

Pikes Peak Library District

Administrative Offices
20 North Cascade Avenue
Colorado Springs, Colorado 80903

Comprehensive Annual Financial Report
For the year ended December 31, 2012

Board of Trustees

(As of December 31, 2012)

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Kenneth Beach	Trustee
John Bornschien	Trustee
Cathy Grossman	Trustee
John Wilson	Trustee

Executive Director
Paula J. Miller

Prepared by
Michael E. Varnet, CPA
Chief Finance and Business Officer

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June 24, 2013

Members of the Board of Trustees
Pikes Peak Library District
20 North 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, 2012.

This is the twenty-second 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 2012 financial statements.

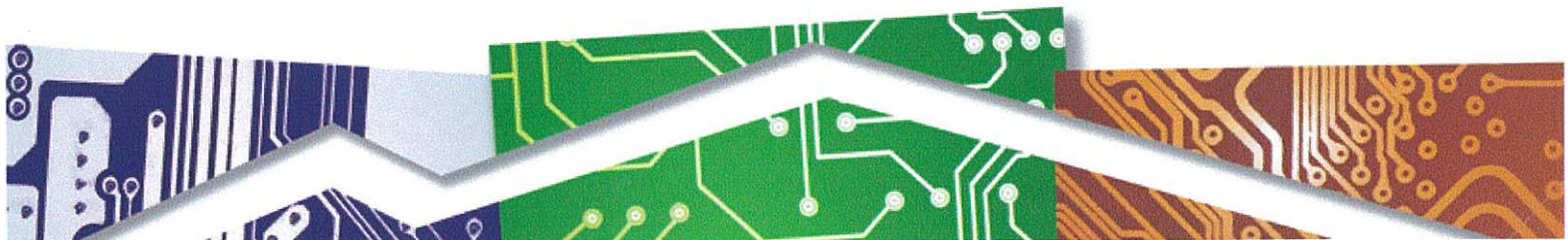
Last year's CAFR received the Certificate of Achievement for Excellence in Financial Reporting from the GFOA for the twenty-first consecutive year. This award represents affirmation that the District has achieved excellence in financial reporting. The District will submit the 2012 CAFR for recognition again this year.

I want to take this opportunity to thank PPLD's Chief Financial Officer and Finance 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 blue ink, appearing to read 'Paula J. Miller', with a long, sweeping underline.

Paula J. Miller
Executive Director



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June 24, 2013

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, 2012.

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, have 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, 2012. The independent auditor’s report is located at the front of the financial section of this report.

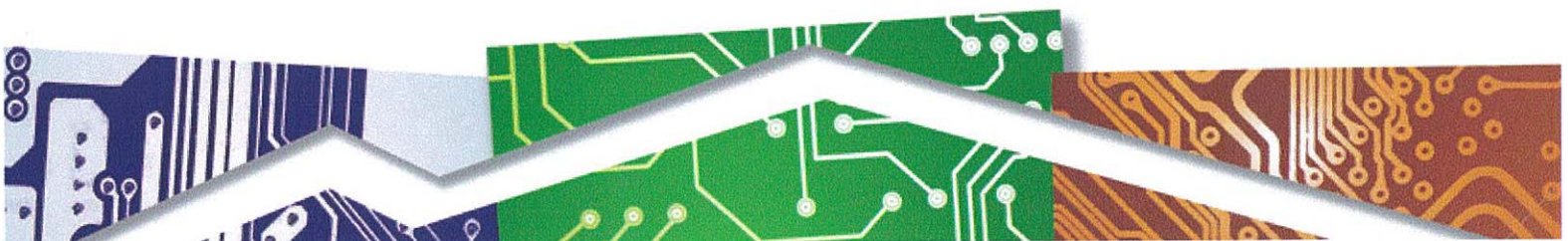
Management’s Discussion and Analysis (MD&A) immediately follows the Independent Auditor’s Report, and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A compliments this letter of transmittal and should be read in conjunction with it.

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 of Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*.

The District has two component unit affiliations: The Pikes Peak Library District Building Authority (a blended component unit) and 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 voted to tax themselves in November 2012 and joined PPLD in 2013.

There are fourteen active library facilities located in the District service area and three mobile libraries covering a service area of approximately 2,000 square miles. The District owns six facilities – East Library, Fountain Library, High Prairie Library, Old Colorado City Library, Penrose Library Complex, and Sand Creek Library – and leases the other eight facilities – Briargate Library, 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 through a donation of space and the mobile library fleet delivers service to remote sites and to special non-mobile populations. Finally, in 2012, PPLD purchased a facility at 1175 Chapel Hills Drive (Colorado Springs) to renovate into a future library site.

The District's Administrative divisions include the Executive Director's Office, the Finance and Business Office, Support Services (human resources, circulation and shelving, collection management, literacy, facilities and security operations), Information Technology and Virtual Services, the Community Engagement and Outreach Office (public relations, video production, and design/print operations), and Public Services (Children's Services, Adult and Teen Services, special collections, mobile services, and community libraries).

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

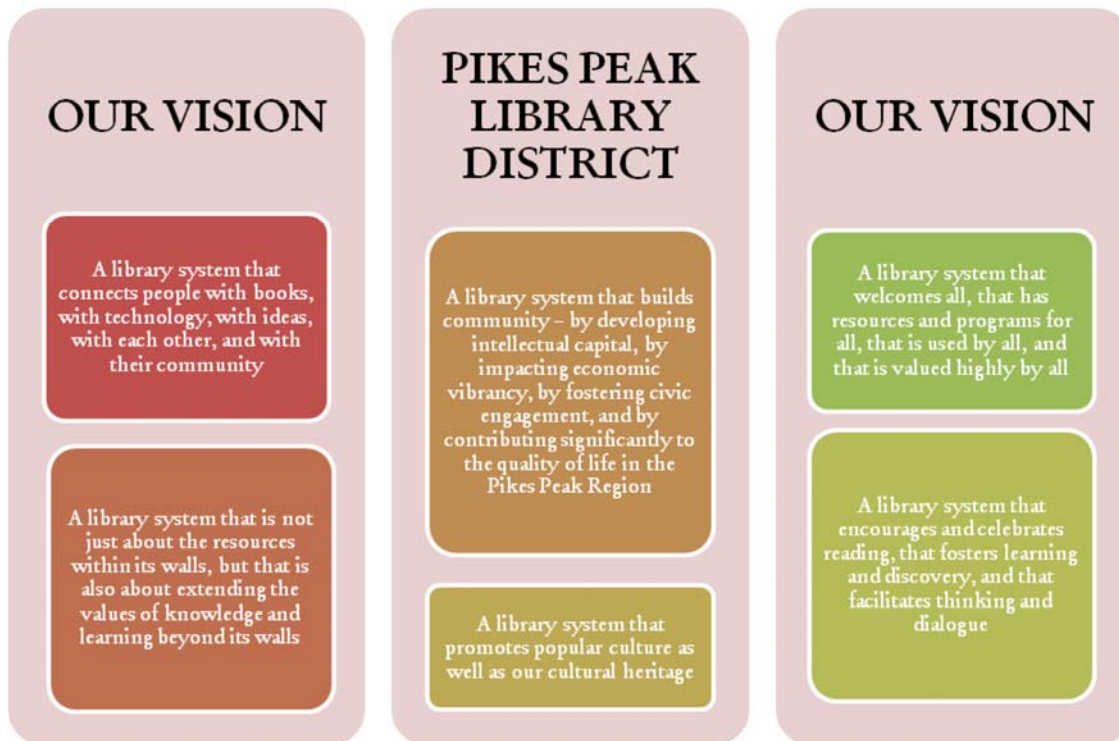
Pikes Peak Library District (PPLD) is a nationally recognized system of public libraries serving a population of more than 585,000 in El Paso County, Colorado. PPLD's fourteen facilities, online resources, and mobile library service make it a vital force for individual and community transformation. PPLD has an employee base of 441 full- and part-time staff, and utilizes roughly 1,500 volunteers annually. The District strives to reach all members of the community, providing free and equitable access to information and an avenue for personal and community education and enrichment. PPLD is recognized for its commitment to diversity and community collaboration, its quality programming, and its excellent customer service.

Pikes Peak Library District is the second largest library district in the State of Colorado and regularly places in the top tier of national library rankings. The District serves approximately a 2,000 square mile service area in El Paso County, including all unincorporated areas and cities of Colorado Springs, Fountain, Manitou Springs, Monument, Palmer Lake, Falcon and Calhan.

OUR MISSION



**Providing resources and opportunities
that change individual lives and build community.**



OUR VISION



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 2012

PPLD experienced a year of change and calculation in 2012 as it looked at redefining services and facilities while incorporating new patrons and spaces. In November residents of Manitou Springs voted to tax themselves to join the District, passing a ballot initiative with 55 percent of the vote. 4 mills from Manitou Springs will generate \$240,000 in 2013. Planning for the transition in service began prior to the election and carried over into 2013.

PPLD's February 2012 acquisition of an 112,000 square foot building in northern Colorado Springs was followed up by months of planning. In November, PPLD finalized the selection of a design-build team for its Tri-building Project, which will renovate the new building and make changes for public space at East and Penrose Libraries, as many administrative services consolidate into the new facility.

PPLD initiated new partnerships in 2012, including a year-long program collaboration with Colorado Springs Utilities entitled Water 2012, a series of film screenings with Pikes Peak Women's Coalition, and Veterans programming with AspenPointe. PPLD was one of a group of entities partnering to form the Tim Gill Center for Public Media, housed in a building donated to the effort by the Gill Foundation. Other major initiatives included Manifold greatness, an exhibit on the King James Bible awarded to PPLD by the National Endowment for the Humanities and American Library Association; Ancient Greeks, Modern Lives, another national initiative, and a visit by author Margaret Atwood as part of All Pikes Peak Reads 2012.

PPLD staff participated in a national campaign to inform the public about the difficulty public libraries have acquiring digital materials from publishers. The campaign, called "Not eNough" at PPLD was adopted by libraries across the country. In other virtual news, Freading eMaterials and Zinio eMagazines were added to the digital collection. PPLD's catalog was upgraded to include metadata search capability and many additional user-focused features.

Additionally:

- PPLD's Finance Department has been awarded the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for twenty-one consecutive years.
- Compared to libraries across the country with similar operating budgets, PPLD circulates the second highest number of items each year: roughly 25,000 per day or an average of 33 per cardholder annually.

- The Pikes Peak Library District Foundation raised roughly \$326,000 in support of PPLD activities and programs.
 - Grant Funds were received to support the purchase of AWE Stations, offering children’s literacy programs to patrons.
 - In-kind gifts totaled \$2.1 million.
 - Adult Literacy & ESL received \$130,600.
 - More than \$25,000 was raised for author Margaret Atwood’s visit.

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, 2012, the population of El Paso County was estimated at 645,568 (the District’s legal service area comprises 585,158 of this total). Colorado Springs, the largest municipality within El Paso County (the County), is the 41st largest city in the nation. The County’s population has increased by about 105,000 since 2000, with about 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 at the end of 2012. The following are estimates of the population for El Paso County by certain age categories:

	<u>2012</u>		<u>2011</u>	
Under 15	138,087	21.4%	135,756	21.4%
15-24	100,522	15.6%	98,380	15.5%
25-44	172,692	26.8%	171,462	27.0%
45-64	164,670	25.5%	163,751	25.8%
65+	69,597	10.8%	65,537	10.3%
	<hr/>		<hr/>	
Total	<u>645,568</u>		<u>634,886</u>	

Industries

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

	2012	2011
Government, including military	19.4%	19.7%
Professional and business	15.4%	15.7%
Wholesale and retail trade	13.4%	13.6%
Leisure and hospitality	12.6%	12.4%
Education, health care	12.5%	12.3%
Financial	6.2%	6.3%
Manufacturing	5.1%	5.0%
All other	15.4%	15.0%

Wage/Salary

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

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

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

Occupation	2012 Annual Wages	2011 Annual Wages
Accountants and Auditors	\$ 61,630	\$ 60,680
Bank Tellers	28,000	27,100
Bookkeeping, Accounting, and Auditing Clerks	34,050	33,520
Carpenters	41,070	38,760
Civil Engineers	79,640	73,940
Computer Programmers	79,530	82,140
Correctional Officers	45,060	41,780
Dental Hygienists	71,980	66,560
Electrical Engineers	86,740	83,670
Elementary School Teachers	44,810	45,790
Executive Secretaries	47,440	45,960
Financial Analysts	86,560	81,350
Graphic Designers	44,360	43,410
Order Clerks	33,300	31,570
Payroll Clerks	38,920	36,060
Physicians and Surgeons	196,880	187,710
Property Managers	53,390	59,100
Social Workers	57,540	54,690
Systems Analysts	91,150	86,080

Consumer Spending

Retail sales for 2012 were about 1.1% higher than 2011. 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 2012 was 96.3, 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:

	2012	2011
Los Angeles, CA	130.8	132.8
Portland, OR	115.7	113.6
Seattle, WA	115.2	117.1
Denver, CO	104.5	105.0
National Average	100.0	100.0
Dallas, TX	98.9	96.2
Albuquerque, NM	98.2	94.6
Las Vegas, NV	98.2	100.1
Phoenix, AZ	96.8	96.5
Colorado Springs, CO	96.3	92.5
Boise, ID	96.1	96.1
Salt Lake City, UT	95.2	94.6

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 2012:

	2012	2011
Los Angeles, CA	\$ 528,255	\$ 540,850
Seattle, WA	370,966	342,917
Denver, CO	340,704	339,420
Portland, OR	333,373	356,341
National Average	285,121	286,731
Phoenix, AZ	265,978	241,396
Colorado Springs, CO	259,763	247,964
Salt Lake City, UT	255,932	273,368
Las Vegas, NV	251,055	261,021
Boise, ID	243,648	238,006
Dallas, TX	208,650	207,192

At the end of 2012, apartment rental rates are equally reasonable when compared to approximately 950 square foot apartments with 2 bedrooms and 1.5 or 2 full baths in other cities:

	2012	2011
	Per Month	Per Month
Los Angeles, CA	\$ 2,003	\$ 1,863
Portland, OR	1,603	1,289
Seattle, WA	1,436	1,473
Denver, CO	904	853
Phoenix, AZ	883	889
National Average	870	840
Colorado Springs, CO	862	808
Dallas, TX	799	738
Las Vegas, NV	782	766
Salt Lake City, UT	770	789
Boise, ID	717	703

Tourism

Tourism remains one of the main draws to the Colorado Springs area. More than 5 million visitors per year put nearly \$1 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-west and Interstate 25 heading north-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 16 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 seventeen school districts, as well as private elementary/high schools, charter schools, and the state-sponsored Colorado School for the Deaf and the Blind. The 80.1% 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:

	2012 Total Enrollment	2011 Total Enrollment
Pikes Peak Community College	13,572	13,572
University of Colorado at Colorado Springs	9,882	9,348
United States Air Force Academy	4,413	4,619

National Rankings

- Colorado Springs ranked in the top 15 “cleanest cities” in the U.S. according to American Lung Association.
- Colorado Springs ranked 7th best in West for small business according to an analysis by G. Scott Thomas, who covers demographic trends in his “On Numbers” blog for The Business Journals. The ranking is based on a six-part formula that takes into account population and employment growth, as well as local concentrations of small businesses with fewer than 100 workers.
- Colorado Springs ranked 8th Fittest City in the West according to Sunset Magazine.
- Colorado Springs ranked 6th Best Weekend Getaway by U.S. News & World Report. The rankings were based on places with just the right ratio of relaxation and entertainment.
- Colorado Springs ranked 2nd Safest City in the United States by insuranceProviders.com. The study was based on crime rate, likelihood of natural disasters and driving safety.
- Colorado Springs ranked 9th best city for a data center according to an analysis conducted by location consultants The Boyd Company.
- Colorado Springs was graded an A in “small business friendliness” by Thumbtack.com. States and cities were evaluated on a number of factors of importance to small businesses, including ease of starting a business, hiring costs, various kinds of regulation, taxes, the availability of training and networking programs, and the state's overall economic health and growth rate.

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 Executive Director has the authority to negotiate and sign regular operational contracts, and to approve expenditures up to \$50,000. The Chief Finance Officer can authorize purchase orders under \$5,000. Purchases in excess of \$50,000 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 of the safe, and only the Chief Finance Officer and the Executive Director are authorized to affect wire transfers or banking transactions.

The Chief Finance 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 Finance 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.

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, 2011. This was the twenty-first consecutive year that the District has received this prestigious award.

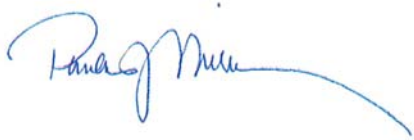
In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, the government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must justify both generally accepted accounting principles and applicable legal requirements. 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 employed by the District's Finance Office, and whose efforts and contributions made the preparation of the 2012 CAFR a success:

Dana Austin
Carol Holt
Dawn Ouradnik
Arnie Wehofer
Tatiana Zonte
Merry Zumwalt

Respectfully submitted,

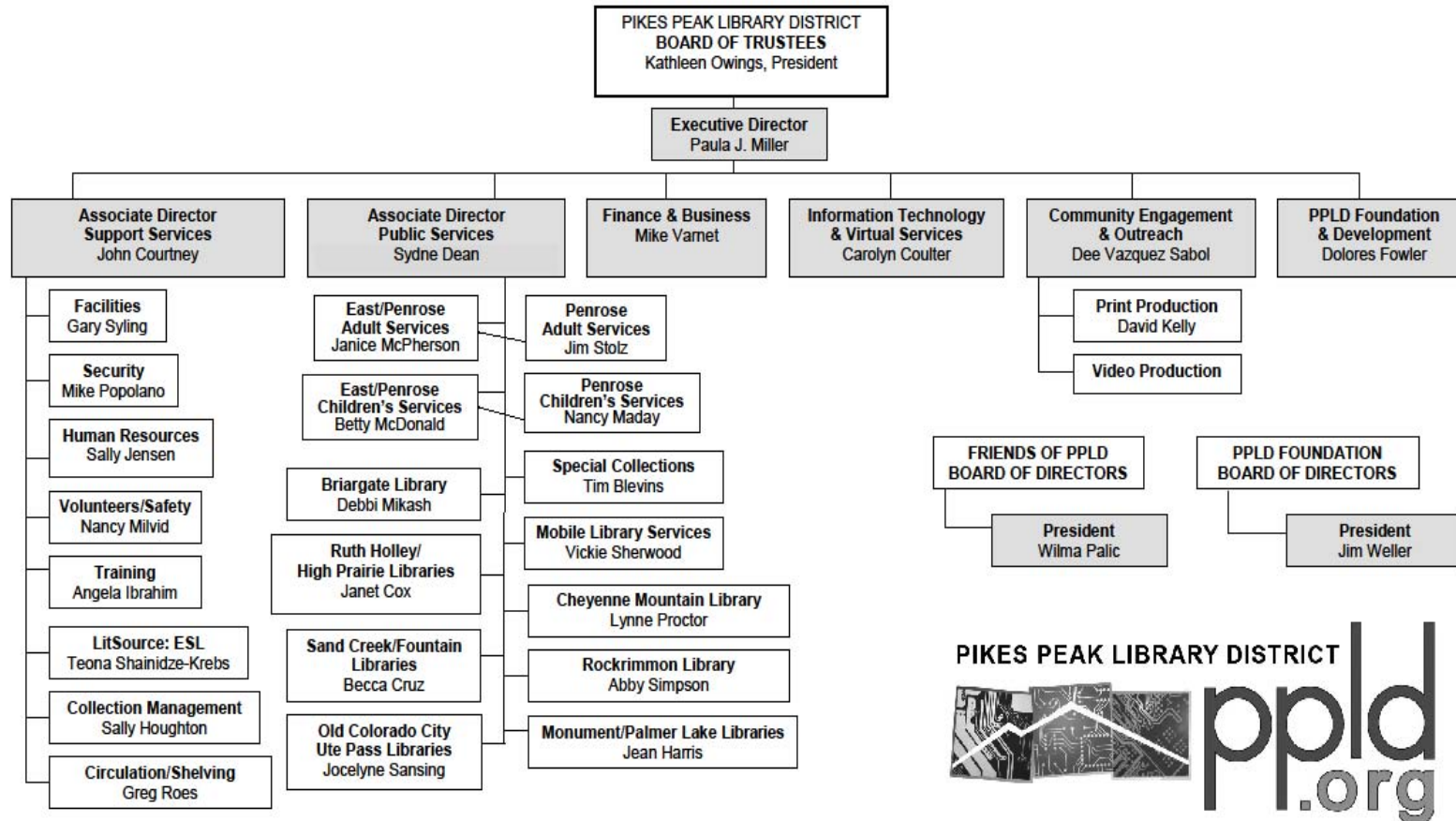


Paula J. Miller
Executive Director



Michael E. Varnet, CPA
Chief Finance and Business Officer

2013 PPLD Organizational Chart



**Executive Director's Leadership Team
December 31, 2012**

Paula J. Miller Executive Director
Sydne Dean Associate Director, Public Services
John Courtney Associate Director, Support Services
Carolyn Coulter..... Information Technology and Virtual Services Officer
Dolores Fowler.....PPLD Foundation and Development Officer
Dee Vazquez Sabol Community Engagement and Outreach Officer
Michael E. Varnet, CPA Chief Finance and Business Officer
Sue Hammond..... Executive Staff Assistant

Pikes Peak Library District

List of Managers

As of December 31, 2012

<u>Manager's Name</u>	<u>Job Title</u>
Blakely, Evelyn	Supervisor, Old Colorado City Library
Blevins, James	Manager 2, Special Collections
Campbell, Rebecca	Librarian 2, High Prairie Library
Carrick, Esther	Supervisor, Circulation Services
Cox, Janet	Manager, Ruth Holley / High Prairie Libraries
Cruz, Rebecca	Manager, Fountain / Sand Creek Libraries
Daily, Dennis	Manager 1, Special Collections
Franklyn, Virginia	Website Developer 2, IT
Fuqua-Jones, Linda	Supervisor, Palmer Lake Library
Garcia, David	Supervisor, East Library Facilities
Garcia, Lisa	Supervisor, Sand Creek Library
Harris, Jean	Manager, Monument / Palmer Lake Libraries
Hoke, Kaitlin	Librarian 2, Adult Services
Horch, Kandiss	Supervisor, Monument Library
Houghton, Sara	Manager, Collection Management
Huff, Barbara	Librarian 2, Penrose Library Children's Services
Jackson, Sara	Supervisor, IT Help Desk
Jensen, Sally	Specialist 2, Human Resources
Kelly, David	Supervisor, Print Production
Krow, Cecile	Supervisor, Cheyenne Mountain Library
Kyer, Kathleen	Supervisor, Circulation Services
Leavitt, Susan	Supervisor, Rockrimmon Library
Maday, Nancy	Manager 2, Children's Services
McDonald, Elisabeth	Librarian 2, East Library Children's Services
McPherson, Janice	Manager 2, Adult Services
Mikash, Debra	Manager, Briargate Library
Morris, Margaret	Manager, Manitou Springs Library
Murdock, Kelley	Supervisor, Briargate Library
Nelson, James	Supervisor, Penrose Library Facilities
Popolano, Michael	Supervisor, Security
Vacant	Supervisor, Ruth Holley Library
Preller, Kathryn	Supervisor, Fountain Library
Proctor, Lynne	Manager, Cheyenne Mountain / Rockrimmon Libraries
Robert, Marion	Supervisor, Shelving
Roes, Gregory	Manager, Circulation Services
Sansing, Jocelyne	Manager, Old Colorado City / Ute Pass Libraries
Shainidze-Krebs, Teona	Coordinator, Literacy
Sherwood, Vickie	Coordinator, Mobile Library Services
Simpson, Abigail	Librarian 2, Rockrimmon Library
Stolz, James	Manager 1, Adult Services
Syling, Gary	Manager, Facilities
Thomas, Elisabeth	Librarian 2, Adult Services Interlibrary Loan
Wehofer, Arnold	Manager, Finance

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Pikes Peak Library District
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

A Certificate of Achievement in Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Morrill

President

Jeffrey R. Egan

Executive Director

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Independent Auditor's Report

Board of Trustees
Pikes Peak Library District
Colorado Springs, Colorado

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 Pikes Peak Library District (the District), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund statements and schedules, listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 2012 information has been subjected to the auditing procedures applied in the audit of the 2012 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 2012 information is 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, 2011, which are not presented with the accompanying financial statements. In our report dated June 27, 2012, 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 2011 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, 2011, taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements as a whole. The introductory and statistical sections listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Colorado Springs, Colorado
June 24, 2013

Pikes Peak Library District

Management's Discussion and Analysis (Unaudited)

December 31, 2012

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, 2012. 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 22 of this report.

Financial Highlights

- The District's assets exceed its liabilities by \$45,885,979 (net position) as of December 31, 2012.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$34,818,102 includes property and equipment, net of accumulated depreciation.
 - (2) Net position of \$952,634 are restricted by constraints imposed from outside the District such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted net position of \$10,115,243 represent the portion available to maintain the District's continuing obligations to citizens and creditors.
- The District's General Fund reported total ending fund balance of \$7,404,707 this year. This compares to the prior year ending fund balance of \$6,037,042 showing an increase of \$1,367,665 during the current year.
- At the end of the current calendar year, unassigned fund balance for the General Fund was \$4,626,698 or 18% of total General Fund expenditures including transfers for the year ended December 31, 2012.
- Overall, the District continues to maintain a moderately strong financial position, in spite of a weakened local and national economy.

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.

Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2012

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 liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of District infrastructure, in addition to the financial information provided in this report.

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

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

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 39, *Determining Whether Certain Organizations Are Component Units—an amendment of GASB Statement No. 14*.

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.

Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2012

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.

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. These statements and schedules demonstrate compliance with the District's adopted and final revised budget. The required supplementary information can be found on pages 81 through 85.

Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2012

As discussed, the District reports two major funds 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 87.

Financial Analysis of the District as a Whole

The District's net position at calendar year-end are \$45,885,979. The following table provides a summary of the District's net position as of December 31, 2012 and 2011:

	Summary of Net Position			
	2012		2011	
	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total
Assets				
Current and other assets	\$ 38,511,398	52%	\$ 38,360,121	54%
Capital assets	34,892,840	48%	33,056,668	46%
Total assets	<u>73,404,238</u>	<u>100%</u>	<u>71,416,789</u>	<u>100%</u>
Liabilities				
Current liabilities	26,946,903	98%	25,888,116	96%
Noncurrent liabilities	571,356	2%	1,110,938	4%
Total liabilities	<u>27,518,259</u>	<u>100%</u>	<u>26,999,054</u>	<u>100%</u>
Net Position				
Net investment in capital assets	34,818,102	76%	32,872,879	74%
Restricted	952,634	2%	858,203	2%
Unrestricted	10,115,243	22%	10,686,653	24%
Total net position	<u>\$ 45,885,979</u>	<u>100%</u>	<u>\$ 44,417,735</u>	<u>100%</u>

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 and the unearned revenue for an identical amount for governmental activities. After this elimination, governmental activities' current assets are \$14,580,867 and current liabilities are \$3,016,372. As a result, the current ratio for the District overall is 4.8 to 1. The current ratio as of December 31, 2011 was 6.6 to 1. This ratio is strong.

The District reported positive balances in net position. Net position increased \$1,468,244 for governmental activities. The increase in net position indicates the District's overall financial position improved during 2012.

Approximately 76% of the District's net position is comprised of capital assets as of December 31, 2012. The District uses these capital assets to provide services to its citizens.

Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2012

The following table provides a summary of the District's changes in governmental activities' net position for the years ended December 31, 2012 and 2011:

	Summary of Changes in Net Position			
	2012		2011	
	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total
Revenues				
Program				
Charges for services, sales and fines	\$ 529,077	2%	\$ 521,577	2%
Operating grants/donations	133,936	0%	181,675	1%
Capital grants/donations	240,800	1%	249,275	1%
General				
Taxes	25,855,532	96%	24,796,451	95%
Other	216,850	1%	242,981	1%
Total revenues	<u>26,976,195</u>	<u>100%</u>	<u>25,991,959</u>	<u>100%</u>
Program expenses				
Public services	7,883,922	31%	8,115,178	34%
Administrative services	12,021,277	47%	10,846,365	45%
Director's Office	373,535	1%	366,455	2%
Finance Office	403,231	2%	404,789	2%
Information Technology Office	1,531,283	6%	1,634,549	7%
Community Relations Office	721,944	3%	676,199	3%
Other administration	2,571,087	10%	2,073,758	9%
Interest expense	1,672	0%	4,261	0%
Total expenses	<u>25,507,951</u>	<u>100%</u>	<u>24,121,554</u>	<u>100%</u>
Change in net position	1,468,244		1,870,405	
Beginning net position	<u>44,417,735</u>		<u>42,547,330</u>	
Ending net position	<u>\$ 45,885,979</u>		<u>\$ 44,417,735</u>	

Governmental Revenues

The District is heavily reliant on taxes to support governmental activities. Taxes provided 96% of the District's total revenues. Also, note that program revenues generated only 3% of governmental activities' revenues for the year ended December 31, 2012. This means that the government's taxpayers and the District's other general revenues fund 97% 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.

Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2012

Governmental Function Expenses

Public services comprise 31% of the District's total governmental expenses. Approximately 69% of the District's expenses provide supporting services to the public service function. Administrative services increased by \$1,174,912 in 2012 over 2011 primarily because in 2011, a total of \$4,124,983 was capitalized from library materials expenditures whereas the respective figure for 2012 was \$2,916,709. In addition other administration increased by \$497,329 primarily because of an increase to contributions to the health plan, an increase in legal fees expense, and other miscellaneous increases to expenditures. Also, approximately \$1.0 million of depreciation expense on the District's buildings is included in total expenses and total depreciation expense was approximately \$5.5 million.

Financial Analysis of the District's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow 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 \$12,163,104.

Fund balances as of December 31, 2012 and 2011 include:

	<u>2012</u>	<u>2011</u>
Nonspendable	\$ 515,665	\$ 302,673
Restricted	952,634	858,203
Committed	4,647,272	6,930,814
Assigned	1,420,835	2,283,913
Unassigned	<u>4,626,698</u>	<u>2,681,795</u>
	<u>\$ 12,163,104</u>	<u>\$ 13,057,398</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 fund balance increased by \$1,367,665 during 2012. The total fund balance in the General Fund as of December 31, 2012 is \$7,404,707. The total fund balance as of December 31, 2011 was \$6,037,042.

Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2012

The fund balance of the General Fund is broken down as follows as of December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Nonspendable	\$ 515,665	\$ 302,673
Restricted	849,133	768,933
Assigned	1,413,211	2,283,641
Unassigned	<u>4,626,698</u>	<u>2,681,795</u>
	<u>\$ 7,404,707</u>	<u>\$ 6,037,042</u>

North Facility Project Fund

The purpose of the North Facility Project Fund is to account for all financial activity related to the purchase and renovation of a facility in northern Colorado Springs. The purchase of the facility was completed in January 2012. The purchase price was \$3.75 million. During 2012, a total of \$1,151,781 was transferred into this fund, primarily from the General Fund.

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, 2012 is \$532,645. This amount is \$49,935 less than the fund balance as of December 31, 2011.

Capital Projects Funds – As of December 31, 2012, fund balance for specific funds equals the following and represent ongoing projects; funds not listed have zero balances and were closed as projects were completed:

East Library Renovation Fund	\$ 583,818
Penrose Library Renovation Fund	307,521
Capital Reserve Fund	637,490

Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2012

For 2012, capital outlay for those specific funds equaled the following:

East Library Renovation Fund	\$	280,893
Capital Reserve Fund		866,915

Budgetary Highlights

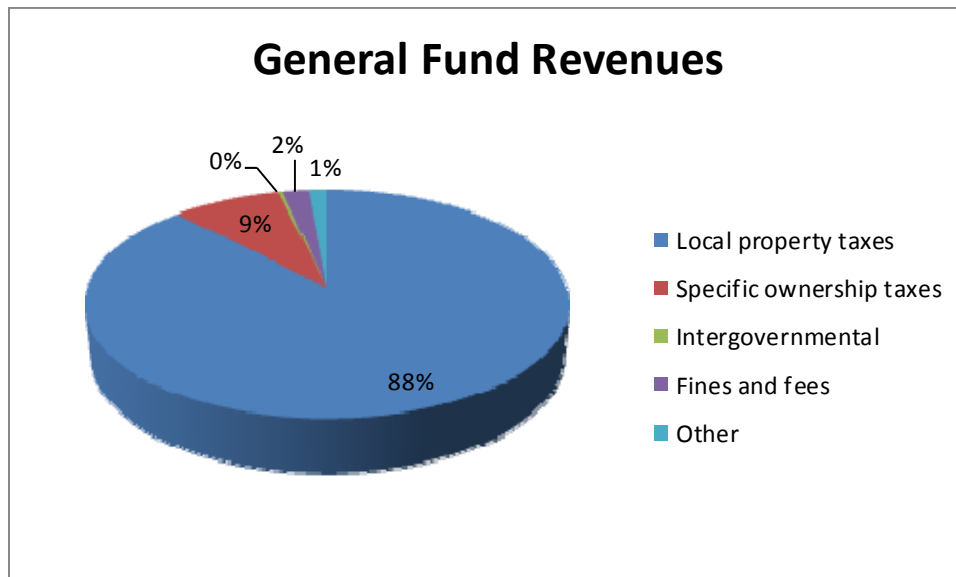
General Fund

The original budget (expenditures and transfers out) was amended by \$2,337,699 principally to utilize prior year fund balances that were primarily either reserved for encumbrances or designated for specific capital projects and the unspent library material budget from fiscal year 2011. Such reserves and designations of fund balance were not included in the original 2012 budget.

General Fund Revenues

Total General Fund actual revenues for fiscal year 2012 are \$26,851,256. This amount exceeded the 2012 budget, as amended, by \$44,270, which is less than 0.2% of the total revenue budget.

The following chart depicts General Fund revenue for 2012 by category:

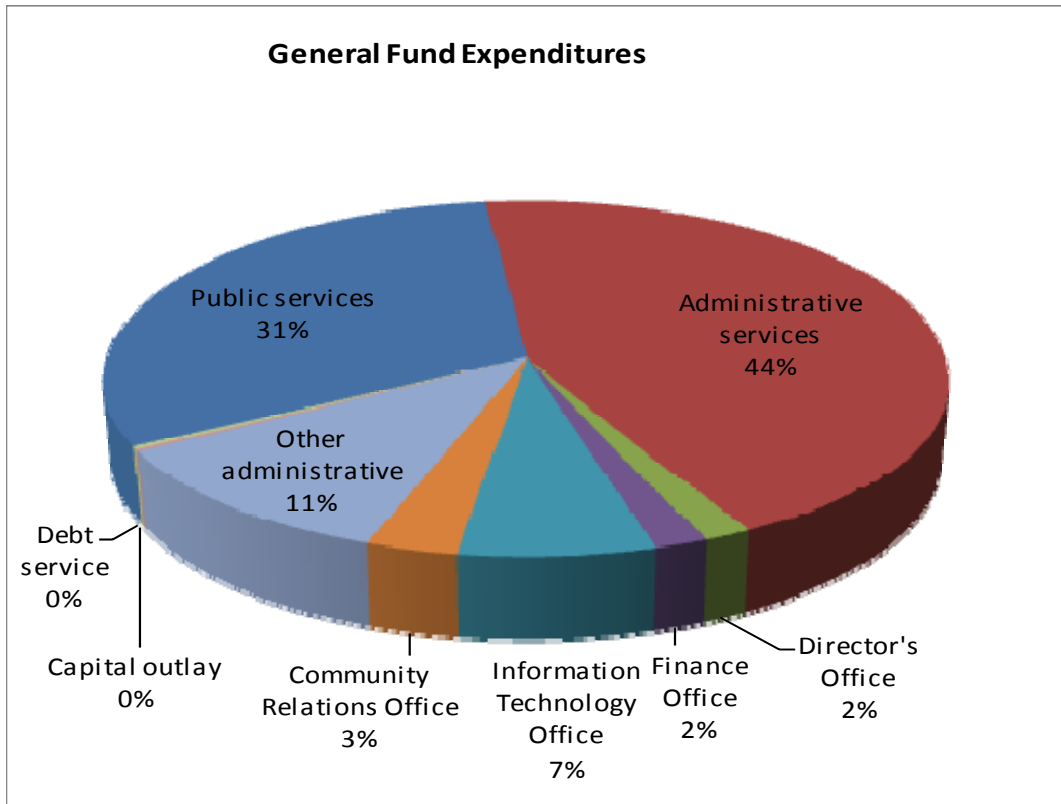


Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2012

General Fund Expenditures

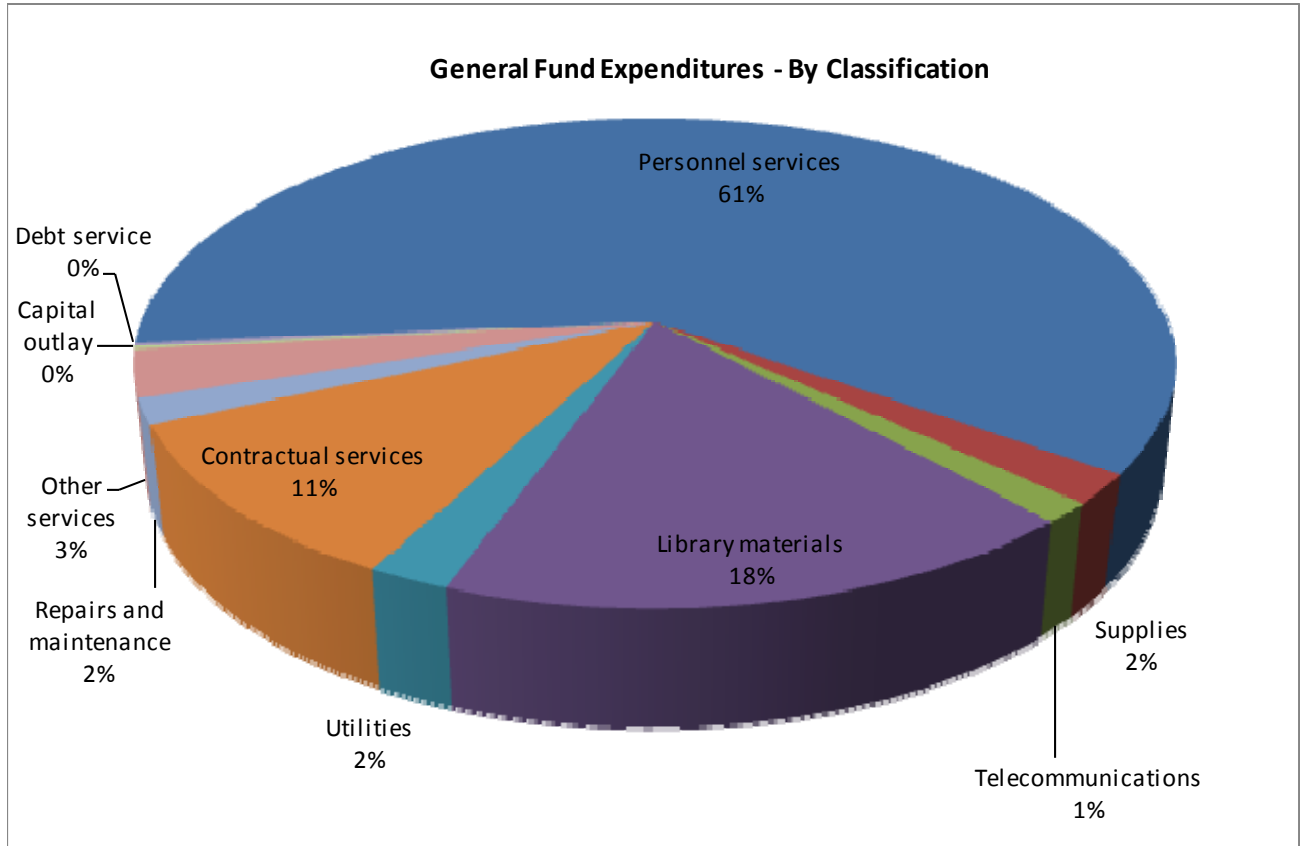
Total General Fund actual expenditures for fiscal year 2012 are \$22,826,982. This amount was less than the 2012 budget, as amended, by \$3,250,770, which is approximately 12% of the total budget.

The following chart depicts 2012 General Fund expenditures by function:



Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2012

The following chart depicts 2012 General Fund expenditures by classification:



The following is a summary of the departments or accounts that significantly contributed to the difference between the 2012 budget and actual expenditures:

Public Services – For 2012, this function was under budget by \$115,244. The primary cause is due to staff positions that were vacant at some point throughout 2012. The budget includes all authorized positions budgeted at the amount for full employment during the entire year. During the year, there are periods of time when positions are vacant, and it is during this time when savings are realized.

Administrative Services – For 2012, this function was under budget by \$1,662,060. The primary reason for this amount is the library material budget was under budget by approximately \$1 million.

Information Technology – For 2012, this function was under budget by \$250,644. In short, anticipated expenditures related to telecommunications expansion, computer related contractual services and systems maintenance were not as high as expected for 2012.

Other Administrative – For 2012, the accounts included in this category were under budget by \$1,100,077. The primary reason for this is the District budgets for possible payouts of accrued leave should there be turnover in staff. The total turnover resulting in payouts was not as high as estimated.

Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2012

Capital Assets

The District's capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2012 was \$34,892,840. See note III-D on page 75 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, 2012 and 2011:

	Capital Assets			
	2012		2011	
	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total
Nondepreciable assets				
Land	\$ 5,317,363	7%	\$ 4,331,987	6%
Construction-in-progress	172,494	0%	99,257	0%
Collections of historical treasures	9,415,264	12%	9,275,615	12%
Total nondepreciable assets	<u>14,905,121</u>		<u>13,706,859</u>	
Depreciable assets				
Leasehold improvements	1,221,221	2%	1,221,221	2%
Buildings	33,494,219	41%	30,355,917	39%
Equipment, furniture and fixtures	5,773,394	7%	6,056,131	8%
Bookmobiles and vans	783,622	1%	801,494	1%
Books and materials	24,500,451	30%	25,667,449	33%
Total depreciable assets	65,772,907	<u>100%</u>	64,102,212	<u>100%</u>
Less accumulated depreciation	<u>(45,785,188)</u>		<u>(42,752,403)</u>	
Book value - depreciable assets	<u>19,987,719</u>		<u>19,349,809</u>	
Percentage depreciated	<u>70%</u>		<u>70%</u>	
Book value - all capital assets	<u>\$ 34,892,840</u>		<u>\$ 33,056,668</u>	

Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2012

At December 31, 2012, the depreciable capital assets for governmental activities were 70% depreciated. This compares consistently to the December 31, 2011 percentage of 70%.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND MILL LEVY

The following factors have been considered when the 2013 budget was prepared:

1. The unemployment rate for El Paso County, Colorado was 8.8%, which is a decrease from a rate of 8.9% a year ago.
2. Inflationary trends in the region and the cost of living indexes in the region compare favorably to national indices.

At December 31, 2012, unassigned fund balance in the General Fund totaled \$4,626,698. The District has not appropriated any of this balance for spending in the 2013 fiscal year budget.

For the fiscal year 2013 budget, the total mill levy is 4.000 mills. The mill levy for fiscal year 2012 was 3.999 mills. The gross assessed valuation for all taxable property within the District's legal service area is \$6,042,452,470 and \$5,968,035,500 for 2013 and 2012, 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 5550 N. Union Boulevard, Colorado Springs, Colorado 80918.

Pikes Peak Library District
Statement of Net Position
December 31, 2012

	<u>Primary Government Governmental Activities</u>
Assets	
Current Assets	
Cash and investments	\$ 13,651,583
Property taxes receivable	23,930,531
Other receivables	100,192
Due from discretely presented component units	90,362
Due from other governments	186,398
Prepaid items	552,332
Total current assets	<u>38,511,398</u>
Noncurrent Assets	
Capital assets	
Nondepreciable property	14,905,121
Depreciable building, property and equipment, net	19,987,719
Total noncurrent assets	<u>34,892,840</u>
Total assets	<u>73,404,238</u>
Liabilities	
Current Liabilities	
Accounts payable	1,108,171
Due to discretely presented component units	19,604
Accrued compensation payable	1,888,597
Unearned revenue	23,930,531
Total current liabilities	<u>26,946,903</u>
Noncurrent Liabilities	
Noncurrent portion of long-term obligations	
Accrued compensated absences	571,356
Total noncurrent liabilities	<u>571,356</u>
Total liabilities	<u>27,518,259</u>
Net Position	
Net investment in capital assets	34,818,102
Restricted for	
Declared emergencies	798,044
Debt service	2,080
Gifts and grants	152,510
	<u>952,634</u>
Unrestricted	10,115,243
Total net position	<u>\$ 45,885,979</u>

Pikes Peak Library District Foundation, Inc.
Statement of Financial Position
December 31, 2012

Assets

Cash and cash equivalents	\$ 288,402
Contributions receivable, net	125,685
Accounts receivable, related party	19,604
Investments	<u>1,234,027</u>
Total assets	<u><u>\$ 1,667,718</u></u>

Liabilities

Accounts payable	\$ 127
Accounts payable, related party	<u>90,362</u>
Total liabilities	<u>90,489</u>

Net assets

Unrestricted	582,901
Temporarily restricted	968,623
Permanently restricted	<u>25,705</u>
Total net assets	<u>1,577,229</u>
Total liabilities and net assets	<u><u>\$ 1,667,718</u></u>

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Pikes Peak Library District
Statement of Activities
Year Ended December 31, 2012

Functions/Programs	Expenses	Charges for Services, Sales and Fines
Primary Government		
Governmental activities		
Public Services	\$ 7,883,922	\$ 529,077
Administrative Services	12,021,277	-
Director's Office	373,535	-
Finance Office	403,231	-
Information Technology Office	1,531,283	-
Community Relations Office	721,944	-
Other administration	2,571,087	-
Interest expense	1,672	-
	<u> </u>	<u> </u>
Total governmental activities	<u>\$ 25,507,951</u>	<u>\$ 529,077</u>
General revenues		
Property taxes levied for library purposes		
Specific ownership taxes		
Investment earnings		
Miscellaneous		
Total general revenues		
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
\$ 99,400	\$ 98,131	\$ (7,157,314)
34,536	142,669	(11,844,072)
-	-	(373,535)
-	-	(403,231)
-	-	(1,531,283)
-	-	(721,944)
-	-	(2,571,087)
-	-	(1,672)
<u>\$ 133,936</u>	<u>\$ 240,800</u>	<u>(24,604,138)</u>
		23,588,482
		2,267,050
		34,635
		<u>182,215</u>
		<u>26,072,382</u>
		1,468,244
		<u>44,417,735</u>
		<u>\$ 45,885,979</u>

Pikes Peak Library District Foundation, Inc.

Statement of Activities

Year Ended December 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support				
Contributions	\$ 168,570	\$ 2,333,237	\$ 800	\$ 2,502,607
Investment return	59,183	53,576	705	113,464
Net assets released from restrictions	2,228,292	(2,228,292)	-	-
	<u>2,456,045</u>	<u>158,521</u>	<u>1,505</u>	<u>2,616,071</u>
Total revenues, gains and other support				
Expenses				
Program services				
Support for PPLD	2,240,236	-	-	2,240,236
	<u>2,240,236</u>	<u>-</u>	<u>-</u>	<u>2,240,236</u>
Total program services				
Support services				
General and administrative	12,938	-	-	12,938
Fundraising	116,446	-	-	116,446
	<u>129,384</u>	<u>-</u>	<u>-</u>	<u>129,384</u>
Total support services				
Total expenses	<u>2,369,620</u>	<u>-</u>	<u>-</u>	<u>2,369,620</u>
Change in net assets	86,425	158,521	1,505	246,451
Net assets, beginning of year	<u>496,476</u>	<u>810,102</u>	<u>24,200</u>	<u>1,330,778</u>
Net assets, end of year	<u>\$ 582,901</u>	<u>\$ 968,623</u>	<u>\$ 25,705</u>	<u>\$ 1,577,229</u>

Pikes Peak Library District
Balance Sheet – Governmental Funds
December 31, 2012

	General	North Facility Project Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 13,012,062	\$ -	\$ -	\$ 13,012,062
Property taxes receivable	23,930,531	-	-	23,930,531
Other receivables	100,192	-	-	100,192
Due from discretely presented component units	90,362	-	-	90,362
Due from other governments	186,398	-	-	186,398
Due from other funds	-	2,697,953	2,136,696	4,834,649
Prepaid items	515,665	-	-	515,665
	<u>\$ 37,835,210</u>	<u>\$ 2,697,953</u>	<u>\$ 2,136,696</u>	<u>\$ 42,669,859</u>
Total assets	<u>\$ 37,835,210</u>	<u>\$ 2,697,953</u>	<u>\$ 2,136,696</u>	<u>\$ 42,669,859</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 782,322	\$ 1,030	\$ 75,222	\$ 858,574
Due to discretely presented component units	19,604	-	-	19,604
Accrued compensation payable	779,494	-	-	779,494
Deferred revenue	24,014,434	-	-	24,014,434
Due to other funds	4,834,649	-	-	4,834,649
	<u>30,430,503</u>	<u>1,030</u>	<u>75,222</u>	<u>30,506,755</u>
Total liabilities	<u>30,430,503</u>	<u>1,030</u>	<u>75,222</u>	<u>30,506,755</u>
Fund Balances				
Nonspendable				
Prepaid expenditures	515,665	-	-	515,665
Restricted for:				
Declared emergencies	798,044	-	-	798,044
Debt service	2,080	-	-	2,080
Gifts and grants	49,009	-	103,501	152,510
Committed to:				
Capital projects	-	2,696,923	1,950,349	4,647,272
Assigned to:				
Purchased contracts	94,633	-	-	94,633
Library materials	1,318,578	-	-	1,318,578
Gifts and grants	-	-	7,624	7,624
Unassigned	4,626,698	-	-	4,626,698
	<u>7,404,707</u>	<u>2,696,923</u>	<u>2,061,474</u>	<u>12,163,104</u>
Total fund balances	<u>7,404,707</u>	<u>2,696,923</u>	<u>2,061,474</u>	<u>12,163,104</u>
Total liabilities and fund balances	<u>\$ 37,835,210</u>	<u>\$ 2,697,953</u>	<u>\$ 2,136,696</u>	<u>\$ 42,669,859</u>

Pikes Peak Library District
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
December 31, 2012

Amounts reported for governmental activities in the statement of net position (page 43) are different because:

Fund balances - total governmental funds (page 49)		\$ 12,163,104
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Cost of capital assets	80,678,028	
Less: accumulated depreciation	<u>(45,785,188)</u>	
		34,892,840
Liabilities that are not due and payable in the current period and, therefore, are not reported in the funds		
Accounts payable - operating leases with escalation clauses		(173,141)
Accrued compensated absences		(1,680,459)
Certain revenue earned but not available classified as deferred revenue in governmental funds is susceptible to full accrual on the entity-wide statements		
		83,903
Internal service funds are used by management to charge the costs of certain activities, such as health insurance, to the individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position		
		<u>599,732</u>
Net position - governmental activities (page 43)		<u><u>\$ 45,885,979</u></u>

Pikes Peak Library District
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2012

	General	North Facility Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 25,855,532	\$ -	\$ -	\$ 25,855,532
Intergovernmental	85,247	-	-	85,247
Fines and fees	529,077	-	-	529,077
Interest earnings	34,635	-	-	34,635
Donations	192,586	-	13,000	205,586
Miscellaneous	154,179	-	28,036	182,215
Total revenues	26,851,256	-	41,036	26,892,292
Expenditures				
Current				
Public Services	7,082,339	-	18,065	7,100,404
Administrative Services	10,030,970	-	-	10,030,970
Director's Office	373,535	-	-	373,535
Finance Office	403,231	-	-	403,231
Information Technology Office	1,531,283	-	-	1,531,283
Community Relations Office	721,944	-	-	721,944
Other administrative	2,571,087	-	-	2,571,087
Debt service	67,073	-	-	67,073
Capital outlay	45,520	3,789,785	1,192,678	5,027,983
Total expenditures	22,826,982	3,789,785	1,210,743	27,827,510
Excess (deficiency) of revenues over (under) expenditures	4,024,274	(3,789,785)	(1,169,707)	(935,218)
Other financing sources (uses)				
Transfers in	-	1,515,781	1,681,752	3,197,533
Transfers out	(2,697,533)	-	(500,000)	(3,197,533)
Proceeds from sale of capital assets	40,924	-	-	40,924
Total other financing sources (uses)	(2,656,609)	1,515,781	1,181,752	40,924
Net change in fund balances	1,367,665	(2,274,004)	12,045	(894,294)
Fund balances, beginning of year	6,037,042	4,970,927	2,049,429	13,057,398
Fund balances, end of year	\$ 7,404,707	\$ 2,696,923	\$ 2,061,474	\$ 12,163,104

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, 2012

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)	\$ (894,294)
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.	83,903
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	(5,487,943)
Capital outlay for building, furniture, land and vehicles	4,653,088
Amounts paid for books and audio visual materials	2,780,560
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	
Operating leases with rental escalation clauses that are 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	46,832
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	(109,533)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position	
Principal payments	65,401
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	(5,010)
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	335,240
Change in net position - governmental activities (page 47)	<u>\$ 1,468,244</u>

Pikes Peak Library District
Statement of Net Position
Proprietary Fund
December 31, 2012

	Governmental Activities - Internal Service Fund
Assets	
Current Assets	
Cash and cash equivalents	\$ 639,521
Deposit	36,667
Total current assets	676,188
 Liabilities	
Current Liabilities	
Claims payable	76,456
 Net Position	
Total Net Position - Unrestricted	\$ 599,732

Pikes Peak Library District
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
Year Ended December 31, 2012

	Governmental Activities - Internal Service Fund
Operating revenues	
Employer contributions	\$ 1,457,485
Employee contributions	314,760
Total operating revenues	1,772,245
Operating expenses	
Claims incurred	898,946
Administrative	538,079
Total operating expenses	1,437,025
Operating income	335,220
Nonoperating revenues (expenses)	
Investment earnings	20
Change in net position	335,240
Total net position, beginning	264,492
Total net position, ending	\$ 599,732

Pikes Peak Library District
Statement of Cash Flows
Proprietary Fund
Year Ended December 31, 2012

	Governmental Activities - Internal Service Fund
Cash flows from operating activities	
Employee and employer contributions	\$ 1,774,063
Payment of claims and administrative expenses	<u>(1,569,533)</u>
Net cash provided by operating activities	<u>204,530</u>
Cash flows from investing activities	
Interest received	<u>20</u>
Net increase in cash and cash equivalents	204,550
Cash and cash equivalents - January 1	<u>434,971</u>
Cash and cash equivalents - December 31	<u><u>\$ 639,521</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 335,220
Adjustments to reconcile operating loss to net cash provided by operating activities	
Increase in due from other funds	1,818
Decrease in due to other funds	(113,706)
Decrease in claims payable	<u>(18,802)</u>
Total adjustments	<u>(130,690)</u>
Net cash provided by operating activities	<u><u>\$ 204,530</u></u>
Noncash investing, capital and financing activities	
None	

Pikes Peak Library District
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
December 31, 2012

	Agency Fund
Assets	
Cash and cash equivalents	\$ 46,175
Accounts receivable	<u>5,608</u>
Total assets	<u><u>\$ 51,783</u></u>
Liabilities	
Accounts payable	<u><u>\$ 51,783</u></u>

Pikes Peak Library District
Notes to Financial Statements
December 31, 2012

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Pikes Peak Library District

Notes to Financial Statements

December 31, 2012

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 component units, entities for which the District is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the District's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, if any, on the other hand, 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.

Blended Component Units – The Pikes Peak Library District Building Authority does not issue separate financial statements. Given the nature and relationship between the Pikes Peak Library District and the Pikes Peak Library District Building Authority, exclusion of the Authority from the financial statements would cause the statements to be incomplete. The Board members of both the Pikes Peak Library District and the Pikes Peak Library District Building Authority are substantially the same. The District had no other blended component units during the fiscal year ended December 31, 2012.

In connection with the issuance of the Certificates of Participation, Series 1996, the Pikes Peak Library District Building Authority (the Authority) was established. The Authority is comprised of three board members, of which one member is the Secretary of the District's Board of Trustees. The Authority is not fiscally dependent on the District.

There was no financial activity applicable to the Pikes Peak Library District Building Authority during 2012.

Related Organizations – The District had no financial relationships of this type during the fiscal year ended December 31, 2012.

Joint Ventures – The District did not participate in any joint venture during the fiscal year ended December 31, 2012.

Pikes Peak Library District

Notes to Financial Statements

December 31, 2012

Jointly Governed Organizations – The District had no financial relationships of this type during the fiscal year ended December 31, 2012.

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 5550 North Union Boulevard, Colorado Springs, Colorado 80918.

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.
- The Foundation may not disburse funds for costs that have not been recommended by the District's Board of Trustees.
- There are two members of the District's Board of Trustees that 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 nonfiduciary 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 AICPA's 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

Pikes Peak Library District

Notes to Financial Statements

December 31, 2012

statement of activities presents the activities of the Foundation using not-for-profit accounting and financial reporting principles promulgated by the AICPA's 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 AICPA's 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 a generally accepted accounting principles (GAAP) reporting model that is different than 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 Statement No. 39, *Determining Whether Certain Organizations Are Component Units—an amendment of GASB Statement No. 14*.

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 expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the District's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which 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 funds (the General Fund and North Project Fund) are reported in separate columns 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

Pikes Peak Library District
Notes to Financial Statements
December 31, 2012

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 and liabilities as fund balance.

The following are the District's major governmental funds:

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.

North Facility Project Fund – The North Facility Project Fund accounts 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.

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

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:

Internal Service Fund – This fund accounts for the health insurance plan that is provided to eligible District employees (employees with a regularly scheduled work week 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 general 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 *nonoperating* 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 nonoperating 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.

Pikes Peak Library District

Notes to Financial Statements

December 31, 2012

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 and all liabilities 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 and current liabilities 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 a 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 accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred 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. For the District, the phrase “available for exchange transactions” means expected to be received within 90 days of year-end.

Revenues – Nonexchange Transactions – Nonexchange 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 nonexchange transactions also must be available (i.e., collected within 90 days) before it can be recognized.

Pikes Peak Library District
Notes to Financial Statements
December 31, 2012

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

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

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 revenue (i.e., they are measurable but not available) rather than as revenue.

Property taxes receivable not collected within 90 days of the year-end have been recorded as deferred revenue. 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 revenue.

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

The District considers revenues, other than grants, to be measurable and available if collected within two 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.

Deferred revenue is reclassified as "unearned revenue" on the government-wide statement of net position.

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.

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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.

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. For the year ended December 31, 2012, \$2,055,703 was received in in-kind contributions.

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, 2012. The Foundation is not considered a private foundation.

The Foundation files tax returns in the U.S. federal jurisdiction. With a few exceptions, the Foundation is no longer subject to U.S. federal examinations by tax authorities for years before 2008.

I-E. Assets, Liabilities 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

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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, 2012 was \$128,263.

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 or 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 nonoperating 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, 2012, 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 audio visual 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 fair market values as of the

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date received. The District maintains a capitalization threshold of \$1,000. 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:

Description	Estimated Lives
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 - 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 twenty 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.

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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”.

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, 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 represent the difference between assets and liabilities. 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 balance represents the difference between the assets and liabilities. 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.

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Assigned Fund Balance – is constrained for specific purposes as determined by management and the Board of Trustees through the budget process.

Unassigned Fund Balance – is unconstrained and comprised of residual uncategorized fund balance amounts.

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 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 Finance Officer. The Board of Trustees must approve revisions that alter the total expenditures of any fund.
5. Budgets for all fund types are adopted on a basis consistent with generally accepted accounting principles.
6. 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.

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The original appropriation for all governmental funds has been amended as follows:

Changes to Original Budget			
	Original Budget	Revised Budget	Budget Change
General Fund	\$ 26,437,586	\$ 28,775,285	\$ 2,337,699
Designated Purpose Fund	281,065	120,188	(160,877)
North Facility Project Fund	1,075,000	5,072,429	3,997,429
Capital Reserve Fund	1,156,450	1,504,405	347,955
Monument Facility Fund	350,000	-	(350,000)
East Library Renovation Fund	163,485	836,675	673,190
Penrose Library Renovation Fund	100,000	307,521	207,521

7. 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 noninterest-bearing transaction accounts which are covered under the FDIC Temporary Liquidity Unlimited Coverage for noninterest-bearing transaction accounts program. For the period December 31, 2010 through December 31, 2012, at all FDIC-insured institutions, deposits held in noninterest-bearing accounts will be fully insured regardless of the amount in the account. An FDIC insurance limit for interest-bearing cash accounts is \$250,000. The carrying amount of the District's deposits, excluding the cash held in the Agency Fund of \$46,175, as of December 31, 2012 was \$1,154,405. The bank balances, excluding the cash held in the agency

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fund of \$46,175, were \$1,436,727, of which noninterest-bearing accounts totaling \$1,397,206 and interest-bearing accounts of \$39,521 are covered by federal deposit insurance. Any interest-bearing accounts in excess of \$250,000 during the year would be uninsured but collateralized in accordance with provisions of the PDPA. Additionally, the District had \$10,087 in cash on hand as of December 31, 2012.

III-A-2. Investments

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

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.”

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.

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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.

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 must either 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 \$12,487,091 are held in COLOTRUST, which was rated AAAM by Standard &

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Poor's at December 31, 2012. The District policy also encourages diversification of investments, limited to the Colorado Revised Statute CRS 24-75-701.

Cash and Investment Reconciliation

	Cash and Cash Equivalents	Investments	Total
Governmental activities - statement of net position	\$ 1,164,492	\$ 12,487,091	\$ 13,651,583
Agency Fund	46,175	-	46,175
Less cash on hand and petty cash	<u>(10,087)</u>	<u>-</u>	<u>(10,087)</u>
Total deposits and investments	<u>\$ 1,200,580</u>	<u>\$ 12,487,091</u>	<u>\$ 13,687,671</u>
Per note disclosure above			
Deposits			\$ 1,200,580
Investments			<u>12,487,091</u>
Primary Government total			<u>\$ 13,687,671</u>

The Foundation's cash and investments are comprised of the following as of December 31, 2012:

	2012 Amount	Institutions	Insurance or Collateral	Credit Ratings of Underlying Securities *
Money market savings account	\$ 6,615	ENT Federal Credit Union	\$ 6,615	N/A
Investments (stocks, bonds, mutual funds)	1,173,144	Members Trust Company	-	A/AAA
Investment level money market account	<u>342,670</u>	Members Trust Company	-	A1/P1
Total	<u>\$ 1,522,429</u>			

* As applicable

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

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possession of an outside party. The Foundation's cash and investments are exposed to \$1,515,814 of custodial credit risk as of December 31, 2012.

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 2012 are certified to the County in December 2011 and are available for collection on the due date, January 1, 2012. 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 receivable and deferred/unearned revenue when the District has an enforceable legal claim to the taxes and as revenue when available for collection in the following year. Available means when due, or past due and receivable within the period, and collected within the period or expected to be collected soon enough thereafter, generally within 60 days, to be used to pay liabilities of the period.

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.

III-C. Interfund Receivables, Payables, and Transfers

The following schedule reflects the District's interfund receivables and payables as of December 31, 2012.

Receivable Fund	Payable Fund
	General Fund
Designated Purpose Fund	\$ 534,159
Penrose Library Renovation Fund	307,521
East Library Renovation Fund	587,057
North Facility Project Fund	2,697,953
Capital Reserve Fund	<u>707,959</u>
Total	<u>\$ 4,834,649</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.

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Interfund transfers:

Transfers In	Transfers Out			Total
	General Fund	Monument Facility Project Fund	Capital Reserve Fund	
East Library Renovation Fund	\$ 36,968	\$ -	\$ -	\$ 36,968
Penrose Library Renovation Fund	100,000	-	-	100,000
North Facility Project Fund	1,015,781	300,000	200,000	1,515,781
Capital Reserve Fund	1,544,784	-	-	1,544,784
	<u>\$ 2,697,533</u>	<u>\$ 300,000</u>	<u>\$ 200,000</u>	<u>\$ 3,197,533</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, 2012 was as follows:

	Balance January 1, 2012	Additions	Deletions	Transfers	Balance December 31, 2012
Governmental activities					
Capital assets not being depreciated					
Land	\$ 4,331,987	\$ 985,376	\$ -	\$ -	\$ 5,317,363
Construction-in-progress	99,257	445,825	-	(372,588)	172,494
Collections of historical treasurers	9,275,615	208,916	(69,267)	-	9,415,264
Total capital assets not being depreciated	<u>13,706,859</u>	<u>1,640,117</u>	<u>(69,267)</u>	<u>(372,588)</u>	<u>14,905,121</u>
Capital assets, being depreciated					
Leasehold improvements	1,221,221	-	-	-	1,221,221
Buildings	30,355,917	2,765,714	-	372,588	33,494,219
Equipment, furniture and fixtures	6,056,131	247,257	(529,994)	-	5,773,394
Vehicles	801,494	-	(17,872)	-	783,622
Books and audio visual materials	25,667,449	2,780,560	(3,947,558)	-	24,500,451
Total capital assets being depreciated	<u>64,102,212</u>	<u>5,793,531</u>	<u>(4,495,424)</u>	<u>372,588</u>	<u>65,772,907</u>
Less accumulated depreciation for					
Leasehold improvements	(807,196)	(116,724)	-	-	(923,920)
Buildings	(20,094,964)	(1,043,522)	-	-	(21,138,486)
Equipment, furniture and fixtures	(4,178,261)	(530,820)	489,728	-	(4,219,353)
Vehicles	(605,196)	(61,300)	17,872	-	(648,624)
Books and audit visual materials	(19,066,786)	(3,735,577)	3,947,558	-	(18,854,805)
Total accumulated depreciation	<u>(44,752,403)</u>	<u>(5,487,943)</u>	<u>4,455,158</u>	<u>-</u>	<u>(45,785,188)</u>
Total capital assets, being depreciated, net	<u>19,349,809</u>	<u>305,588</u>	<u>(40,266)</u>	<u>372,588</u>	<u>19,987,719</u>
Governmental activities capital assets, net	<u>\$ 33,056,668</u>	<u>\$ 1,945,705</u>	<u>\$ (109,533)</u>	<u>\$ -</u>	<u>\$ 34,892,840</u>
Governmental activities depreciation expense					
Public services					\$ 714,123
Administrative services					<u>4,773,820</u>
Total governmental activities depreciation expense					<u>\$ 5,487,943</u>

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III-E. Long-Term Liabilities

III-E-1. Capital Leases

During 2010, the District entered into a capital lease for equipment. The assets acquired through the capital lease are reported as capital assets of \$174,192 and are fully amortized as of December 31, 2012. The amortization of assets recorded under capital leases is included in depreciation expense. The lease was fully paid off as of December 31, 2012.

III-E-2. Changes in Long-term Liabilities

Long-term liability activity of the District for the year ended December 31, 2012 was as follows:

	Balance January 1, 2012	Additions	Reductions	Balance December 31, 2012	Due Within One Year
Governmental activities					
Capital lease	\$ 65,401	\$ -	\$ (65,401)	\$ -	\$ -
Compensated absences	<u>1,675,449</u>	<u>1,251,354</u>	<u>(1,246,344)</u>	<u>1,680,459</u>	<u>571,356</u> *
Total governmental activities long-term liabilities	<u>\$ 1,740,850</u>	<u>\$ 1,251,354</u>	<u>\$ (1,311,745)</u>	<u>\$ 1,680,459</u>	<u>\$ 571,356</u>

Compensated absences are generally liquidated by the General Fund.

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

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III-E-3. Computation of Legal Debt Margin

Assessed valuation	\$ 5,968,035,500
Debt limitation - 1.5% of total assessed value	89,520,533
Total debt (excluding compensated absences)	-
Less capital lease	-
Total debt applicable to limitation	-
Legal debt margin	\$ 89,520,533

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 \$1,025,604 for the year ended December 31, 2012.

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

<u>Year Ending</u>	
2013	\$ 1,046,628
2014	1,013,874
2015	595,784
2016	274,541
2017	163,974
Future years	46,320
Total	\$ 3,141,121

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Note IV: Other Information

IV-A. Retirement Plan

IV-A-1. General

All permanent, full-time employees of the District are eligible to participate in the El Paso County Retirement Plan (the Plan), a cost-sharing multiple-employer defined benefit plan. The Plan has six participating employers. The Plan provides benefits to members at retirement or disability, or to their beneficiaries in the event of death. The El Paso County Board of Retirement has the authority to establish and amend benefit provisions of the Plan. The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to the El Paso County Retirement Plan, 105 E. Vermijo, Suite 200, Colorado Springs, Colorado 80903-2007, or by calling (719) 520-5491.

The District and covered employees are each required by District Resolution to contribute 6 percent of the employees' salary to the Plan. The current District contribution rate is 6 percent of annual covered payroll. The contribution requirements of Plan members and the District are established and may be amended by the El Paso County Board of Retirement. The District's annual contributions to the Plan for the years ended December 31, 2010, 2011 and 2012, were \$434,440, \$476,098 and \$530,319, respectively, equal to the required contributions for each year.

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 2012, excluding catch-up provisions for participants age 55 or over, was the lesser of \$17,000 or 33-1/3 percent of the participant's includable compensation. The District does not have fiduciary accountability for the Plan and does not hold the Plan's assets in a trustee capacity. Accordingly, the Plan's assets and related liabilities to Plan participants are not recorded on the financial statements of the District.

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.

Pikes Peak Library District
Notes to Financial Statements
December 31, 2012

The following is a summary of claims activity for the District’s employee health plan for the years ended December 31, 2012 and 2011:

	Claims Payable Beginning of Year	Claims Incurred	Claims Paid	Claims Payable End of Year
Fiscal Year 2011	\$ 84,717	\$ 1,082,507	\$ (1,071,966)	\$ 95,258
Fiscal Year 2012	\$ 95,258	\$ 898,946	\$ (917,748)	\$ 76,456

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

IV-C-2. Grants

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

IV-C-3. TABOR Amendment

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

- Each district shall reserve for use in declared emergencies 3% or more of its fiscal year spending (as defined by TABOR) excluding bonded debt service, and this amount is set aside as part of reserved fund balance, called “declared emergencies”.
- 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 nonappropriation clause contained within the legal documents.
- Management believes it is in compliance with all aspects of TABOR.

Pikes Peak Library District
Notes to Financial Statements
December 31, 2012

IV-C-4. Claims and Litigation

Various suit(s) and claim(s) are pending against the District as of December 31, 2012. Although the outcome of such suit(s) and claim(s) cannot be predicted with certainty, the District believes that adequate insurance coverage exists and that the final settlements of these matters will not materially affect the financial statements of the District.

IV-D. Commitments

As of December 31, 2012, the District has a construction commitment of approximately \$151,000 for a new bookmobile.

The District has encumbrances of \$386,214 recorded in the General Fund as of December 31, 2012.

IV-E. Subsequent Event

Effective January 1, 2013, the citizens of Manitou Springs, Colorado passed a ballot measure to join the Pikes Peak Library District by authorizing a property tax increase of up to 4.000 mills.

Required Supplementary Information

Pikes Peak Library District
Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual
General Fund
Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Local property taxes				
Current	\$ 23,524,378	\$ 23,524,378	\$ 23,521,488	\$ (2,890)
Delinquent	15,000	15,000	19,120	4,120
Omitted	2,500	2,500	3,205	705
Specific ownership taxes	2,100,000	2,100,000	2,267,050	167,050
Interest on taxes	35,000	35,000	44,669	9,669
Total taxes	<u>25,676,878</u>	<u>25,676,878</u>	<u>25,855,532</u>	<u>178,654</u>
Intergovernmental	<u>75,000</u>	<u>75,000</u>	<u>85,247</u>	<u>10,247</u>
Fines and fees	<u>562,250</u>	<u>562,250</u>	<u>529,077</u>	<u>(33,173)</u>
Interest earnings	<u>20,000</u>	<u>20,000</u>	<u>34,635</u>	<u>14,635</u>
Donations/fundraising	<u>-</u>	<u>344,058</u>	<u>192,586</u>	<u>(151,472)</u>
Miscellaneous				
Copy sales	58,800	58,800	59,290	490
Parking lot collections	38,000	38,000	34,085	(3,915)
Other	22,000	32,000	60,804	28,804
Total miscellaneous	<u>118,800</u>	<u>128,800</u>	<u>154,179</u>	<u>25,379</u>
Total revenues	<u>26,452,928</u>	<u>26,806,986</u>	<u>26,851,256</u>	<u>44,270</u>
Expenditures				
Current				
Public Service				
Personnel services	6,886,783	6,810,293	6,738,751	71,542
Supplies	118,401	120,830	112,135	8,695
Contractual services	135,466	137,258	117,477	19,781
Other services	125,192	129,202	113,976	15,226
Total Public Service	<u>7,265,842</u>	<u>7,197,583</u>	<u>7,082,339</u>	<u>115,244</u>

Pikes Peak Library District
Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual
General Fund
Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Administrative Services				
Personnel services	3,829,447	3,777,977	3,674,378	103,599
Supplies	268,383	281,725	143,218	138,507
Library materials	3,998,050	4,983,006	3,966,045	1,016,961
Utilities	545,965	650,965	497,624	153,341
Contractual services	1,442,369	1,483,964	1,398,665	85,299
Repairs and maintenance	286,575	357,487	221,885	135,602
Other services	158,808	157,906	129,155	28,751
Total Administrative Services	<u>10,529,597</u>	<u>11,693,030</u>	<u>10,030,970</u>	<u>1,662,060</u>
Director's Office				
Personnel services	250,864	252,140	224,248	27,892
Supplies	4,000	4,000	4,065	(65)
Other services	154,570	154,570	145,222	9,348
Total Director's Office	<u>409,434</u>	<u>410,710</u>	<u>373,535</u>	<u>37,175</u>
Finance Office				
Personnel services	341,425	338,783	309,493	29,290
Supplies	11,103	10,966	4,517	6,449
Contractual services	71,000	71,000	56,269	14,731
Other services	25,360	25,360	32,952	(7,592)
Total Finance Office	<u>448,888</u>	<u>446,109</u>	<u>403,231</u>	<u>42,878</u>
Information Technology Office				
Personnel services	774,201	786,479	788,876	(2,397)
Supplies	235,700	235,523	108,412	127,111
Telecommunications	306,000	306,000	305,675	325
Contractual services	192,000	192,800	147,935	44,865
Repairs and maintenance	228,000	237,425	162,971	74,454
Other services	23,700	23,700	17,414	6,286
Total Information Technology Office	<u>1,759,601</u>	<u>1,781,927</u>	<u>1,531,283</u>	<u>250,644</u>
Community Relations Office				
Personnel services	511,887	534,192	540,775	(6,583)
Supplies	87,600	91,084	63,101	27,983
Contractual services	21,000	29,192	29,489	(297)
Repairs and maintenance	1,000	1,000	560	440
Other services	76,297	76,297	88,019	(11,722)
Total Community Relations Office	<u>697,784</u>	<u>731,765</u>	<u>721,944</u>	<u>9,821</u>

Pikes Peak Library District
Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual
General Fund
Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Other administrative				
Personnel services	2,571,938	2,697,096	1,696,348	1,000,748
Supplies	-	26,620	13,379	13,241
Library materials	1,950	4,450	8,909	(4,459)
Contractual services	632,866	703,016	681,018	21,998
Other services	111,000	239,982	171,433	68,549
Total other administrative	<u>3,317,754</u>	<u>3,671,164</u>	<u>2,571,087</u>	<u>1,100,077</u>
Total administrative services	<u>17,163,058</u>	<u>18,734,705</u>	<u>15,632,050</u>	<u>3,102,655</u>
Capital outlay	3,337	83,533	45,520	38,013
Debt service	61,931	61,931	67,073	(5,142)
Total expenditures	<u>24,494,168</u>	<u>26,077,752</u>	<u>22,826,982</u>	<u>3,250,770</u>
Excess of revenues over expenditures	<u>1,958,760</u>	<u>729,234</u>	<u>4,024,274</u>	<u>3,295,040</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	47,520	47,520	40,924	(6,596)
Transfers out	(1,943,418)	(2,697,533)	(2,697,533)	-
Total other financing sources (uses)	<u>(1,895,898)</u>	<u>(2,650,013)</u>	<u>(2,656,609)</u>	<u>(6,596)</u>
Net change in fund balance	62,862	(1,920,779)	1,367,665	3,288,444
Fund balance, beginning of year	8,453,419	2,483,280	6,037,042	3,553,762
Fund balance, end of year	<u>\$ 8,516,281</u>	<u>\$ 562,501</u>	<u>\$ 7,404,707</u>	<u>\$ 6,842,206</u>

Pikes Peak Library District
Notes to Required Supplementary Information
Year Ended December 31, 2012

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 Finance 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.

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Supplementary Information

MAJOR FUNDS

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.

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.

Pikes Peak Library District
Comparative Balance Sheets
General Fund
December 31, 2012 and 2011

	2012	2011
Assets		
Cash and cash equivalents	\$ 13,012,062	\$ 13,718,390
Receivables, net of allowance for uncollectibles		
Property taxes	23,930,531	23,654,378
Accounts	100,192	116,492
Due from discretely presented component unit	90,362	-
Due from other governments	186,398	151,904
Due from other funds	-	40,590
Prepaid items	515,665	302,673
	<u>515,665</u>	<u>302,673</u>
Total assets	<u>\$ 37,835,210</u>	<u>\$ 37,984,427</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 782,322	\$ 387,255
Due to discretely presented component units	19,604	53,426
Accrued compensation payable	779,494	711,353
Deferred revenue	24,014,434	23,654,378
Due to other funds	4,834,649	7,140,973
	<u>4,834,649</u>	<u>7,140,973</u>
Total liabilities	<u>30,430,503</u>	<u>31,947,385</u>
Fund Balances		
Nonspendable		
Prepaid expenditures	515,665	302,673
Restricted for:		
Declared emergencies	798,044	765,813
Debt service	2,080	3,120
Gifts and grants	49,009	-
Assigned to:		
Capital projects	-	372,339
Library materials	1,318,578	1,832,508
Purchased contracts	94,633	78,794
Unassigned	4,626,698	2,681,795
	<u>4,626,698</u>	<u>2,681,795</u>
Total fund balances	<u>7,404,707</u>	<u>6,037,042</u>
Total liabilities and fund balances	<u>\$ 37,835,210</u>	<u>\$ 37,984,427</u>

Pikes Peak Library District
Comparative Statement of Revenues, Expenditures
and Changes in Fund Balance
General Fund
Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenues		
Taxes		
Local property taxes		
Current	\$ 23,521,488	\$ 22,708,581
Delinquent	19,120	19,503
Omitted	3,205	4,202
Specific ownership taxes	2,267,050	2,013,321
Interest on taxes	44,669	50,844
Total taxes	<u>25,855,532</u>	<u>24,796,451</u>
Intergovernmental	85,247	71,515
Fines and fees	529,077	521,577
Interest earnings	34,635	15,988
Donations/fundraising	192,586	1,577
Miscellaneous		
Copy sales	59,290	61,562
Parking lot collections	34,085	35,945
Other	60,804	36,483
Total miscellaneous	<u>154,179</u>	<u>133,990</u>
Total revenues	<u>26,851,256</u>	<u>25,541,098</u>
Expenditures		
Current		
Public services	7,082,339	6,923,414
Administrative services	10,030,970	9,798,248
Director's Office	373,535	366,455
Finance Office	403,231	404,789
Information Technology Office	1,531,283	1,634,549
Community Relations Office	721,944	676,199
Other administrative	2,571,087	2,073,758
Capital outlay	45,520	32,969
Debt service	67,073	61,931
Total expenditures	<u>22,826,982</u>	<u>21,972,312</u>
Excess of revenues over expenditures	<u>4,024,274</u>	<u>3,568,786</u>
Other financing sources (uses)		
Proceeds from sale of capital assets	40,924	49,652
Transfers in	-	13,864
Transfers out	(2,697,533)	(5,950,678)
Total other financing sources (uses)	<u>(2,656,609)</u>	<u>(5,887,162)</u>
Net change in fund balance	1,367,665	(2,318,376)
Fund balance, beginning of year	<u>6,037,042</u>	<u>8,355,418</u>
Fund balance, end of year	<u>\$ 7,404,707</u>	<u>\$ 6,037,042</u>

Pikes Peak Library District
Schedule of Expenditures by Natural Classification –
Budget and Actual
General Fund
Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Current				
Personnel services	\$ 15,166,545	\$ 15,196,960	\$ 13,972,868	\$ 1,224,092
Supplies	725,187	770,747	448,827	321,920
Telecommunications	306,000	306,000	305,675	325
Library materials	4,000,000	4,987,456	3,974,955	1,012,501
Utilities	545,965	650,965	497,624	153,341
Contractual services	2,498,201	2,620,730	2,431,627	189,103
Repairs and maintenance	515,575	595,912	385,416	210,496
Other services	671,427	803,518	697,397	106,121
Capital outlay	3,337	83,533	45,520	38,013
Debt service	61,931	61,931	67,073	(5,142)
Total expenditures	\$ 24,494,168	\$ 26,077,752	\$ 22,826,982	\$ 3,250,770

Pikes Peak Library District
Comparative Balance Sheets
North Facility Project Fund
December 31, 2012 and 2011

	2012	2011
Assets		
Due from other funds	\$ 2,697,953	\$ 4,970,927
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 1,030	\$ -
Fund Balance		
Committed to Capital projects	2,696,923	4,970,927
Total liabilities and fund balance	\$ 2,697,953	\$ 4,970,927

Pikes Peak Library District
Comparative Statements of Revenue, Expenditures
and Changes in Fund Balance
North Facility Project Fund
Years Ended December 31, 2012 and 2011

	2012	2011
Expenditures		
Capital outlay	\$ 3,789,785	\$ 79,000
Deficit of revenues over expenditures	(3,789,785)	(79,000)
Other financing sources		
Transfers in	1,515,781	5,049,927
Net change in fund balance	(2,274,004)	4,970,927
Fund balance, beginning of year	4,970,927	-
Fund balance, end of year	\$ 2,696,923	\$ 4,970,927

Pikes Peak Library District
Comparative Statements of Revenue, Expenditures
and Changes in Fund Balance – Budget and Actual
North Facility Project Fund
Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Expenditures				
Capital outlay	\$ 1,075,000	\$ 5,072,429	\$ 3,789,785	\$ 1,282,644
Excess (deficit) of revenues over expenditures	<u>(1,075,000)</u>	<u>(5,072,429)</u>	<u>(3,789,785)</u>	<u>1,282,644</u>
Other financing sources				
Transfers in	<u>1,075,000</u>	<u>1,515,781</u>	<u>1,515,781</u>	<u>-</u>
Net change in fund balance	-	(3,556,648)	(2,274,004)	1,282,644
Fund balance, beginning of year	<u>4,970,927</u>	<u>4,970,927</u>	<u>4,970,927</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 4,970,927</u></u>	<u><u>\$ 1,414,279</u></u>	<u><u>\$ 2,696,923</u></u>	<u><u>\$ 1,282,644</u></u>

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUND

A Special Revenue Fund is used to account for all 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:

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.

Monument Facility Project Fund

This fund is used to account for all financial activity related to the acquisition of land and the construction of a library facility located in the proximity of Monument, Colorado. Funds are being accumulated over a period of several years. Anticipated sources of funding include fundraising, federal, and state grants and transfers from 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.

Pikes Peak Library District
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012

	<u>Special Revenue Fund</u>	<u>Capital</u>	
	<u>Designated Purpose Fund</u>	<u>East Library Renovation Fund</u>	<u>Penrose Library Renovation Fund</u>
Assets			
Due from other funds	\$ 534,159	\$ 587,057	\$ 307,521
Total assets	<u>\$ 534,159</u>	<u>\$ 587,057</u>	<u>\$ 307,521</u>
Liabilities and Fund Balance			
Liabilities			
Accounts payable	\$ 1,514	\$ 3,239	\$ -
Total liabilities	<u>1,514</u>	<u>3,239</u>	<u>-</u>
Fund Balance			
Restricted for:			
Gifts and grants	103,501	-	-
Committed to:			
Capital projects	421,520	583,818	307,521
Assigned to:			
Gifts and grants	<u>7,624</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>532,645</u>	<u>583,818</u>	<u>307,521</u>
Total liabilities and fund balance	<u>\$ 534,159</u>	<u>\$ 587,057</u>	<u>\$ 307,521</u>

Projects Funds		
Monument Facility Project Fund	Capital Reserve Fund	Total Nonmajor Governmental Funds
\$ -	\$ 707,959	\$ 2,136,696
\$ -	\$ 707,959	\$ 2,136,696
\$ -	\$ 70,469	\$ 75,222
-	70,469	75,222
-	-	103,501
-	637,490	1,950,349
-	-	7,624
-	637,490	2,061,474
\$ -	\$ 707,959	\$ 2,136,696

Pikes Peak Library District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2012

	Special Revenue Fund	Capital	
	Designated Purpose Fund	East Library Renovation Fund	Penrose Library Renovation Fund
Revenues			
Donations	\$ 13,000	\$ -	\$ -
Miscellaneous	-	28,036	-
Total revenues	<u>13,000</u>	<u>28,036</u>	<u>-</u>
Expenditures			
Current			
Public services	18,065	-	-
Capital outlay	44,870	280,893	-
Total expenditures	<u>62,935</u>	<u>280,893</u>	<u>-</u>
Deficit of revenues over expenditures	<u>(49,935)</u>	<u>(252,857)</u>	<u>-</u>
Other financing sources (uses)			
Transfers in	-	36,968	100,000
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>36,968</u>	<u>100,000</u>
Net change in fund balances	(49,935)	(215,889)	100,000
Fund balances, beginning of year	<u>582,580</u>	<u>799,707</u>	<u>207,521</u>
Fund balances, end of year	<u><u>\$ 532,645</u></u>	<u><u>\$ 583,818</u></u>	<u><u>\$ 307,521</u></u>

Project Funds		
Monument Facility Project Fund	Capital Reserve Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 13,000
-	-	28,036
-	-	41,036
-	-	18,065
-	866,915	1,192,678
-	866,915	1,210,743
-	(866,915)	(1,169,707)
-	1,544,784	1,681,752
(300,000)	(200,000)	(500,000)
(300,000)	1,344,784	1,181,752
(300,000)	477,869	12,045
300,000	159,621	2,049,429
\$ -	\$ 637,490	\$ 2,061,474

Pikes Peak Library District
Comparative Balance Sheets
Designated Purpose Fund
December 31, 2012 and 2011

	2012	2011
Assets		
Accounts receivable - other	\$ -	\$ 21,034
Due from discretely presented component units	-	35,500
Due from other funds	534,159	584,809
Total assets	\$ 534,159	\$ 641,343
 Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 1,514	\$ 18,173
Due to other funds	-	40,590
Total liabilities	1,514	58,763
 Fund Balance		
Restricted for:		
Gifts and grants	103,501	89,270
Committed to:		
Capital projects	421,520	493,038
Assigned to:		
Gifts and grants	7,624	272
Total fund balance	532,645	582,580
Total liabilities and fund balance	\$ 534,159	\$ 641,343

Pikes Peak Library District
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balance
Designated Purpose Fund
Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenues		
Intergovernmental	\$ -	\$ 114,213
Donations	13,000	243,646
Miscellaneous	-	9,346
	<hr/>	<hr/>
Total revenues	13,000	367,205
	<hr/>	<hr/>
Expenditures		
Current - public services	18,065	186,210
Capital outlay	44,870	206,299
	<hr/>	<hr/>
Total expenditures	62,935	392,509
	<hr/>	<hr/>
Deficit of revenues over expenditures	(49,935)	(25,304)
	<hr/>	<hr/>
Other financing sources		
Transfers in	-	309,079
Transfers out	-	(12,376)
	<hr/>	<hr/>
Net change in fund balance	(49,935)	271,399
	<hr/>	<hr/>
Fund balance, beginning of year	582,580	311,181
	<hr/>	<hr/>
Fund balance, end of year	<u>\$ 532,645</u>	<u>\$ 582,580</u>

Pikes Peak Library District
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balance – Budget and Actual
Designated Purpose Fund
Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Donations	\$ 159,450	\$ -	\$ 13,000	\$ 13,000
Miscellaneous	30,000	-	-	-
Total revenues	189,450	-	13,000	13,000
Expenditures				
Current - public services	132,500	37,189	18,065	19,124
Capital outlay	148,565	82,999	44,870	38,129
Total expenditures	281,065	120,188	62,935	57,253
Net change in fund balance	(91,615)	(120,188)	(49,935)	70,253
Fund balance, beginning of year	582,580	582,580	582,580	-
Fund balance, end of year	\$ 490,965	\$ 462,392	\$ 532,645	\$ 70,253

Pikes Peak Library District
Comparative Balance Sheets
East Library Renovation Fund
December 31, 2012 and 2011

	2012	2011
Assets		
Due from other funds	\$ 587,057	\$ 898,964
 Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 3,239	\$ 99,257
 Fund Balance		
Committed to:		
Capital projects	583,818	799,707
Total fund balance	583,818	799,707
Total liabilities and fund balance	\$ 587,057	\$ 898,964

Pikes Peak Library District
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balance
East Library Renovation Fund
Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenues		
Miscellaneous	\$ 28,036	\$ 34,004
Total revenues	<u>28,036</u>	<u>34,004</u>
Expenditures		
Capital outlay	<u>280,893</u>	<u>692,727</u>
Deficit of revenues over expenditures	<u>(252,857)</u>	<u>(658,723)</u>
Other financing sources (uses)		
Transfers in	<u>36,968</u>	<u>882,230</u>
Net change in fund balance	(215,889)	223,507
Fund balance, beginning of year	<u>799,707</u>	<u>576,200</u>
Fund balance, end of year	<u><u>\$ 583,818</u></u>	<u><u>\$ 799,707</u></u>

Pikes Peak Library District
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balance – Budget and Actual
East Library Renovation Fund
Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous	\$ -	\$ -	\$ 28,036	\$ 28,036
Total revenues	<u>-</u>	<u>-</u>	<u>28,036</u>	<u>28,036</u>
Expenditures				
Capital outlay	<u>163,485</u>	<u>836,675</u>	<u>280,893</u>	<u>555,782</u>
Excess (deficit) of revenues over expenditures	<u>(163,485)</u>	<u>(836,675)</u>	<u>(252,857)</u>	<u>583,818</u>
Other financing sources (uses)				
Transfers in	<u>36,968</u>	<u>36,968</u>	<u>36,968</u>	<u>-</u>
Net change in fund balance	<u>(126,517)</u>	<u>(799,707)</u>	<u>(215,889)</u>	<u>583,818</u>
Fund balance, beginning of year	<u>799,707</u>	<u>799,707</u>	<u>799,707</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 673,190</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 583,818</u></u>	<u><u>\$ 583,818</u></u>

Pikes Peak Library District
Comparative Balance Sheets
Penrose Library Renovation Fund
December 31, 2012 and 2011

	2012	2011
Assets		
Due from other governments	\$ 307,521	\$ 207,521
 Liabilities and Fund Balance		
Fund Balance		
Committed to:		
Capital projects	\$ 307,521	\$ 207,521
Total liabilities and fund balance	\$ 307,521	\$ 207,521

Pikes Peak Library District
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balance
Penrose Library Renovation Fund
Years Ended December 31, 2012 and 2011

	2012	2011
Expenditures		
Capital outlay	\$ -	\$ 367,366
Deficit of revenues over expenditures	-	(367,366)
Other financing sources (uses)		
Transfers in	100,000	574,887
Net change in fund balance	100,000	207,521
Fund balance, beginning of year	207,521	-
Fund balance, end of year	\$ 307,521	\$ 207,521

Pikes Peak Library District
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balance – Budget and Actual
Penrose Library Renovation Fund
Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Capital outlay	\$ 100,000	\$ 307,521	\$ -	\$ 307,521
Excess (deficit) of revenues over expenditures	(100,000)	(307,521)	-	307,521
Other financing sources (uses)				
Transfers in	100,000	100,000	100,000	-
Net change in fund balance	-	(207,521)	100,000	307,521
Fund balance, beginning of year	207,521	207,521	207,521	-
Fund balance, end of year	<u>\$ 207,521</u>	<u>\$ -</u>	<u>\$ 307,521</u>	<u>\$ 307,521</u>

Pikes Peak Library District
Comparative Balance Sheets
Monument Facility Project Fund
December 31, 2012 and 2011

	2012	2011
Assets		
Due from other funds	\$ -	\$ 300,000
 Liabilities and Fund Balance		
Fund Balance		
Committed to:		
Capital projects	\$ -	\$ 300,000
Total liabilities and fund balance	\$ -	\$ 300,000

Pikes Peak Library District
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balance
Monument Facility Project Fund
Years Ended December 31, 2012 and 2011

	2012	2011
Other financing sources (uses)		
Transfers in	\$ -	\$ 300,000
Transfers out	(300,000)	-
Total other financing sources (uses)	(300,000)	300,000
Net change in fund balance	(300,000)	300,000
Fund balance, beginning of year	300,000	-
Fund balance, end of year	\$ -	\$ 300,000

Pikes Peak Library District
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balance – Budget and Actual
Monument Facility Project Fund
Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Donations	\$ 350,000	\$ -	\$ -	\$ -
Expenditures				
Capital outlay	350,000	-	-	-
Net revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Transfers out	-	(300,000)	(300,000)	-
Net change in fund balance	-	(300,000)	(300,000)	-
Fund balance, beginning of year	-	300,000	300,000	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Pikes Peak Library District
Comparative Balance Sheets
Capital Reserve Fund
December 31, 2012 and 2011

	2012	2011
Assets		
Due from other funds	\$ 707,959	\$ 178,752
Liabilities and Fund Balance		
Liabilities		
Accounts payable	70,469	19,131
Fund Balance		
Committed to:		
Capital projects	637,490	159,621
Total fund balance	637,490	159,621
Total liabilities and fund balance	\$ 707,959	\$ 178,752

Pikes Peak Library District
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balance
Capital Reserve Fund
Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Expenditures		
Capital outlay	\$ 866,915	\$ 585,962
Deficit of revenues over expenditures	<u>(866,915)</u>	<u>(585,962)</u>
Other financing sources (uses)		
Transfers in	1,544,784	430,583
Transfers out	<u>(200,000)</u>	<u>(820,000)</u>
Total other financing sources (uses)	<u>1,344,784</u>	<u>(389,417)</u>
Net change in fund balance	477,869	(975,379)
Fund balance, beginning of year	<u>159,621</u>	<u>1,135,000</u>
Fund balance, end of year	<u><u>\$ 637,490</u></u>	<u><u>\$ 159,621</u></u>

Pikes Peak Library District
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balance – Budget and Actual
Capital Reserve Fund
Year Ended December 31, 2012

	<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	\$ 1,156,450	\$ 1,504,405	\$ 866,915	\$ 637,490
Excess (deficit) of revenues over expenditures	<u>(1,156,450)</u>	<u>(1,504,405)</u>	<u>(866,915)</u>	<u>637,490</u>
Other financing sources (uses)				
Transfers in	1,156,450	1,544,784	1,544,784	-
Transfers out	<u>-</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,156,450</u>	<u>1,344,784</u>	<u>1,344,784</u>	<u>-</u>
Net change in fund balance	-	(159,621)	477,869	637,490
Fund balance, beginning of year	<u>159,621</u>	<u>159,621</u>	<u>159,621</u>	<u>-</u>
Fund balance, end of year	<u>\$ 159,621</u>	<u>\$ -</u>	<u>\$ 637,490</u>	<u>\$ 637,490</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, 2012 and 2011

	2012	2011
Assets		
Current Assets		
Cash and cash equivalents	\$ 639,521	\$ 434,971
Accounts receivable	-	1,818
Deposit	36,667	36,667
Total current assets	676,188	473,456
 Liabilities		
Current Liabilities		
Claims payable	76,456	95,258
Due to other funds	-	113,706
	76,456	208,964
 Net Position		
Total Net Position - Unrestricted	\$ 599,732	\$ 264,492

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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenues		
Employer contributions	\$ 1,457,485	\$ 1,228,498
Employee contributions	314,760	239,472
	<u>1,772,245</u>	<u>1,467,970</u>
Operating expenses		
Claims incurred	898,946	1,082,507
Administrative	538,079	542,596
	<u>1,437,025</u>	<u>1,625,103</u>
Total operating expenses		
	<u>335,220</u>	<u>(157,133)</u>
Operating income (loss)		
Nonoperating revenues		
Investment earnings	20	20
	<u>335,240</u>	<u>(157,113)</u>
Change in net position		
Total net position, beginning	<u>264,492</u>	<u>421,605</u>
Total net position, ending	<u>\$ 599,732</u>	<u>\$ 264,492</u>

Pikes Peak Library District
Internal Service Fund
Comparative Statements of Cash Flows
Employee Health Plan Fund
Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Employee and employer contributions	\$ 1,774,063	\$ 1,467,970
Payment of claims and administrative expenses	<u>(1,569,533)</u>	<u>(1,334,048)</u>
Net cash provided by operating activities	204,530	133,922
Cash flows from investing activities		
Interest received	<u>20</u>	<u>20</u>
Net increase in cash and cash equivalents	204,550	133,942
Cash and cash equivalents, January 1	<u>434,971</u>	<u>301,029</u>
Cash and cash equivalents, December 31	<u><u>\$ 639,521</u></u>	<u><u>\$ 434,971</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	\$ 335,220	\$ (157,133)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities		
Decrease in due from other funds	1,818	243,696
(Increase) in deposits	-	(36,667)
Increase (decrease) in due to other funds	(113,706)	73,485
Increase (decrease) in claims payable	<u>(18,802)</u>	<u>10,541</u>
Total adjustments	<u>(130,690)</u>	<u>291,055</u>
Net cash provided by operating activities	<u><u>\$ 204,530</u></u>	<u><u>\$ 133,922</u></u>
Noncash investing, capital and financing activities		
None		

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 Statement of Fiduciary Assets and Liabilities
Flexible Spending Accounts – Agency Fund
December 31, 2012 and 2011

	2012	2011
Assets		
Cash and cash equivalents	\$ 46,175	\$ 13,939
Accounts receivables	5,608	27,143
Total assets	\$ 51,783	\$ 41,082
Liabilities		
Accounts payable	\$ 51,783	\$ 41,082

Pikes Peak Library District
Statement of Changes in Fiduciary Assets and Liabilities
Flexible Spending Accounts – Agency Fund
Year Ended December 31, 2012

	<u>Flexible spending accounts</u>			<u>Balance December 31, 2012</u>
	<u>Balance January 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	
Assets				
Cash and cash equivalents	\$ 13,939	\$ 181,078	\$ 148,842	\$ 46,175
Other receivables	27,143	-	21,535	5,608
	<u>41,082</u>	<u>181,078</u>	<u>170,377</u>	<u>51,783</u>
Total assets	<u>\$ 41,082</u>	<u>\$ 181,078</u>	<u>\$ 170,377</u>	<u>\$ 51,783</u>
Liabilities				
Accounts payable	<u>\$ 41,082</u>	<u>\$ 181,078</u>	<u>\$ 170,377</u>	<u>\$ 51,783</u>

Pikes Peak Library District
Notes to Supplemental Information
December 31, 2012

Note I: Reclassifications

Certain 2011 balances have been reclassified to conform to 2012 presentation.

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.

Contents	Page
Financial Trends	125
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	138
These schedules contain information to help the reader assess the District's most significant revenue source, the property tax.	
Debt Capacity	150
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	158
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	160
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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Pikes Peak Library District
Government-wide Net Position by Component
Last Nine Fiscal Years
(Unaudited)

Governmental Activities

Fiscal Year	Invested in Capital Assets, Net of		Restricted	Unrestricted	Total
	Related debt				
2004	\$ 32,465,943	\$	899,552	\$ 2,229,938	\$ 35,595,433
2005	31,188,493		858,170	2,918,722	34,965,385
2006	29,688,346		650,401	3,747,915	34,086,662
2007	31,044,662		690,363	5,189,755	36,924,780
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

Business-type Activities

Fiscal Year	Invested in Capital Assets, Net of		Restricted	Unrestricted	Total
	Related debt				
2004	\$ -	\$	-	\$ -	\$ -
2005	-		-	-	-
2006	-		-	-	-
2007	-		-	-	-
2008	-		-	-	-
2009	-		-	-	-
2010	-		-	-	-
2011	-		-	-	-
2012	-		-	-	-

Total Primary Government

Fiscal Year	Invested in Capital Assets, Net of		Restricted	Unrestricted	Total
	Related debt				
2004	\$ 32,465,943	\$	899,552	\$ 2,229,938	\$ 35,595,433
2005	31,188,493		858,170	2,918,722	34,965,385
2006	29,688,346		650,401	3,747,915	34,086,662
2007	31,044,662		690,363	5,189,755	36,924,780
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

Note: In 2003, the District implemented GASB Statement 34 and began the annual process of calculating government-wide data

Schedule 2

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

		Expenses					
		Governmental Activities					
Fiscal Year	Public Services	Support and Outreach Services	Administrative Services	Director's Office	Finance Office	Information Technology Office	
2004	\$ 11,193,804	\$ 4,544,083	\$ 2,459,547	\$ 227,065	\$ 347,043	\$ 842,005	
2005	11,117,184	3,630,203	2,605,173	104,498	375,241	968,456	
2006	10,641,943	4,796,671	2,817,382	181,162	406,645	1,113,515	
2007	8,271,488	4,081,256	3,476,979	219,409	426,739	1,359,962	
2008	10,043,347	4,962,156	3,337,749	224,311	514,702	1,343,640	
2009	10,029,059	5,111,509	3,304,300	239,948	449,031	1,383,900	
2010	8,132,184	-	10,916,543	339,211	451,191	1,472,077	
2011	8,115,178	-	10,846,365	366,455	404,789	1,634,549	
2012	7,883,922	-	12,021,277	373,535	403,231	1,531,283	

		Program Revenues					
		Governmental Activities					
		Charges For Services			Operating Grants and Contributions		
Fiscal Year	Public Services	Support and Outreach Services	Total	Public Services	Support and Outreach Services	Total	
2004	\$ 321,657	\$ 100,548	\$ 422,205	\$ 175,566	\$ 65,803	\$ 241,369	
2005	347,828	115,294	463,122	278,055	102,057	380,112	
2006	339,909	130,184	470,093	151,071	57,859	208,930	
2007	351,762	135,005	486,767	167,117	64,138	231,255	
2008	370,841	147,394	518,235	224,384	89,183	313,567	
2009	379,233	153,934	533,167	194,605	78,991	273,596	
2010	526,805	-	526,805	163,885	-	163,885	
2011	521,577	-	521,577	181,675	-	181,675	
2012	529,077	-	529,077	99,400	34,536	133,936	

Total Net Expenses	
Total	
Fiscal Year	Primary Government
2004	\$ (21,420,216)
2005	(20,011,909)
2006	(21,209,838)
2007	(19,156,542)
2008	(21,978,263)
2009	(21,794,671)
2010	(22,457,184)
2011	(23,169,027)
2012	(24,604,138)

	Community Relations Office	Other Administration	Interest Expense	Total Primary Government
\$	693,902	\$ 1,709,108	\$ 67,233	\$ 22,083,790
	683,433	1,662,242	42,154	21,188,584
	717,133	1,684,150	22,373	22,380,974
	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

Capital Grants and Contributions				Total Primary Government
Public Services	Support and Outreach Services	Administrative Services	Total	
\$ -	\$ -	\$ -	\$ -	\$ 663,574
66,155	267,286	-	333,441	1,176,675
355,831	136,282	-	492,113	1,171,136
27,807	440,157	-	467,964	1,185,986
146,295	265,121	-	411,416	1,243,218
79,354	787,375	-	866,729	1,673,492
1,093,374	-	42,873	1,136,247	1,826,937
168,993	-	80,282	249,275	952,527
98,131	-	142,669	240,800	903,813

Schedule 3

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

Fiscal Year	Governmental Activities					Total
	General Revenues					
	Property Taxes	Specific Ownership Taxes	Investment Earnings	Miscellaneous		
2004	\$ 15,934,770	\$ 2,367,614	\$ 82,346	\$ 146,443	\$	18,531,173
2005	16,711,932	2,473,287	251,813	177,509		19,614,541
2006	17,436,541	2,347,386	418,492	128,696		20,331,115
2007	18,899,082	2,571,483	493,172	185,898		22,149,635
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

Fiscal Year	Total Changes in Net Position	
	Total	Primary Government
2004	\$ (2,889,043)	
2005	(630,048)	
2006	(878,723)	
2007	2,838,118	
2008	1,050,105	
2009	2,557,270	
2010	2,015,175	
2011	1,870,405	
2012	1,468,244	

Exhibit I-3

TABOR Refund		
Fiscal Year Spending		Total
and Property Tax		Primary
Revenue in Excess		Government
of Limit		
\$	-	\$ 18,531,173
	(232,680)	19,381,861
	-	20,331,115
	(154,975)	21,994,660
	(102,809)	23,028,368
	-	24,351,941
	-	24,472,359
	-	25,039,432
	-	26,072,382

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

General Fund

Fiscal Year	Reserved	Unreserved	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
2003	\$ 953,785	\$ 1,134,590	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,088,375
2004	1,554,432	1,957,409	-	-	-	-	-	3,511,841
2005	1,728,856	2,297,160	-	-	-	-	-	4,026,016
2006	1,388,558	3,382,300	-	-	-	-	-	4,770,858
2007	1,449,061	4,064,631	-	-	-	-	-	5,513,692
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

North Facility Project Fund

2011	\$ -	\$ -	\$ -	\$ -	\$ 4,970,927	\$ -	\$ -	\$ 4,970,927
2012	-	-	-	-	2,696,923	-	-	2,696,923

Other Governmental Funds

Fiscal Year	Reserved	Unreserved - Fund Type			Restricted	Committed	Assigned	Grand Total
		Special Revenue	Capital Projects	Total				
2003	\$ 309,413	\$ 12,887	\$ 36,495	\$ 49,382	\$ -	\$ -	\$ -	\$ 358,795
2004	322,196	(625)	37,093	36,468	-	-	-	358,664
2005	250,224	309,857	-	309,857	-	-	-	560,081
2006	2,024	428,587	-	428,587	-	-	-	430,611
2007	348,926	353,743	686,498	1,040,241	-	-	-	1,389,167
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	1,959,887	272	2,049,429
2012	-	-	-	-	103,501	1,950,349	7,624	2,061,474

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

Schedule 5

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

		<u>Other Financing</u>				
Fiscal		Revenues	Expenditures	Capital Lease	Proceeds from	
Year				Financing	Sale of Capital Assets	
2003	\$	18,841,328	\$ 18,766,906	\$ 276,144	\$	188
2004		19,194,747	17,777,982	-		6,570
2005		20,791,216	19,890,232	-		47,288
2006		21,502,251	20,943,653	-		56,774
2007		23,279,941	21,478,806	-		55,680
2008		24,374,395	23,034,259	-		51,596
2009		25,417,133	23,205,387	-		50,724
2010		26,299,296	25,818,473	173,756		48,207
2011		25,942,307	24,092,049	-		49,652
2012		26,892,292	27,827,510	-		40,924

Exhibit I-5

<u>Sources (Uses)</u>			
TABOR Refund		Net Change In	Ratio of
Fiscal Year Spending		Fund Balance	Debt Service
and Property Tax			Expenditures to
Revenue In Excess			Noncapital
of Limit			Expenditures
\$	-	\$ 350,754	8.34%
	-	1,423,335	2.42%
	(232,680)	715,592	2.21%
	-	615,372	1.98%
	(154,975)	1,701,840	0.25%
	(102,809)	1,288,923	0.08%
	-	2,262,470	0.00%
	-	702,786	0.26%
	-	1,899,910	0.30%
	-	(894,294)	0.27%

Schedule 6

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

Fiscal Year	Taxes	Intergovernmental	Fines and Fees	Interest Earnings
2003	\$ 17,770,506	\$ 81,765	\$ 381,686	\$ 54,823
2004	18,302,384	41,119	408,730	82,346
2005	19,185,219	132,490	463,122	251,813
2006	19,783,927	32,492	470,093	418,492
2007	21,470,565	302,805	486,767	493,172
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

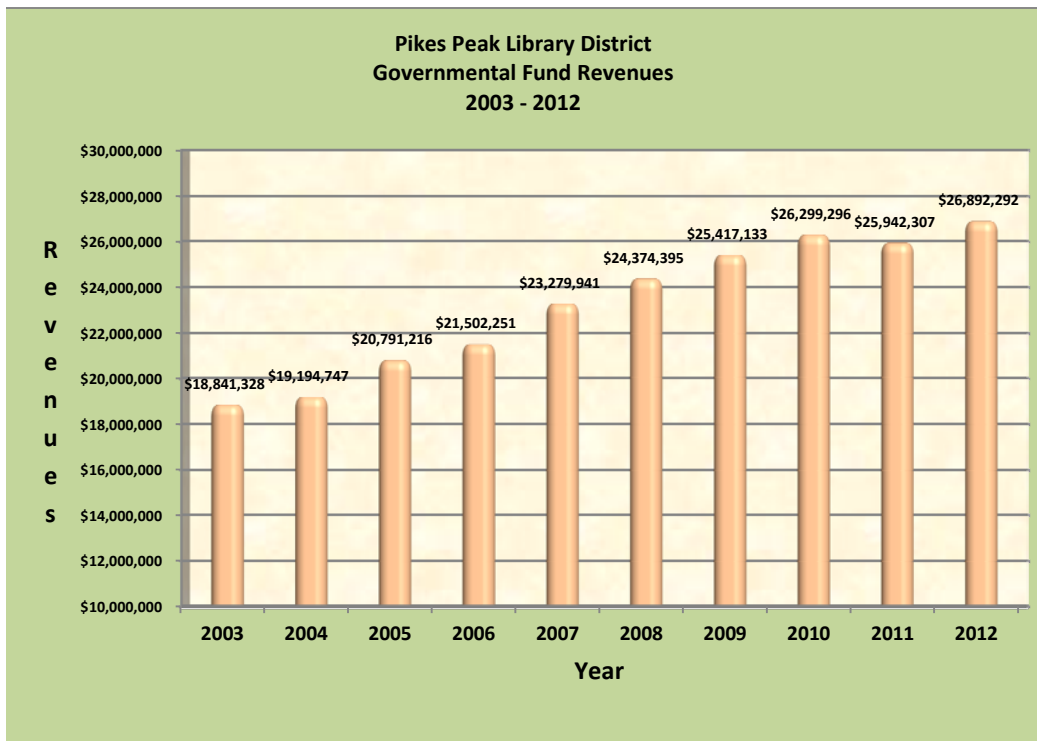


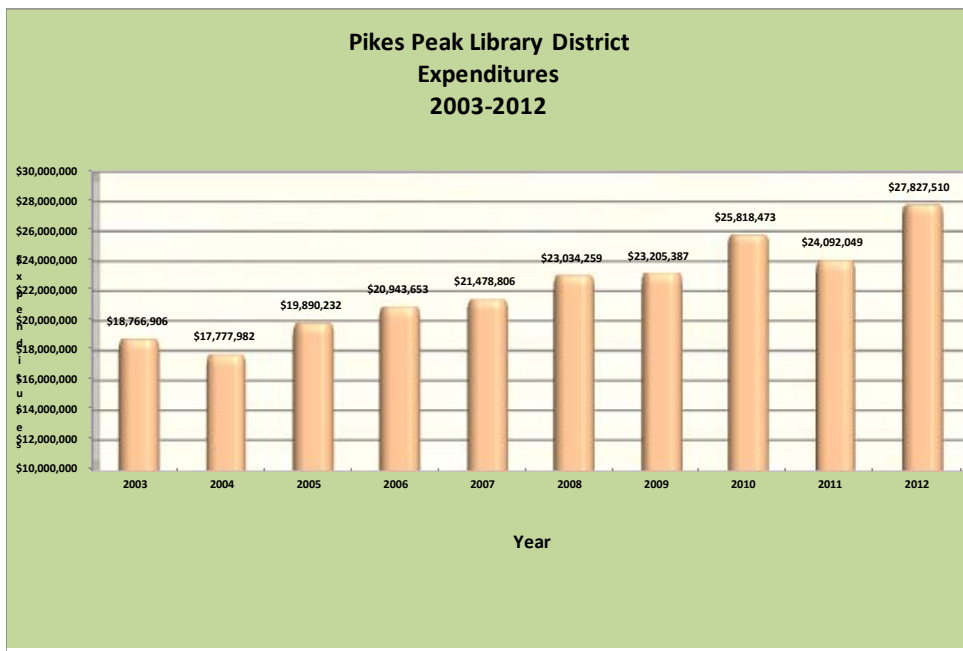
Exhibit I-6

Miscellaneous	Total
\$ 552,548	\$ 18,841,328
360,168	19,194,747
758,572	20,791,216
797,247	21,502,251
526,632	23,279,941
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

Schedule 7

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

Fiscal Year	Current						Contractual Services
	Personnel Services	Supplies	Library Materials	Utilities	Telecommunications		
2003	\$ 10,188,446	\$ 489,179	\$ 2,336,353	\$ 352,319	\$ 172,110	\$ 1,506,327	
2004	10,276,904	680,421	2,446,834	404,955	169,298	1,504,944	
2005	10,568,609	338,555	2,719,407	437,625	186,841	1,687,860	
2006	11,263,711	395,714	3,108,355	443,950	228,413	1,853,785	
2007	11,731,741	491,139	2,833,458	476,110	245,310	2,526,167	
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	



	Repairs and Maintenance		Total	Capital Outlay	Debt Service		Total Expenditures
	Other Services				Principal	Interest	
\$	224,332	\$ 866,437	\$ 16,135,503	\$ 1,163,551	\$ 1,337,611	\$ 130,241	\$ 18,766,906
	200,792	905,262	16,589,410	776,524	344,815	67,233	17,777,982
	230,807	990,828	17,160,532	2,341,977	345,569	42,154	19,890,232
	264,728	974,081	18,532,737	2,035,680	352,863	22,373	20,943,653
	321,387	970,787	19,596,099	1,834,521	45,506	2,680	21,478,806
	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

Schedule 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
2002	2003	\$ 2,398,639,732	\$ 26,214,641,877	\$ 2,408,253,518	\$ 8,304,322,477
2003	2004	2,294,378,764	28,823,853,818	2,359,533,536	8,136,322,538
2004	2005	2,386,571,171	29,982,049,884	2,373,243,689	8,183,598,928
2005	2006	2,742,554,533	34,454,202,670	2,494,326,377	8,601,125,439
2006	2007	2,876,530,671	36,137,319,991	2,530,481,869	8,725,799,547
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

Notes:

(1) The following are the assessment rates for collection years 2003 through 2012:

Collection Year	Residential	All Other Categories
2003	9.74%	29.00%
2004 - 2005	9.15%	29.00%
2006 - 2012	7.96%	29.00%

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

Exhibit I-8

	Total Assessed Value	Total Mill Levy	Estimated Actual Value	Ratio of Total Assessed Value to Total Estimated Actual Value
\$	4,806,893,250	3.271	\$ 34,518,964,354	13.9%
	4,653,912,300	3.434	36,960,176,356	12.6%
	4,759,814,860	3.495	38,165,648,812	12.5%
	5,236,880,910	3.296	43,055,328,109	12.2%
	5,407,012,540	3.515	44,863,119,538	12.1%
	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%

Schedule 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				
	2003	2004	2005	2006	2007
Direct					
Pikes Peak Library District	3.271	3.434	3.495	3.296	3.515
Overlapping Governments					
El Paso County	7.880	7.947	8.012	7.673	7.710
Cities and Towns					
Calhan	17.307	17.563	17.563	17.525	17.563
Colorado Springs	5.032	5.032	4.944	4.944	4.944
Fountain	10.239	10.239	10.239	10.239	10.239
Green Mountain Falls	14.588	14.588	14.588	14.588	14.588
Monument	6.469	6.454	6.408	5.872	6.458
Palmer Lake	20.038	21.536	21.753	19.070	16.544
Ramah	19.827	19.827	19.827	19.827	19.827
Fire Districts					
Big Sandy	-	-	-	7.000	8.000
Black Forest	8.283	8.292	8.189	7.659	7.287
Black Forest (OPS)	-	-	-	2.694	2.322
Broadmoor	4.500	4.500	4.500	4.500	4.500
Calhan	7.655	7.648	7.641	7.297	7.672
Cascade	5.487	6.181	6.451	6.007	6.544
Cimarron Hills	7.599	7.598	9.870	10.314	10.780
Donald Wescott	1.944	7.000	7.000	7.000	7.000
Edison	-	-	-	-	-
Elbert	4.575	4.575	4.575	4.575	4.575
Ellicott	3.721	3.802	4.511	4.427	4.481
Falcon	5.712	5.712	5.712	5.712	5.712
Green Mountain Falls	6.300	7.077	7.482	6.916	7.314
Hanover	4.720	4.720	4.720	4.720	4.720
Peyton	2.085	2.139	2.241	2.130	6.114
Security	5.416	5.879	7.538	6.391	6.692
Stratmoor Hills	10.797	10.842	12.813	12.527	12.660
SW Hwy 115	7.200	7.200	7.200	7.200	7.200
Tri-County	1.899	3.000	3.000	3.000	3.000
Tri-Lakes	7.000	7.000	7.000	7.000	8.500
Woodmoor Monument	9.921	9.921	9.921	9.921	9.921
Woodman Valley	6.793	6.793	9.050	9.050	9.050

Exhibit I - 9

2008	2009	2010	2011	2012
3.325	3.540	3.468	3.556	3.999
7.514	7.583	7.531	7.717	7.597
17.563	17.563	17.563	17.563	17.563
4.944	4.944	4.279	4.279	4.279
10.239	10.239	10.239	10.239	10.239
15.558	14.588	13.588	14.588	14.588
6.289	6.289	6.289	6.289	6.289
15.340	16.180	15.989	16.459	16.459
19.827	19.827	19.827	19.827	19.827
8.000	8.000	8.000	8.000	8.000
6.600	6.444	6.322	6.275	10.406
1.635	1.479	1.357	1.310	1.191
4.500	4.500	4.500	4.500	4.500
7.558	7.461	6.313	7.094	6.500
6.333	6.748	6.940	7.373	7.968
11.110	11.082	11.110	11.110	12.150
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	4.575	4.575
4.354	9.116	9.374	9.329	9.999
5.712	5.712	5.712	5.712	8.612
7.775	6.829	6.905	7.325	8.048
4.720	4.720	4.720	4.720	4.720
6.137	6.135	6.109	6.253	6.253
6.675	6.706	6.687	6.693	6.681
12.423	12.423	12.423	7.200	7.200
7.200	7.200	7.200	12.423	12.423
3.000	3.000	3.000	3.000	3.000
8.500	8.500	8.500	8.500	8.500
8.500	-	-	-	-
9.050	9.050	9.050	9.050	9.050

Schedule 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				
	2003	2004	2005	2006	2007
Water Districts					
Cheyenne Creek	3.677	1.000	1.000	0.800	0.800
Forest View	-	-	-	-	5.000
Park Forest	9.657	10.437	10.437	14.437	14.437
Red Rock Valley Estates	12.870	15.300	16.279	14.285	14.135
Stratmoor Hills	2.456	2.459	2.463	2.390	2.391
S.E. Colo. Water Conser.	0.897	0.947	0.947	0.943	0.941
Security	6.354	6.354	6.354	6.082	6.367
Turkey Canyon Ranch	6.317	7.533	8.341	7.841	8.416
Upper Arkansas Water Conserv.	-	-	-	-	-
Upper Big Sandy	0.532	0.532	0.532	0.532	0.532
Upper Black Squirrel	0.748	0.755	0.755	0.706	0.706
Sanitation Districts					
Fountain	4.999	5.254	3.714	3.759	4.134
Security	0.960	0.960	0.960	0.921	0.962
Stratmoor Hills	0.664	0.665	0.666	0.650	0.650
Monument	4.090	3.950	3.500	3.300	3.200
Sanitation and Water Districts					
Academy	26.960	32.198	30.911	26.955	27.613
Donala (Area A)	16.296	16.296	16.296	16.121	16.296
Donala (Area B)	-	-	8.148	7.127	8.148
Garden Valley	3.174	3.429	3.981	3.831	4.142
Garden Valley #2	-	-	-	-	-
Westmoor	17.200	11.447	34.044	30.645	31.840
Woodmoor	9.500	9.500	9.500	8.500	8.500

Exhibit I - 9

2008	2009	2010	2011	2012
0.800	0.800	0.800	0.500	0.500
5.000	5.000	5.000	5.000	5.000
14.437	14.437	14.437	14.437	14.437
12.325	12.409	13.123	13.894	16.803
2.391	2.128	2.224	2.000	2.000
0.915	0.943	0.940	0.947	0.947
5.946	5.822	5.961	5.960	5.952
7.858	8.523	8.622	9.058	11.005
-	-	0.445	0.454	0.495
0.534	0.532	0.532	0.532	0.532
0.682	0.682	0.682	1.082	1.082
4.500	4.501	4.500	4.654	5.334
0.898	0.889	0.896	0.900	0.899
0.650	0.579	0.621	0.549	0.549
-	-	-	-	-
24.817	25.517	23.637	21.450	24.950
16.296	16.296	16.296	16.296	16.296
8.148	8.148	8.148	8.148	8.148
4.065	4.001	7.000	10.000	8.617
-	-	7.000	7.000	5.500
31.423	33.070	29.055	30.986	35.508
7.250	7.000	6.950	6.950	-

Schedule 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				
	2003	2004	2005	2006	2007
School Districts					
Calhan #RJ-1	41.970	42.124	40.980	36.829	36.180
Harrison #2	38.519	42.256	43.256	44.081	44.039
Fountain/Ft. Carson #8	27.818	27.697	21.568	20.096	19.699
Colorado Springs #11	39.812	41.698	42.094	43.813	44.045
Cheyenne Mountain #12	46.525	54.800	54.800	54.800	50.391
Air Force Academy #20	58.897	60.216	60.216	60.216	60.216
Ellicott #22	49.429	49.211	48.476	48.419	47.903
Peyton #23	32.587	41.042	39.399	36.261	36.279
Hanover #28	26.013	21.717	27.541	26.043	26.043
Lewis-Palmer #38	47.937	55.181	55.224	32.746	53.786
Fremont/Florence #39	24.886	33.387	34.190	30.920	30.380
Falcon #49	46.424	44.575	43.281	46.848	45.547
Edison #54	36.213	36.195	36.278	36.837	36.357
Miami/Yoder #60	36.422	35.829	35.099	32.047	31.283
Big Sandy #100J	42.131	40.727	30.272	26.499	25.397
Miscellaneous Districts	573.763	566.236	581.993	1,087.400	1,568.774

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

Exhibit I - 9

2008	2009	2010	2011	2012
33.800	33.645	30.031	30.049	30.049
42.473	41.409	41.434	41.147	41.147
19.715	24.301	29.695	24.723	24.723
44.045	42.331	42.183	44.004	44.004
44.741	44.794	43.765	49.764	49.764
60.216	60.216	60.216	60.216	60.216
46.947	46.009	45.633	41.148	41.148
35.000	34.000	33.969	34.041	34.041
25.442	25.459	23.436	27.551	27.551
49.586	46.077	48.074	52.343	52.343
28.934	29.548	29.695	33.907	33.907
45.795	45.674	45.572	45.842	45.842
38.814	38.801	37.525	36.104	36.104
40.906	41.281	41.366	42.853	42.853
25.481	25.499	25.509	25.468	42.067
2,094.822	2,115.266	2,710.623	2,554.140	2,554.140

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

Principal Taxpayer	Type of Business	Fiscal Year 2012		Fiscal Year 2003	
		Assessed Valuation	Percent of Total Assessed Valuation	Assessed Valuation	Percent of Total Assessed Valuation
Qwest Corporation	Telecommunications	\$ 73,185,230	1.23%	\$ -	0.00%
Black Hills Fountain Valley Power LLC	Utilities	37,095,900	0.62%	37,095,570	0.77%
Broadmoor Hotel, Inc.	Hotel	29,949,610	0.50%	28,911,430	0.60%
Wal-Mart Businesses	Merchandise/Retail	29,762,100	0.50%	-	0.00%
dpiX, LLC	Technology	26,407,220	0.44%	-	0.00%
Mountain View Electric Association	Utility	21,317,200	0.36%	-	0.00%
Verizon Wireless	Technology	20,182,980	0.34%	-	0.00%
Atmel Corp.	Investments	16,142,290	0.27%	78,473,380	1.63%
MCI Telecommunications Corp.	Communications	15,578,900	0.26%	33,022,890	0.69%
Coyote Garrison Chapel Hills Mall LLP	Retail Mall	13,840,450	0.23%	12,182,520	0.25%
MMP Citadel LLP	Retail Mall	-	0.00%	14,594,220	0.30%
Agilent Technologies	Technology	-	0.00%	29,092,630	0.61%
Vitesse Semiconductor Corp.	Technology	-	0.00%	17,606,620	0.37%
Gepa Hotel Owner LLC - (Palmer Center)	Hotel, Office Center	-	0.00%	12,162,840	0.25%
Intel Corp	Technology	-	0.00%	98,236,150	2.04%
Total Top Ten Principal Taxpayers		\$ 283,461,880	4.75%	\$ 361,378,250	7.52%
Total Assessed Valuation		\$ 5,968,035,500	100.00%	\$ 4,806,893,250	100.00%

Data Source: El Paso County Assessor's Office

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Schedule 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
2002	2003	\$ 15,723,350	\$ 15,447,633	98.2%	\$ 18,673
2003	2004	15,981,537	15,803,185	98.9%	124,450
2004	2005	16,632,772	16,454,522	98.9%	28,368
2005	2006	17,559,260	17,391,950	99.0%	15,562
2006	2007	18,997,055	18,828,686	99.1%	30,205
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

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

Exhibit I-11

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
\$ -	\$ 15,466,306	98.4%	\$ 266,864	1.7%
-	15,927,635	99.7%	160,463	1.0%
200,444	16,683,334	100.3%	156,650	0.9%
2,938	17,410,450	99.2%	158,635	0.9%
1,429	18,860,320	99.3%	135,189	0.7%
2,533	20,342,307	99.7%	112,302	0.6%
6,683	21,826,904	99.4%	123,563	0.6%
4,421	22,146,006	99.1%	86,509	0.4%
4,202	22,732,286	99.2%	93,389	0.4%
3,205	23,543,813	99.0%	128,616	0.5%

Schedule 12

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

Year Ended December 31,	Population	Certificates of Participation			General Obligation Bonds		
		Gross Debt	Funds Available in Debt Service Fund	Net Debt	Gross Bonded Debt	Funds Available in Debt Service Fund	Net Bonded Debt
2003	488,533	\$ 885,000	\$ 250,000	\$ 635,000	\$ -	\$ -	-
2004	495,265	605,000	250,000	355,000	-	-	-
2005	506,992	310,000	250,137	59,863	-	-	-
2006	516,366	-	-	-	-	-	-
2007	527,600	-	-	-	-	-	-
2008	535,537	-	-	-	-	-	-
2009	547,061	-	-	-	-	-	-
2010	554,355	-	-	-	-	-	-
2011	575,789	-	-	-	-	-	-
2012	585,158	-	-	-	-	-	-

N/A - Not Available

Capital Leases										
Gross Debt	Funds Available in Debt Service Fund	Net Debt	Total Net Debt	Net Debt Per Capita	Personal Income	Debt as a Percentage of Personal Income	Assessed Value Used for Next Year's Collections	Ratio of Net Bonded Debt to Assessed Value		
\$ 223,533	\$ -	\$ 223,533	\$ 858,533	1.76	\$ 17,888,571,000	0.005%	\$ 4,806,893,250	0.000%		
158,718	-	158,718	513,718	1.04	18,879,052,000	0.003%	4,653,912,300	0.000%		
108,149	-	108,149	168,012	0.33	20,147,935,000	0.001%	4,759,814,860	0.000%		
65,286	-	65,286	65,286	0.13	21,479,738,000	0.000%	5,236,880,910	0.000%		
19,780	-	19,780	19,780	0.04	22,803,097,000	0.000%	5,407,012,540	0.000%		
-	-	-	-	-	23,758,135,000	0.000%	6,142,321,540	0.000%		
-	-	-	-	-	24,047,682,000	0.000%	6,208,041,670	0.000%		
123,071	-	123,071	123,071	0.22	24,986,786,000	0.000%	6,454,866,500	0.000%		
65,401	-	65,401	65,401	0.11	25,420,872,000	0.000%	6,462,164,700	0.000%		
-	-	-	-	-	N/A	0.000%	5,968,035,500	0.000%		

Pikes Peak Library District
Direct and Overlapping Governmental Activities Debt
As of December 31, 2012
(Unaudited)

<u>Tax District</u>	<u>Governmental Activities Debt</u>	<u>Percentage Applicable to Pikes Peak Library District</u>	<u>Amount Applicable to Pikes Peak Library District</u>
Direct:			
Pikes Peak Library District		100.00%	\$ <u>-</u>
Overlapping:			
Cities and Towns			
Colorado Springs	97,295,000	100.00%	97,295,000
Fountain	3,638,753	100.00%	3,638,753
Monument	1,604,823	100.00%	1,604,823
Palmer Lake	597,036	100.00%	<u>597,036</u>
Total Cities and Towns			<u>103,135,612</u>
El Paso County	174,462,490	94.18%	<u>164,308,773</u>
Special Districts			
Fire protection	2,722,317	100.00%	2,722,317
Miscellaneous	52,675,000	100.00%	52,675,000
Water	55,167,251	100.00%	55,167,251
Water and Sanitation	28,065,065	100.00%	28,065,065
General Improvement	43,474,876	100.00%	43,474,876
Metropolitan	297,093,132	100.00%	<u>297,093,132</u>
Total Special Districts			<u>479,197,641</u>
School Districts			
Academy #20	141,729,508	100.00%	141,729,508
Big Sandy # 100J	2,802,288	100.00%	2,802,288
Calhan #1	314,815	100.00%	314,815
Cheyenne Mountain #12	20,422,503	100.00%	20,422,503
Colorado Springs #11	202,870,003	100.00%	202,870,003
Edison #54	3,211	100.00%	3,211
Ellicott #22	5,078,191	100.00%	5,078,191
Falcon #49	129,009,002	100.00%	129,009,002
Fountain Fort Carson #8	9,700,000	100.00%	9,700,000
Fremont/Florence # 39	14,612,783	100.00%	14,612,783
Harrison #2	60,841,729	100.00%	60,841,729
Peyton #23	3,261,547	100.00%	3,261,547
Miami/Yoder #60	2,376,883	100.00%	2,376,883
Lewis Palmer #38	77,709,089	100.00%	77,709,089
Widefield #3	12,705,000	100.00%	<u>12,705,000</u>
Total School Districts			<u>683,436,552</u>
Total Overlapping			<u>1,430,078,578</u>
Total Direct and Overlapping			<u>\$ 1,430,078,578</u>

Data Source: Individual Governmental Entities

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

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Schedule 14

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

	2003	2004	2005	2006	2007
Assessed valuation	\$4,806,893,250	\$4,653,912,300	\$4,759,814,860	\$5,236,880,910	\$5,407,012,540
Debt limitation - 1.5% of total assessed value	\$ 72,103,399	\$ 69,808,685	\$ 71,397,223	\$ 78,553,214	\$ 81,105,188
Total debt (excluding compensated absences)	1,108,533	763,718	418,149	65,286	19,780
Less: Certificates of Participation (1)	(885,000)	(605,000)	(310,000)	-	-
Amount available in Debt Service Fund (general obligation bonds only)	-	-	-	-	-
Capital leases (1)	(223,533)	(158,718)	(108,149)	(65,286)	(19,780)
Total debt applicable to limitation	-	-	-	-	-
Legal debt margin	\$ 72,103,399	\$ 69,808,685	\$ 71,397,223	\$ 78,553,214	\$ 81,105,188

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)

Exhibit I-14

2008	2009	2010	2011	2012
\$6,142,321,540	\$6,208,041,670	\$6,454,866,500	\$6,462,164,700	\$5,968,035,500
\$ 92,134,823	\$ 93,120,625	\$ 96,822,998	\$ 96,932,471	\$ 89,520,533
-	-	123,071	65,401	-
-	-	-	-	-
-	-	-	-	-
-	-	(123,071)	(65,401)	-
-	-	-	-	-
\$ 92,134,823	\$ 93,120,625	\$ 96,822,998	\$ 96,932,471	\$ 89,520,533

Schedule 15

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

Fiscal Year	General Obligation Bonds		Debt Service Certificates of Participation	
	Principal Payments	Interest Payments	Principal Payments	Interest Payments
2003	\$ 1,015,000	\$ 60,142	\$ 270,000	\$ 61,511
2004	-	-	280,000	47,606
2005	-	-	295,000	32,906
2006	-	-	310,000	17,050
2007	-	-	-	-
2008	-	-	-	-
2009	-	-	-	-
2010	-	-	-	-
2011	-	-	-	-
2012	-	-	-	-

Exhibit I-15

Expenditures			Total	Noncapital Governmental Fund Expenditures	Ratio of Debt Service to Noncapital Governmental Fund Expenditures
Capital Leases					
Principal Payments	Interest Payments				
\$ 52,610	\$ 24,609	\$ 1,483,872	\$ 16,135,503	9.20%	
64,815	15,261	407,682	16,589,410	2.46%	
50,569	8,297	386,772	17,160,532	2.25%	
42,863	5,323	375,236	18,532,737	2.02%	
45,506	2,679	48,185	19,596,099	0.25%	
19,780	298	20,078	20,704,072	0.10%	
-	-	-	20,664,836	0.00%	
50,685	6,085	56,770	21,936,718	0.26%	
57,670	4,261	61,931	22,062,312	0.28%	
65,401	1,672	67,073	22,732,454	0.30%	

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

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate	Households		Median Age	School Enrollment
					Total	Average Size		
2003	488,533	17,888,571,000	31,255	6.3%	220,097	2.22	33.7	99,165
2004	495,265	18,879,052,000	32,531	5.8%	222,654	2.22	33.9	101,065
2005	506,992	20,147,935,000	34,190	5.4%	226,823	2.24	33.8	103,069
2006	516,366	21,479,738,000	35,667	4.7%	231,572	2.23	33.8	104,608
2007	527,600	22,803,097,000	37,480	4.2%	234,141	2.25	33.8	105,157
2008	535,537	23,758,135,000	38,336	5.6%	237,763	2.25	33.9	105,845
2009	547,061	24,047,682,000	37,151	8.9%	243,374	2.25	33.6	109,246
2010	554,355	24,986,786,000	37,915	10.5%	253,722	2.18	33.6	109,962
2011	575,789	25,420,872,000	37,909	8.9%	241,938	2.38	34.7	111,318
2012	585,158	N/A	N/A	8.8%	245,746	2.56	34.7	111,533

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

N/A - Not Available

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

Employer	Fiscal Year 2012		Fiscal Year 2003	
	Employees	Percent of Total Employment	Employees	Percent of Total Employment
Fort Carson	31,800	9.95%	15,159	5.63%
Peterson Air Force Base	11,693	3.66%	5,542	2.06%
United States Air Force Academy	9,793	3.06%	6,410	2.38%
Schriever Air Force Base	8,215	2.57%	-	0.00%
Memorial Health Systems	4,100	1.28%	3,600	1.34%
Centura Health System	4,000	1.25%	2,981	1.11%
Academy School District #20	2,857	0.89%	2,509	0.93%
El Paso County School District #11	2,600	0.81%	3,440	1.28%
City of Colorado Springs	2,269	0.00%	2,424	0.90%
Broadmoor Hotel	1,600	0.50%	-	0.00%
Compaq Computer Corporation	-	0.00%	2,773	1.03%
El Paso County Government	-	0.00%	2,500	0.93%
	<u>78,927</u>	<u>23.98%</u>	<u>47,338</u>	<u>17.58%</u>
Total Employment - El Paso County, Colorado	<u>319,701</u>		<u>269,338</u>	

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

	Full-time Equivalent Employees									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Services										
Administration	5.00	5.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00
Special Collections	9.50	9.50	9.25	9.25	9.25	9.25	9.25	9.25	9.25	9.25
Adult Services										
East Library	15.10	15.10	15.45	15.55	15.55	16.00	16.00	16.00	16.30	15.80
Penrose Library	20.33	20.33	20.33	20.03	20.28	20.20	20.00	20.70	20.74	20.24
Children's										
East Library	7.80	7.80	7.80	8.00	8.00	8.00	9.00	9.00	9.02	8.02
Penrose Library	5.15	5.15	5.15	5.30	5.30	5.30	5.30	5.30	5.32	5.32
Community Libraries										
Administration	1.00	1.00	2.00	2.00	2.00	2.00	1.50	-	-	-
Briargate Library	-	-	10.60	10.13	10.50	11.88	11.88	12.63	13.63	14.50
Cheyenne Mountain Library	10.10	10.10	10.10	10.38	10.63	10.93	10.93	10.93	10.93	11.43
Fountain Library	4.68	4.18	4.18	10.63	10.63	10.63	10.63	10.63	10.25	9.25
High Prairie Library	-	-	-	-	-	-	-	7.13	8.00	8.00
Ruth Holley Library	10.48	10.48	10.60	10.88	11.75	12.25	12.25	12.25	12.25	12.50
Monument Library	9.69	9.49	9.11	9.78	10.15	10.15	10.15	10.21	10.42	10.57
Old Colorado City Library	5.98	5.98	5.98	6.50	6.60	8.73	8.73	8.93	9.28	8.88
Palmer Lake Library	1.61	1.86	1.94	2.13	1.93	1.93	1.93	1.93	1.99	1.99
Rockrimmon Library	10.60	9.72	9.72	10.50	10.88	11.25	11.25	11.25	11.23	10.85
Sand Creek Library	10.68	10.97	10.60	10.88	11.38	12.38	12.38	12.88	13.09	13.29
Ute Pass Library	1.43	1.43	1.43	1.80	1.80	1.83	1.80	2.15	2.30	1.58
Mobile Library Services	7.19	7.19	7.18	7.28	7.28	8.88	8.88	8.88	9.70	8.70
Total Public Services	136.32	135.28	145.42	155.02	156.91	164.59	164.86	173.05	176.70	173.17
Administrative Services										
Administrative Services	2.00	1.75	2.00	2.00	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	6.00	6.00	3.00	5.50	5.50	6.75	6.75	6.75	7.00	7.00
Security	7.50	7.50	6.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25
Human Resources	5.65	4.00	3.75	3.75	4.25	4.55	4.55	4.55	4.15	4.15
Training	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
LitSource	2.00	2.00	2.50	2.60	2.60	2.60	2.60	2.60	2.60	3.10
Circulation										
East Library	18.35	18.85	18.00	18.95	19.45	19.43	19.43	18.93	19.01	18.56
Penrose Library	10.10	10.10	10.10	10.60	10.60	11.50	11.50	11.50	11.59	11.59
Shelving										
East Library	11.75	12.25	13.35	14.10	13.90	13.93	14.15	14.95	15.16	13.68
Penrose Library	8.80	8.40	8.40	8.40	8.80	8.80	8.80	8.40	8.84	8.32
Switchboard	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Collection Management	17.13	17.38	18.13	18.38	18.38	19.00	19.00	19.50	19.80	19.80
Total Administrative Services	93.28	93.23	90.48	96.53	96.73	99.81	100.03	100.43	101.40	99.45
Other Administrative Operations										
Executive Director	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.50	3.00	3.00
Information Technology	10.00	10.00	10.00	11.00	12.00	12.00	12.00	13.00	13.00	13.00
Community Relations Office	10.50	11.25	8.00	9.38	9.38	10.90	10.90	11.40	10.90	10.90
Finance Office	5.00	5.00	6.00	6.00	7.00	6.50	6.75	6.75	6.75	5.75
Total Administration	27.50	28.25	26.00	28.38	30.38	31.40	31.65	33.65	33.65	32.65
Total Full Time Equivalents	257.10	256.76	261.90	279.93	284.02	295.80	296.54	307.13	311.75	305.27

Data Source: District's Human Resources Office

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Schedule 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	Cost of New Acquisitions
2003	901,715	102,879	1,004,594	\$ 30,690,604	\$ 1,964,997
2004	897,826	115,763	1,013,589	30,391,278	2,017,925
2005	941,554	127,225	1,068,779	31,195,011	2,317,093
2006	962,131	147,970	1,110,101	32,454,231	2,690,196
2007	967,217	163,190	1,130,407	33,454,104	2,292,470
2008	959,325	173,115	1,132,440	34,139,308	2,455,637
2009	908,932	189,836	1,098,768	32,966,004	2,594,598
2010	908,706	223,575	1,132,281	33,922,252	3,517,700
2011	948,527	235,087	1,183,614	34,699,459	3,796,733
2012	885,857	263,277	1,149,134	33,668,609	2,763,306

Data Source: District's Collection Management Department

N/A - Not Available

Exhibit I-19

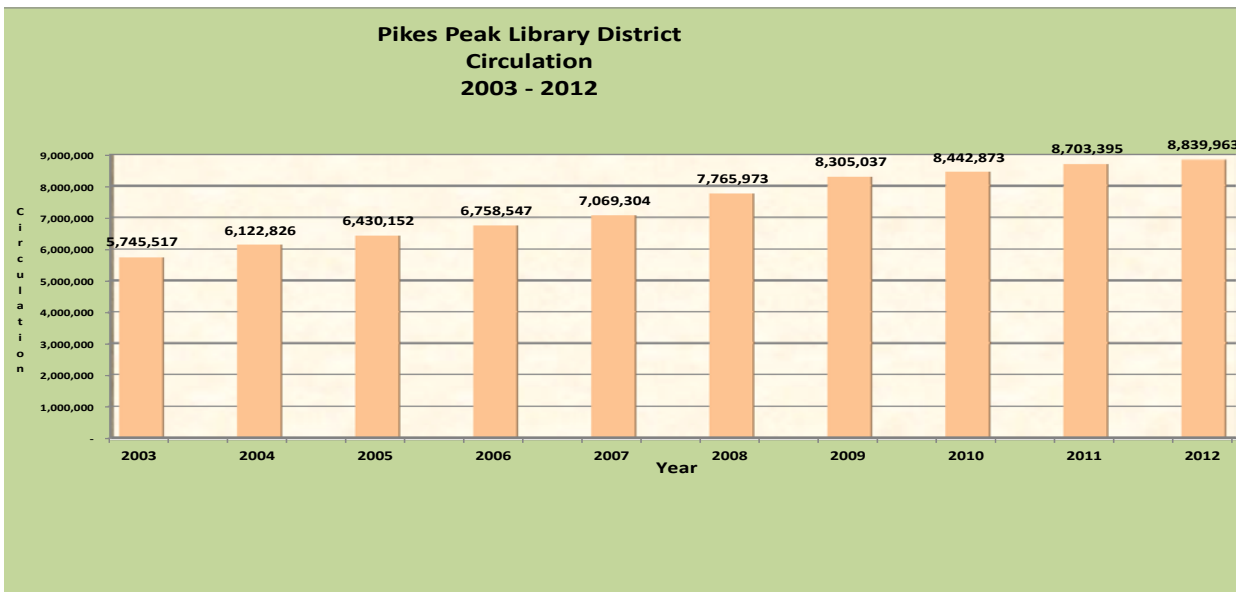
	Net Book Value of Collections	Number of Items in Circulation	Turnover Rate
\$	20,584,740	965,829	6.10
	17,281,590	975,075	6.30
	15,320,396	1,024,868	6.40
	15,443,661	1,067,098	7.10
	15,256,127	1,093,534	7.30
	14,778,633	1,093,758	8.10
	14,612,166	1,059,321	9.03
	15,285,873	1,092,281	9.65
	15,632,673	1,142,172	9.50
	14,813,804	1,106,019	9.47

Schedule 20

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

Fiscal Year	East Library and Information Center	Penrose Public Library	Community Libraries						
			Briargate	Cheyenne Mountain	Fountain	High Prairie	Monument	Old Colorado City	Palmer Lake
2003	2,141,416	962,988	-	368,697	101,061	-	356,239	177,069	43,424
2004	2,257,370	998,427	-	399,594	104,052	-	406,423	190,994	46,214
2005	2,267,554	1,005,510	125,756	399,451	112,369	-	457,499	202,832	54,558
2006	2,127,986	1,019,862	472,333	391,663	177,779	-	493,432	211,811	55,594
2007	2,194,673	1,067,270	550,744	487,795	214,581	-	508,669	124,347	56,436
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

Data Source: District's Information Technology Office



Rockrimmon	Ruth Holly	Sand Creek	Ute Pass	Mobile Library Services	Library Express Dispenser	CyberShelf	Nook eReaders	Other Categories	Interlibrary Loan	Total
468,834	476,236	403,975	44,364	178,562	-	-	-	-	22,652	5,745,517
514,744	500,566	450,136	46,091	183,000	-	-	-	-	25,215	6,122,826
546,386	533,020	452,477	46,046	199,009	-	-	-	-	27,685	6,430,152
534,570	529,841	446,804	51,861	214,882	-	-	-	-	30,129	6,758,547
534,676	547,993	456,783	59,707	223,624	-	12,329	-	-	29,677	7,069,304
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

Schedule 21

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

Library	Address (FY 2006)	Owned (O) Leased (L)	No. of Hours		
			Open/Week FY 2011	2003	2004
East Library and Information Center	5550 N. Union Colorado Springs, CO 80918	O	64	70,153	70,153
Penrose Public Library	20 N. Cascade Colorado Springs, CO 80903	O	64	78,831	78,831
Briargate Library	9475 Briar Village Pt. Colorado Springs, CO 80920	L	64	-	-
Cheyenne Mountain Library	1785 S. 8th Street, Suite 100 Colorado Springs, CO 80906	L	60	6,324	6,324
Fountain Library	230 S. Main Street Fountain, CO 80817	O	60	1,973	1,973
High Prairie Library	7035 Old Meridian Rd. Falcon, CO 80831	O	52	-	-
Monument Hill Library	1706 Lake Woodmoor Drive Monument, CO 80132	L	64	7,536	7,536
New Facility	1785 Chapel Hills Drive Colorado Springs, CO 80920	O	N/A	-	-
Old Colorado City Library	2418 W. Pikes Peak Colorado Springs, CO 80904	O	60	4,909	4,909
Palmer Lake Library	66 Lower Glenway Palmer Lake, CO 80133	L	36	1,574	1,574
Rockrimmon Library	832 Village Center Drive Colorado Springs, CO 80919	L	60	7,536	8,668
Ruth Holley Library	685 N. Murray Colorado Springs, CO 80915	L	60	6,777	10,469
Sand Creek Library	1821 S. Academy Colorado Springs, CO 80916	O	64	14,060	14,060
Ute Pass Library	8010 Severy Cascade, CO 80809	L	30	840	2,123
Mobile Library Services - three vehicles		O	50	437	437
Offices	25 W. Kiowa Colorado Springs, CO 80903	O	N/A	11,988	11,988
			<u>788</u>	<u>212,938</u>	<u>219,045</u>

Data Source: District's Facilities Office

N/A - Not Available

Square Footage as of Fiscal Year-End							
2005	2006	2007	2008	2009	2010	2011	2012
70,153	70,153	70,153	70,153	70,153	70,153	70,153	70,153
78,831	78,831	78,831	78,831	78,831	78,831	78,831	78,831
8,627	8,627	8,627	8,627	8,627	8,627	8,627	8,627
6,324	8,900	8,900	8,900	8,900	8,900	8,900	8,900
1,973	9,582	9,582	9,582	9,582	9,582	9,582	9,582
-	-	-	-	-	6,008	6,008	6,008
7,536	7,536	7,536	7,536	7,536	7,536	7,536	7,536
-	-	-	-	-	-	-	112,833
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
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
437	437	437	437	455	455	455	455
11,988	11,988	11,988	11,988	11,988	11,988	11,988	11,988
227,672	237,857	237,857	237,857	237,875	243,883	243,883	356,716

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