014	607,457	-	-	-
2015	616,089	-	-	-
2016	623,805	-	-	-
2017	639,625	-	-	-

Net Debt Per Capita	Personal Income	Debt as a Percentage of Personal Income	Assessed Value Used for Current Year Collections	Ratio of Net Bonded Debt to Assessed Value
-	\$ 23,758,135,000	0.000%	\$ 6,142,321,540	0.000%
-	24,047,682,000	0.000%	6,208,041,670	0.000%
0.22	24,986,786,000	0.000%	6,454,866,500	0.000%
0.11	25,420,872,000	0.000%	6,462,164,700	0.000%
-	26,374,299,000	0.000%	5,968,035,500	0.000%
-	27,980,799,000	0.000%	6,042,452,470	0.000%
-	27,831,398,000	0.000%	6,028,899,300	0.000%
-	29,262,206,000	0.000%	6,117,132,700	0.000%
-	30,565,961,000	0.000%	6,516,617,460	0.000%
-	not available	0.000%	6,617,856,790	0.000%

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Exhibit I-13

**Pikes Peak Library District
Direct and Overlapping Governmental Activities Debt
As of December 31, 2017
(Unaudited)**

Tax District	Governmental Activities Debt	Percentage Applicable to Pikes Peak Library District	Amount Applicable to Pikes Peak Library District
Direct:			
Pikes Peak Library District	\$ -	100.00%	\$ -
Overlapping:			
Cities and Towns			
Calhan	36,987	100.00%	36,987
Colorado Springs	49,366,000	100.00%	49,366,000
Monument	466,485	100.00%	466,485
Manitou Springs	3,055,433	100.00%	3,055,433
Total Cities and Towns			52,924,905
El Paso County	148,596,782	94.18%	139,948,449
Special Districts			
Fire protection	3,898,237	100.00%	3,898,237
Miscellaneous	57,975,000	100.00%	57,975,000
Water	8,319,721	100.00%	8,319,721
Water and Sanitation	3,554,256	100.00%	3,554,256
General Improvement	41,220,119	100.00%	41,220,119
Metropolitan	406,124,267	100.00%	406,124,267
Total Special Districts			521,091,600
School Districts			
Academy #20	287,812,320	100.00%	287,812,320
Big Sandy #100J	2,376,452	100.00%	2,376,452
Cheyenne Mountain #12	133,380,405	100.00%	133,380,405
Colorado Springs #11	1,155,600,982	100.00%	1,155,600,982
Edison #54	1,862,720	100.00%	1,862,720
Falcon #49	7,520,172	100.00%	7,520,172
Fountain Fort Carson #8	2,834,402	100.00%	2,834,402
Fremont/Florence #39	7,915,975	100.00%	7,915,975
Hanover #28	5,657,878	100.00%	5,657,878
Harrison #2	36,070,000	100.00%	36,070,000
Lewis Palmer #38	67,349,192	100.00%	67,349,192
Manitou Springs School #14	2,805,000	100.00%	2,805,000
Miami/Yoder #60	1,245,000	100.00%	1,245,000
Peyton #23	25,575,436	100.00%	25,575,436
Widefield #3	6,900,000	100.00%	6,900,000
Total School Districts			1,744,905,934
Total Overlapping			2,458,870,888
Total Direct and Overlapping			\$ 2,458,870,888

Data Source: Individual Governmental Entities

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

Exhibit I-14

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

	2008	2009	2010	2011	2012
Assessed valuation	\$ 6,142,321,540	\$ 6,208,041,670	\$ 6,454,866,500	\$ 6,462,164,700	\$ 5,968,035,500
Debt limitation - 1.5% of total assessed value	\$ 92,134,823	\$ 93,120,625	\$ 96,822,998	\$ 96,932,471	\$ 89,520,533
Total debt (excluding compensated absences)	-	-	123,071	65,401	-
Less: Certificates of Participation (1)	-	-	-	-	-
Capital leases (1)	-	-	(123,071)	(65,401)	-
Total debt applicable to limitation	-	-	-	-	-
Legal debt margin	\$ 92,134,823	\$ 93,120,625	\$ 96,822,998	\$ 96,932,471	\$ 89,520,533

Notes:

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

2013	2014	2015	2016	2017
<u>\$ 6,042,452,470</u>	<u>\$ 6,028,899,300</u>	<u>\$ 6,117,132,700</u>	<u>\$ 6,516,617,460</u>	<u>\$ 6,617,856,790</u>
<u>\$ 90,636,787</u>	<u>\$ 90,433,490</u>	<u>\$ 91,756,991</u>	<u>\$ 99,267,852</u>	<u>\$ 99,267,852</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 90,636,787</u>	<u>\$ 90,433,490</u>	<u>\$ 91,756,991</u>	<u>\$ 99,267,852</u>	<u>\$ 99,267,852</u>

Exhibit I-15

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

Fiscal Year	Debt Service Expenditures			Noncapital Governmental Fund Expenditures	Ratio of Debt Service to Noncapital Governmental Fund Expenditures
	Capital Leases				
	Principal Payments	Interest Payments	Total		
2008	\$ 19,780	\$ 298	\$ 20,078	\$ 20,704,072	0.10%
2009	-	-	-	20,664,836	0.00%
2010	50,685	6,085	56,770	21,936,718	0.26%
2011	57,670	4,261	61,931	22,062,312	0.28%
2012	65,401	1,672	67,073	22,732,454	0.30%
2013	-	-	-	23,553,822	0.00%
2014	-	-	-	24,979,899	0.00%
2015	-	-	-	25,816,533	0.00%
2016	-	-	-	26,243,577	0.00%
2017	-	-	-	27,919,221	0.00%

Exhibit I-16

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

Fiscal Year	Population	Personal Income	Per Capita	Unemployment Rate	Households		Median Age	School Enrollment
			Personal Income		Total	Average Size		
2008	535,537	\$ 23,758,135,000	\$ 38,336	5.6%	237,763	2.25	34.2	105,845
2009	547,061	24,047,682,000	37,151	8.9%	243,374	2.25	34.3	109,246
2010	554,355	24,986,786,000	37,915	10.5%	237,851	2.33	34.1	109,962
2011	575,789	25,420,872,000	37,909	8.9%	243,299	2.37	34.1	111,318
2012	585,158	26,374,299,000	40,893	8.8%	247,320	2.37	34.1	111,533
2013	598,549	27,980,799,000	41,250	7.2%	251,153	2.38	34.2	117,829
2014	607,457	27,831,398,000	41,945	6.2%	255,364	2.38	34.3	118,699
2015	616,089	29,262,206,000	43,385	4.6%	259,082	2.38	34.0	120,314
2016	623,805	30,565,961,000	44,409	3.8%	263,383	2.37	34.4	121,752
2017	639,625	not available	not available	3.5%	267,300	2.39	34.4	122,445

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

Exhibit I-17

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

Employer	Fiscal Year 2017		Fiscal Year 2008	
	Employees	Percent of Total Employment	Employees	Percent of Total Employment
Fort Carson	30,661	9.70%	21,400	7.09%
United States Air Force Academy	11,715	3.71%	6,522	2.16%
Peterson Air Force Base	9,915	3.14%	11,678	3.87%
Schriever Air Force Base	6,978	2.21%	6,000	1.99%
Verizon	4,000	1.27%	-	-
Memorial/University of Colorado Health Systems	3,951	1.25%	4,700	1.56%
El Paso County School District #11	3,800	1.20%	3,793	1.26%
Centura Health System	3,208	1.02%	-	-
Academy School District #20	2,950	0.93%	2,986	0.99%
El Paso County	2,733	0.86%	-	-
Direct Checks Unlimited	-	-	8,720	2.89%
Penrose St. Francis Health System	-	-	2,800	0.93%
Wells Fargo Bank	-	-	-	0.00%
The Broadmoor	-	-	2,000	0.66%
Total	79,911	25.29%	70,599	23.38%
Total Employment - El Paso County, Colorado	315,977		301,927	

Exhibit I-18

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

	Full-time Equivalent Employees									
	2008	2009	2010	2011	2012	2012	2014	2015	2016	2017
Public Services										
Administration	3.00	3.00	3.00	3.00	3.00	3.00	3.00	1.00	1.00	2.00
Special Collections	9.25	9.25	9.25	9.25	9.25	9.25	9.25	9.25	9.50	9.50
Adult Services										
East Library	16.00	16.00	16.00	16.30	16.30	15.80	15.80	16.80	16.80	17.32
Penrose Library	20.20	20.00	20.70	20.74	20.74	20.24	20.24	20.24	21.22	21.22
Library 21c	-	-	-	-	-	-	8.25	8.25	8.25	8.25
Library 21c - Computer Commons	-	-	-	-	-	-	9.00	9.50	9.50	9.50
Children's										
East Library	8.00	9.00	9.00	9.02	9.02	8.02	6.82	6.82	8.27	8.27
Penrose Library	5.30	5.30	5.30	5.32	5.32	5.32	6.12	6.12	6.12	6.12
Library 21c	-	-	-	-	-	-	6.88	7.88	7.88	8.88
Community Libraries										
Administration	2.00	1.50	-	-	-	-	-	-	-	-
Briargate Library	11.88	11.88	12.63	13.63	13.63	14.50	-	-	-	-
Cheyenne Mountain Library	10.93	10.93	10.93	10.93	10.93	11.43	10.93	10.93	10.93	10.55
Fountain Library	10.63	10.63	10.63	10.25	10.25	9.25	7.75	7.88	7.88	6.63
High Prairie Library	-	-	7.13	8.00	8.00	8.00	8.25	8.25	8.25	8.25
Ruth Holley Library	12.25	12.25	12.25	12.25	12.25	12.50	12.50	12.13	12.13	10.50
Manitou Springs	-	-	-	-	-	-	4.00	4.25	4.25	4.25
Monument Library	10.15	10.15	10.21	10.42	10.42	10.55	10.55	10.55	10.49	10.49
Old Colorado City Library	8.73	8.73	8.93	9.28	9.28	8.88	8.88	8.63	8.90	8.90
Palmer Lake Library	1.93	1.93	1.93	1.99	2.01	1.99	1.79	1.79	2.03	2.03
Rockrimmon Library	11.25	11.25	11.25	11.23	11.23	10.85	10.65	10.65	10.65	10.08
Sand Creek Library	12.38	12.38	12.88	13.09	13.09	13.29	14.23	15.73	15.95	16.20
Ute Pass Library	1.83	1.80	2.15	2.30	2.30	1.80	1.80	1.28	1.28	1.28
Adult Education	2.60	2.60	2.60	2.60	2.60	3.10	3.45	4.20	3.85	6.50
Circulation										
East Library	20.43	20.43	19.93	20.01	19.01	19.56	20.22	20.62	20.62	18.84
Penrose Library	11.50	11.50	11.50	11.59	11.59	11.59	11.62	11.74	11.74	11.84
Library 21c	-	-	-	-	-	-	6.50	6.50	6.50	6.50
Shelving										
East Library	13.93	14.15	14.95	15.16	15.16	13.68	13.70	13.70	13.64	12.07
Penrose Library	8.80	8.80	8.40	8.84	8.84	8.32	7.99	7.99	7.99	6.12
Library 21c	-	-	-	-	-	-	5.18	5.55	5.18	5.25
Security	7.25	7.25	7.25	7.25	7.25	7.25	11.00	13.00	14.50	15.00
Collection Management	19.00	19.00	19.50	19.80	19.80	19.80	19.30	19.65	19.00	18.40
Mobile Library Services	8.88	8.88	8.88	9.70	9.70	8.70	8.70	8.70	8.95	9.15
Total Public Services	248.10	248.59	257.18	261.95	260.97	256.67	284.35	289.58	293.25	289.89
Administrative Services										
Administration	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-	-	-
Facilities										
East Library	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Penrose Library	6.75	6.75	6.75	7.00	7.00	7.00	6.75	6.75	6.00	6.00
Library 21c	-	-	-	-	-	-	2.00	2.00	3.00	3.00
Human Resources	5.55	5.55	5.55	5.15	4.15	5.15	5.15	5.15	5.15	5.15
Total Administrative Services	16.30	16.30	16.30	16.15	15.15	16.15	17.90	16.90	17.15	17.15
Information Technology										
Information Technology	12.00	12.00	13.00	13.00	13.00	13.00	14.00	14.10	14.10	14.10
Other Administrative Operations										
Chief Librarian and Chief Executive Officer Office	2.00	2.00	2.50	3.00	2.50	3.00	2.00	2.00	2.00	2.00
Communications Office	10.90	10.90	11.40	10.90	10.65	10.90	11.75	12.25	12.25	12.25
Development Office	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Finance Office	6.50	6.75	6.75	6.75	6.75	5.75	5.75	6.75	6.75	6.75
Total Other Administration Operations	21.90	22.15	23.15	23.15	22.40	22.15	22.00	23.50	23.50	23.50
Total Full Time Equivalents	298.30	299.04	309.63	314.25	311.52	307.97	338.25	344.08	348.00	344.64

Data Source: District's Human Resources Office

Exhibit I-19

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

Fiscal Year	Number of Volumes Owned	Number of Audio Visual Items Owned	Total Items Owned	Acquisition Cost of Collections
2008	959,325	173,115	1,132,440	34,139,308
2009	908,932	189,836	1,098,768	32,966,004
2010	908,706	223,575	1,132,281	33,922,252
2011	948,527	235,087	1,183,614	34,699,459
2012	885,857	263,277	1,149,134	33,668,609
2013	907,823	285,181	1,193,004	33,438,002
2014	918,701	316,647	1,235,348	34,256,218
2015	718,638	279,776	998,414	28,479,378
2016	689,980	353,667	1,043,647	27,162,050
2017	700,758	346,176	1,046,934	26,923,183

Data Source: District's Collection Management Department

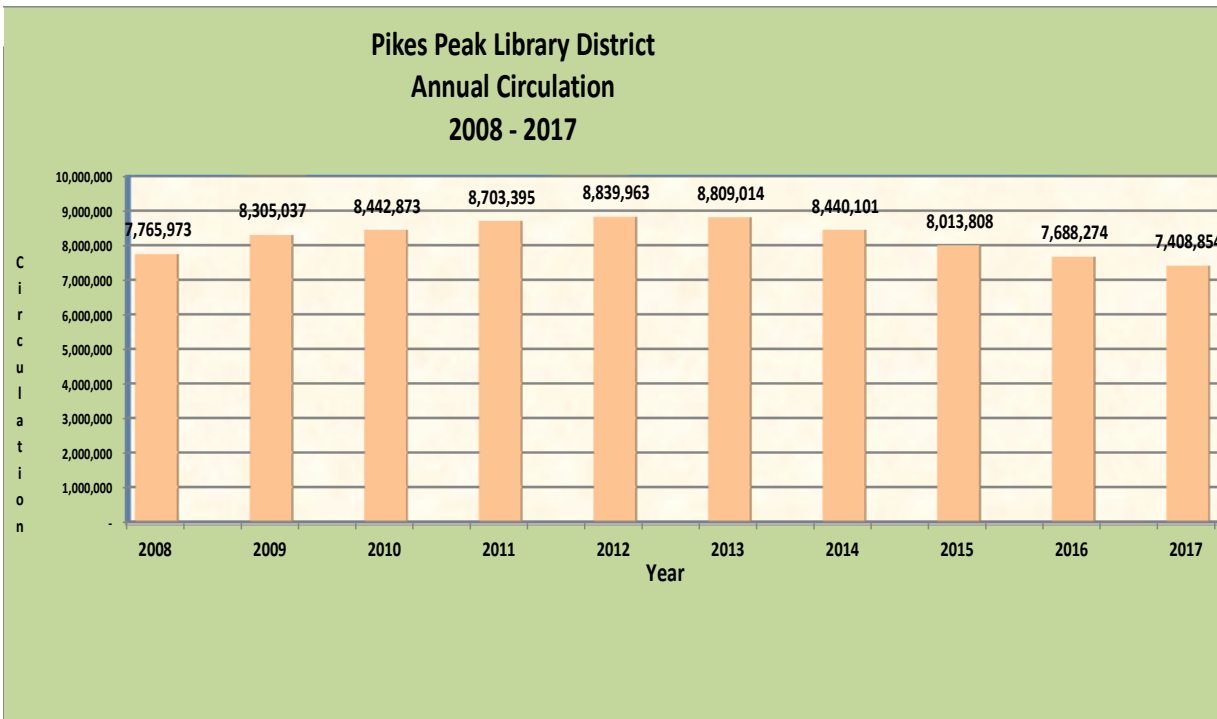
Cost of New Acquisitions	Net Book Value of Collections	Number of Items in Circulation	Turnover Rate
2,455,637	14,778,633	1,093,758	7.10
2,594,598	14,612,166	1,059,321	8.32
3,517,700	15,285,873	1,092,281	7.73
3,796,733	15,632,673	1,142,172	7.62
2,763,306	14,813,804	1,106,019	7.99
2,520,735	14,392,359	1,148,583	7.67
2,663,493	14,599,576	1,189,875	7.09
2,731,728	14,211,399	951,064	8.43
2,313,177	13,806,198	995,151	7.73
2,140,189	13,803,275	996,826	7.43

Exhibit I-20

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

Fiscal Year	East Library Information Center	Penrose Public Library	Library 21c	Community Libraries							
				Briargate	Cheyenne Mountain	Fountain	High Prairie	Manitou Springs	Monument	Old Colorado City	Palmer Lake
2008	2,391,975	1,146,308	-	663,170	520,598	239,946	-	-	547,597	239,244	64,012
2009	2,655,765	1,128,125	-	741,583	552,161	261,457	-	-	563,755	278,940	66,617
2010	2,582,700	1,095,427	-	768,785	554,658	273,745	66,410	-	572,676	303,763	62,441
2011	2,494,034	1,132,553	-	772,441	553,038	281,337	359,569	-	588,895	316,223	65,877
2012	2,310,938	1,101,885	-	816,865	548,264	289,672	367,406	-	595,068	312,196	66,511
2013	2,128,483	1,154,390	-	794,457	542,311	274,626	366,472	41,578	563,585	303,649	63,566
2014	1,983,752	1,049,901	464,794	283,986	503,092	249,356	341,333	48,404	502,640	294,604	58,095
2015	1,621,753	900,407	894,810	-	474,082	211,731	326,736	47,067	451,594	284,910	50,653
2016	1,533,028	776,925	888,192	-	437,569	199,196	307,167	46,452	415,012	246,141	43,152
2017	1,303,118	714,133	986,551	-	386,538	191,400	289,874	47,318	390,805	214,947	44,718

Data Source: District's information library system



Rockrimmon	Ruth Holley	Sand Creek	Ute Pass	Mobile Library Services	Library Express Dispenser	Cyber-Shelf	Nook eReaders	Other Categories	Inter-Library Loan	Total
574,913	587,119	415,309	64,893	255,837	-	22,450	-	-	32,602	7,765,973
587,455	622,965	447,137	67,583	267,083	-	30,953	-	-	33,458	8,305,037
572,963	611,815	574,676	63,262	247,214	6,870	60,173	-	-	25,295	8,442,873
563,134	594,154	538,120	59,025	194,192	8,272	154,372	730	665	26,764	8,703,395
552,227	596,776	577,261	51,282	202,975	45,921	349,362	1,833	25,851	27,670	8,839,963
536,706	576,746	554,733	45,673	195,332	42,272	533,026	740	63,485	27,184	8,809,014
474,322	518,641	514,578	39,549	188,500	48,784	792,432	492	57,224	25,622	8,440,101
431,335	457,623	463,715	33,806	179,297	28,993	1,068,783	70	60,608	25,835	8,013,808
385,294	395,346	417,248	31,724	166,186	20,958	1,295,052	325	55,209	28,098	7,688,274
368,714	367,831	370,525	31,623	157,979	2,363	1,459,032	467	54,764	26,154	7,408,854

Exhibit I-21

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

Library	Address	Owned (O) Leased (L)	No. of Hours Open/Week FY 2017	No. of Hours	
				2008	2009
Briargate Library	9475 Briar Village Pt. Colorado Springs, CO 80920	L	-	8,627	8,627
Cheyenne Mountain Library	1785 S. 8th Street, Suite 100 Colorado Springs, CO 80906	L	64	8,900	8,900
East Library and Information Center	5550 N. Union Colorado Springs, CO 80918	O	68	70,153	70,153
Fountain Library	230 S. Main Street Fountain, CO 80817	O	64	9,582	9,582
High Prairie Library	7035 Old Meridian Rd. Falcon, CO 80831	O	56	-	-
Library 21C	1175 Chapel Hills Drive Colorado Springs, CO 80920	O	68	-	-
Manitou Springs Library	701 Manitou Avenue Manitou Springs, CO 80829	L	52	-	-
Monument Hill Library	1706 Lake Woodmoor Drive Monument, CO 80132	L	68	7,536	7,536
Old Colorado City Library	2418 W. Pikes Peak Colorado Springs, CO 80904	O	64	4,909	4,909
Palmer Lake Library	66 Lower Glenway Palmer Lake, CO 80133	L	36	1,574	1,574
Penrose Public Library	20 N. Cascade Colorado Springs, CO 80903	O	68	78,831	78,831
Rockrimmon Library	832 Village Center Drive Colorado Springs, CO 80919	L	64	8,668	8,668
Ruth Holley Library	685 N. Murray Colorado Springs, CO 80915	L	64	10,469	10,469
Sand Creek Library	1821 S. Academy Colorado Springs, CO 80916	O	68	14,060	14,060
Ute Pass Library	8010 Severy Cascade, CO 80809	L	30	2,123	2,123
Mobile Library Services - three vehicles		O	62	437	455
Offices	25 W. Kiowa Colorado Springs, CO 80903	O	N/A	11,988	11,988
			896	237,857	237,875

Data Source: District's Facilities Office

Square Footage as of Fiscal Year-End

2010	2011	2012	2013	2014	2015	2016	2017
8,627	8,627	8,627	8,627	8,627	-	-	-
8,900	8,900	8,900	8,900	8,900	8,900	8,900	8,900
70,153	70,153	70,153	70,153	70,153	70,153	70,153	70,153
9,582	9,582	9,582	9,582	9,582	9,582	9,582	9,582
6,008	6,008	6,008	6,008	6,008	6,008	6,008	6,008
-	-	115,058	115,058	115,058	115,058	115,058	115,058
-	-	-	2,391	2,391	2,391	2,391	2,391
7,536	7,536	7,536	7,536	7,536	7,536	7,536	7,536
4,909	4,909	4,909	4,909	4,909	4,909	4,909	4,909
1,574	1,574	1,574	1,574	1,574	1,574	1,574	1,574
78,831	78,831	78,831	78,831	78,831	78,831	78,831	78,831
8,668	8,668	8,668	8,668	8,668	8,668	8,668	8,668
10,469	10,469	10,469	10,469	10,469	10,469	10,469	10,469
14,060	14,060	14,060	14,060	14,060	14,060	14,060	14,060
2,123	2,123	2,123	2,123	2,123	2,123	2,123	2,123
455	455	455	455	455	455	455	455
11,988	11,988	11,988	11,988	11,988	11,988	11,988	11,988
243,883	243,883	358,941	361,332	361,332	352,705	352,705	352,705

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
Pikes Peak Library District
Colorado Springs, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Pikes Peak Library District (the District), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 12, 2018. The financial statements of the Pikes Peak Library District Foundation Inc., the discretely presented component unit of the District, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Board of Trustees
Pikes Peak Library District

Compliance and Other Matters

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

Purpose of this Report

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

BKD, LLP

Colorado Springs, Colorado
June 12, 2018