

Pikes Peak Library District

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

Comprehensive Annual Financial Report
For the year ended December 31, 2014

Board of Trustees

(As of December 31, 2014)

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Interim Executive Director
Sydne Dean

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

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June 23, 2015

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

Dear Trustees:

I am pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Pikes Peak Library District (the District) for the year ended December 31, 2014.

This is the twenty-fourth 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).

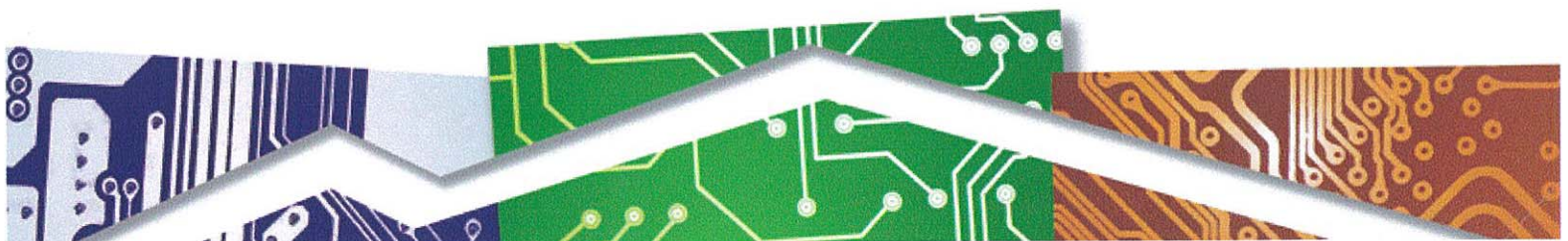
Please refer to pages 33 to 45 for the section of the CAFR called "Management's Discussion and Analysis." This section provides a discussion of the significant issues and analysis of the District's 2014 financial statements.

Last year's CAFR received the Certificate of Achievement for Excellence in Financial Reporting from the GFOA for the twenty-third consecutive year. This award represents affirmation that the District has achieved excellence in financial reporting. The District will submit the 2014 CAFR for recognition again this year.

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

Respectfully submitted,

Sydne Dean
Interim Executive Director



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June 23, 2015

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, 2014.

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

BKD, LLP, our independent certified public accountants, has issued an unmodified (“clean”) opinion on the Pikes Peak Library District’s (the District or PPLD) financial statements as of and for the year ended December 31, 2014. The independent auditor’s report is located at the front of the financial section of this report.

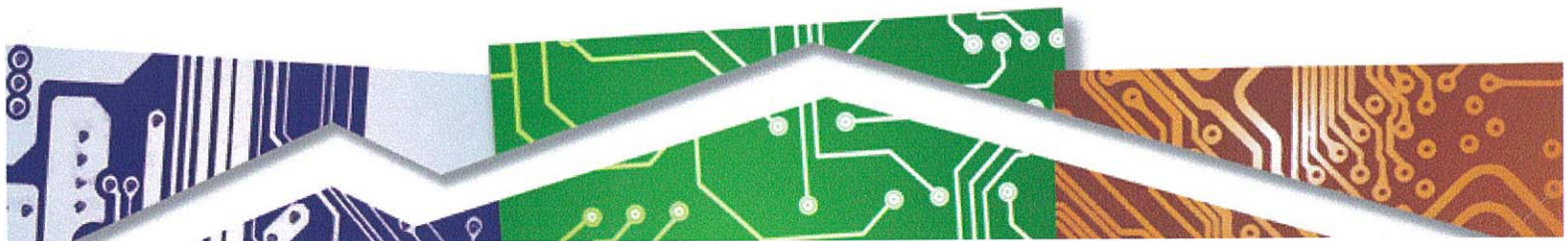
Management’s Discussion and Analysis (MD&A) immediately follows the Independent Auditor’s Report, and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

Government Structure

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

The District has 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 subsequently voted to join PPLD effective January 1, 2013.

There are 14 active library facilities located in the District service area and three mobile libraries covering a service area of approximately 2,090 square miles. The District owns seven facilities – East Library, Fountain Library, High Prairie Library, Library 21c (opened to the public in June 2014), Old Colorado City Library, Penrose Library Complex, and Sand Creek Library – and leases the other eight facilities – Briargate Library (closed to the public in May 2014), Cheyenne Mountain Library, Manitou Springs Library, Monument Library, Palmer Lake Library, Rockrimmon Library, Ruth Holley Library, and Ute Pass Library. Additionally, the District maintains an automated Express Library at First & Main Town Center and the mobile library fleet delivers service to remote sites and to special non-mobile populations.

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

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

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

About Pikes Peak Library District

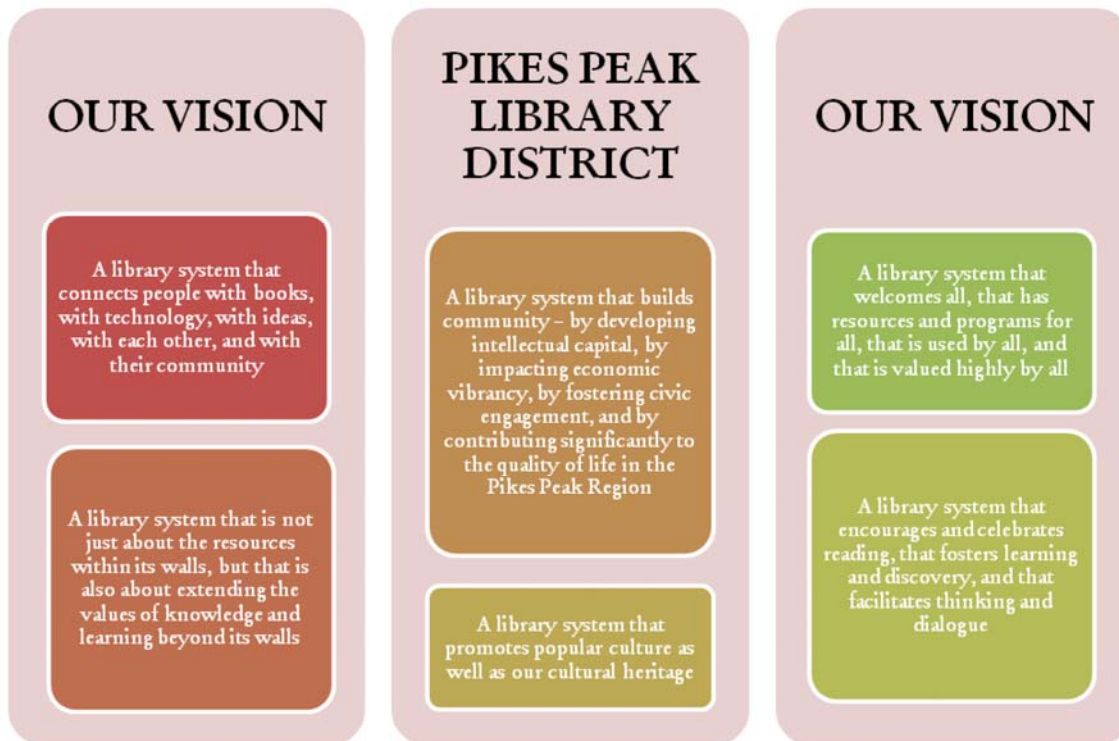
PPLD is the second largest library district in Colorado. Established in 1903, PPLD serves 609,000 residents in El Paso County by providing 790 hours of library service a week across 2,090 square miles. PPLD's 14 facilities, online resources, and mobile library service provide access to materials, technology, spaces, and programs that are critical to the public, making it a vital force for individual and community transformation.

PPLD has an employee base of 475 full and part-time staff, and utilizes roughly 1,635 volunteers. PPLD serves all of El Paso County (with the exception of Security and Widefield), including all unincorporated areas, and the municipalities of Colorado Springs, Fountain, Manitou Springs, Monument, Palmer Lake, Falcon, Ellicott, and Calhan.

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 2014

In 2014 PPLD launched 21st Century Library Service with the opening of Library 21c at 1175 Chapel Hills Drive in Colorado Springs. Purchase and renovation of the 112,883 square-foot building was completed for \$10.68 million. PPLD used fund balance and its current operating budget to fund the purchase of the facility and the renovation project. It incurred no debt, though \$3 million dollars of philanthropic funding were required to complete the build out. Public support for the capital campaign – covering East and Penrose libraries as well – reached 52 percent of goal by year-end.

PPLD was focused on Library 21c, the first library of its kind in the country. C³, the Creative Computer Commons, which fills the entire upper level of Library 21c, is dedicated to collaboration, skill development, and the creation of new content. Its creative and adaptable spaces encourage experimentation and co-working and each space offers the latest in creative and educational equipment and programs. The makerspaces, gaming labs, audio/video production center, performance and meeting venue and conference center draw thousands of individuals each day into new experiences and relationships.

Significant programs in 2014 included visits by noted authors/presenters Katherine Boo, Peter Heller, Sandra Dallas, Kathy Brandt, Clifton Taubert, Gary Schoeniger, Martin Doblemeier, Frank Schaeffer, and Ally Condie. PPLD participated in the first annual Innovation Week in partnership with Pikes Peak Community College and welcomed Lt. Governor Joseph Garcia to its Grand Opening at Library 21c. In October PPLD partnered with Colorado Springs Science Center on a Maker Faire in conjunction with Make Magazine. Sixty two hundred (6,200) people attended the event, with experiential learning opportunities.

New services and resources in 2014 included: transitioning to Rosetta Stone for language acquisition software; launching the C³ Center for Public Media; making Lynda.com online tutorial programs available to the public; installing automated materials handling equipment; and implementing printing from laptop computers.

In terms of recognition, PPLD and Library 21c received the following recognition: 2014 Library of the Year Award from Colorado Association of Libraries; Creative Workspace Award finalist from the Cultural Office of the Pikes Peak Region; Excellence in Community Infrastructure Award from Colorado Springs Regional Business Alliance.

PPLD initiated new partnerships in 2014, including a robust collaboration with Colorado Springs Science Center, community presentations by Dragon Theatre, educational missions with Challenger Learning Center, a Latino Health Fair with Entrevision, a Youth Banking Initiative with Ent Federal Credit Union, and deepened its partnerships with Pikes Peak Community College and Colorado College.

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, 2014, the population of El Paso County was estimated at 665,891 (the District's legal service area comprises 607,457 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 approximately 146,000 since 2000, with approximately half of the increase due to in-migration and the balance due to natural growth.

Age

The projected median age for El Paso County is 34.3 at the end of 2014. The following are estimates of the population for El Paso County by certain age categories:

	<u>2014</u>		<u>2013</u>	
Under 15	142,332	21.4%	140,637	21.5%
15-24	102,290	15.4%	100,309	15.3%
25-44	176,224	26.5%	174,138	26.6%
45-64	167,351	25.1%	165,986	25.3%
65+	<u>77,694</u>	11.7%	<u>73,859</u>	11.3%
Total	<u><u>665,891</u></u>		<u><u>654,929</u></u>	

Industries

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

	<u>2014</u>	<u>2013</u>
Government, including military	18.8%	18.9%
Professional and business	15.7%	15.9%
Wholesale and retail trade	15.2%	13.6%
Leisure and hospitality	12.7%	12.9%
Education, health care	12.9%	12.6%
Financial	6.5%	6.3%
Manufacturing	4.5%	4.5%
All other	13.7%	15.3%

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	2014 Annual Wages	2013 Annual Wages
Accountants and Auditors	\$ 65,700	\$ 62,670
Bank Tellers	29,030	29,970
Bookkeeping, Accounting, and Auditing Clerks	34,230	35,080
Carpenters	44,460	42,050
Civil Engineers	82,280	78,010
Computer Programmers	77,540	76,460
Correctional Officers	52,470	52,700
Dental Hygienists	71,910	68,650
Electrical Engineers	105,570	97,950
Elementary School Teachers	45,910	44,990
Executive Secretaries	46,570	46,210
Financial Analysts	84,750	88,650
Graphic Designers	44,530	44,350
Order Clerks	28,990	32,430
Payroll Clerks	43,290	41,410
Physicians and Surgeons	218,730	192,450
Property Managers	73,690	85,640
Social Workers	62,960	63,590
Systems Analysts	96,840	94,090

Consumer Spending

Retail sales for 2014 were about 3.7% higher than 2013. 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 2014 was 97.4 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:

	2014	2013
Los Angeles, CA	135.1	130.4
Seattle, WA	126.9	119.1
Portland, OR	125.1	117.6
Denver, CO	107.5	104.2
Las Vegas, NV	106.0	100.8
National Average	100.0	100.0
Colorado Springs, CO	97.4	96.1
Phoenix, AZ	96.2	96.0
Dallas, TX	95.8	95.9
Boise, ID	94.7	93.5
Salt Lake City, UT	94.4	94.5
Albuquerque, NM	92.4	93.1

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 2014.

	2014	2013
Los Angeles, CA	\$ 574,972	\$ 555,087
Seattle, WA	472,833	372,516
Portland, OR	404,703	360,669
Denver, CO	377,658	358,600
Las Vegas, NV	334,773	318,806
National Average	303,776	298,738
Colorado Springs, CO	285,348	267,980
Phoenix, AZ	283,722	298,688
Salt Lake City, UT	278,495	276,667
Boise, ID	266,916	263,288
Dallas, TX	214,204	206,706

At the end of 2014, apartment rental rates are equally reasonable when compared to approximately 950 square foot apartments with two bedrooms and one and a half or two full baths in other cities:

	2014	2013
	Per Month	Per Month
Los Angeles, CA	\$ 2,289	\$ 2,069
Portland, OR	2,196	2,161
Seattle, WA	1,821	1,649
Denver, CO	1,158	1,031
Colorado Springs, CO	963	937
National Average	917	913
Las Vegas, NV	911	812
Salt Lake City, UT	865	906
Phoenix, AZ	827	842
Dallas, TX	825	836
Boise, ID	730	752

Tourism

Tourism remains one of the main draws to the Colorado Springs area. More than five million visitors per year put nearly \$1.3 billion dollars into the local economy. Top attractions include the world renowned Garden of the Gods followed by the United States Air Force Academy. Most visitors to the Colorado Springs area come from Colorado followed by Texas and California.

Roads

Colorado Springs is conveniently located near the geographical center of the United States, providing easy access to Interstate 70 heading east-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 17 school districts, as well as private elementary/high schools, charter schools, and the state-sponsored Colorado School for the Deaf and the Blind. The 77.9% 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:

	2014	2013
	Total	Total
	Enrollment	Enrollment
Pikes Peak Community College	14,634	15,175
University of Colorado at Colorado Springs	10,618	10,257
United States Air Force Academy	3,993	4,120

National Rankings

- Colorado Springs **ranked 9th** Best City for People who like to pursue an active lifestyle by WalletHub. The study looked at factors relating to an active lifestyle in 100 cities across the country.
- Colorado Springs **ranked 2nd** Best City to be a Tech Worker according to SmartAsset.com. The methodology for this ranking included average wages for all workers; percentage of all workers who are employed in tech from Bureau of Labor Statistics; and the cost of living index.
- Colorado Springs **ranked 20th** Best City for Quality of Life according to a study by NerdWallet. The study analyzed the 100 largest cities using factors of median annual rent as a percentage of income; percent of population with health insurance coverage; percent of people with income below the poverty level; unemployment rate; mean weekly hours worked; and mean travel time to work in minutes.
- Colorado Springs **ranked 5th** in family fun and activities among the 150 largest cities in the United States by WalletHub. The survey looked at a variety of data to determine the numbers including Family Activities and Fun Rank, Health and Safety Rank, Education and Child Care Rank, Affordability Rank, and Socio-Economic Environment Rank.
- Colorado Springs **ranked 8th** Top 10 Mountain Bike Cities in North America by Singletracks.com. The editorial team nominated cities that have world-class mountain bike trails and then arrived at a top 10 list.
- Colorado Springs **ranked 8th** Fittest Town in the West, according to Sunset Magazine. Mentioned highlights for Colorado Springs included Garden of the Gods and one of only three U.S. Olympic training centers.

- Colorado Springs **ranked 2nd** Most Affordable City to Grow a Family by Cheapism.com. The research began with 52 mid-size U.S. cities (population between 300,000 and one million). The methodology factored city sales tax rates, unemployment, share of residents with a commute less than 15 minutes, married residents with children, and comfort index reflecting afternoon summer temperatures and humidity.

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 and Business 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 to the safe, and only the Chief Finance and Business Officer and the Executive Director are authorized to affect wire transfers or banking transactions.

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

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

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

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, 2013. This was the 23rd 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 2014 CAFR a success:

Dana Austin
Carol Holt
Dawn Ouradnik
Arnie Wehofer
Tatiana Zonte

Respectfully submitted,



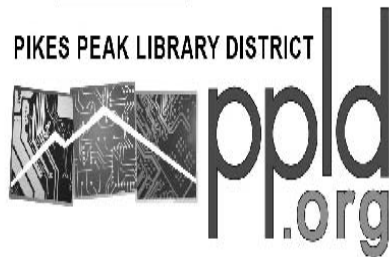
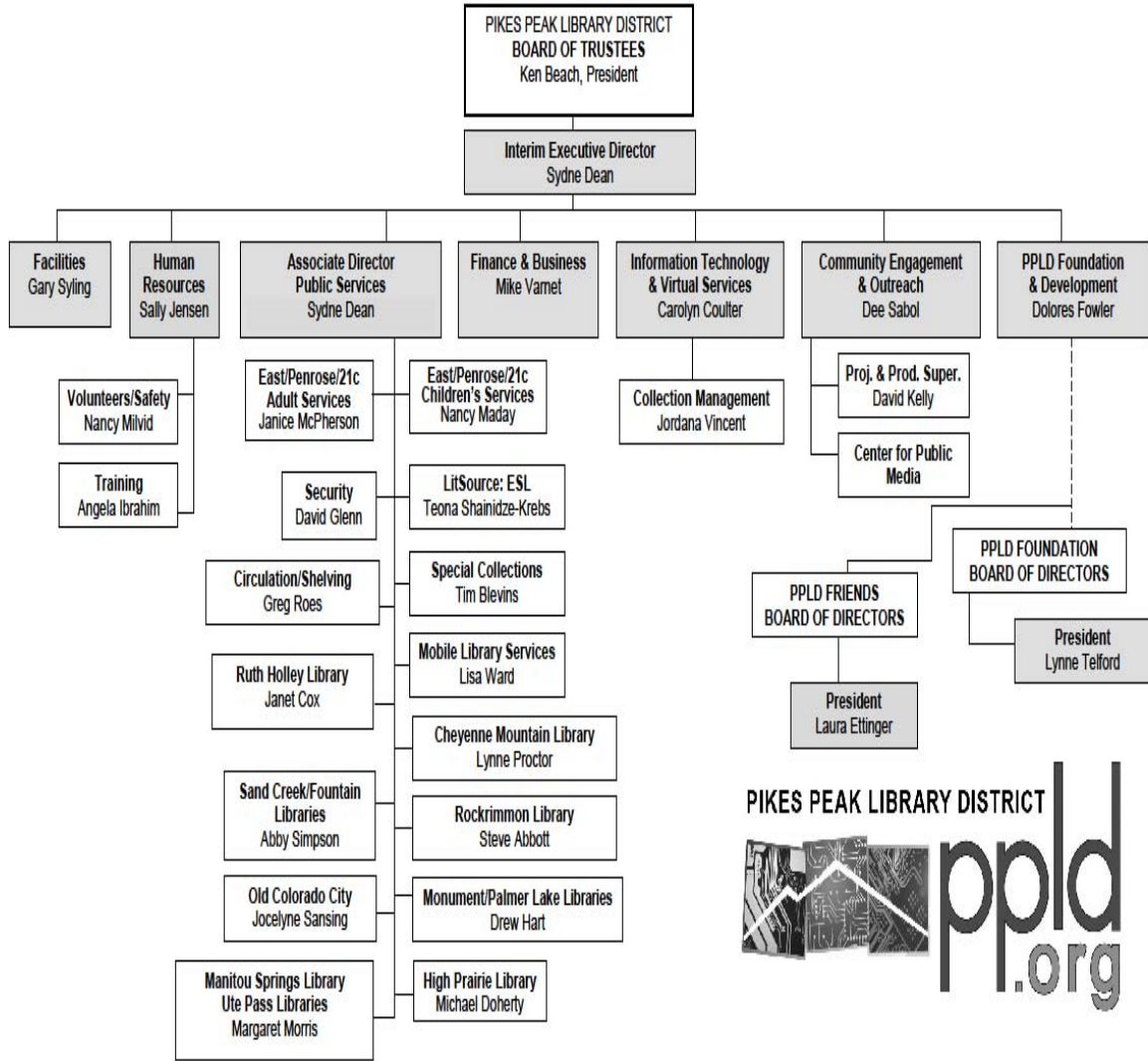
Sydne Dean
Interim Executive Director



Michael E. Varnet, CPA, CPFO
Chief Finance and Business Officer

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2015 PPLD Organizational Chart



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**Executive Director's Leadership Team
December 31, 2014**

Sydne Dean Interim Executive Director
Sydne Dean Associate Director, Public Services
Carolyn Coulter..... Information Technology and Virtual Services Officer
Dolores Fowler.....PPLD Foundation and Development Officer
Sally Jensen.....Human Resources Officer
Dee Vazquez Sabol Community Engagement and Outreach Officer
Gary Syling Facilities Officer
Michael E. Varnet, CPA, CPFO Chief Finance and Business Officer
Sue Hammond..... Executive Staff Assistant

**Pikes Peak Library District
List of Managers
As of December 31, 2014**

<u>Manager's Name</u>	<u>Job Title</u>
Abbott, Steve	Librarian 2, Rockrimmon Library
Alvarez, Melody	Librarian 2, Children's Services Library 21c
Blakely, Evelyn	Community Library Supervisor, Old Colorado City Library
Blevins, James	Division Head, Special Collections
Cox, Janet	Community Library Manager, Ruth Holley/High Prairie Libraries
Cruz, Rebecca	Manager, Creative Computer Commons
Daily, Dennis	Manager, Special Collections
Doherty, Michael	Librarian 2, High Prairie Library
Franklyn, Virginia	ITVS Administrator, Website
Fuqua-Jones, Linda	Community Library Supervisor, Palmer Lake Library
Garcia, David	Facilities Lead, East Library Facilities
Garcia, Lisa	Community Library Supervisor, Sand Creek Library
Glenn, David	Program Supervisor, Security
Hart, Andrew	Librarian 2, Monument/Palmer Lake Libraries
Hernandez, Miriam	Community Library Supervisor, High Prairie Library
Hoke, Kaitlyn	Librarian 2, Adult Services Interlibrary Loan
Horch, Kandiss	Community Library Supervisor, Monument Library
Huff, Barbara	Librarian 2, Penrose Library Children's Services
Jackson, Sara	ITVS Administrator, Support
Krow, Cecile	Supervisor, Cheyenne Mountain Library
Kyer, Kathleen	Supervisor, East Library Circulation Services
London, Laura	Community Library Supervisor, Rockrimmon Library
Maday, Nancy	Division Head, Children's Services
McDonald, Elisabeth	Librarian 2, East Library Children's Services
McPherson, Janice	Division Head, Adult Services
Morris, Margaret	Community Library Manager, Manitou Springs, Ute Pass Library
Nelson, James	Facilities Lead, Penrose Library Facilities
O'Brien, Michael	Supervisor, Penrose Library Circulation Services
Porch, Karen	Community Library Supervisor, Ruth Holley Library
Preller, Kathryn	Community Library Supervisor, Fountain Library
Proctor, Lynne	Community Library Manager, Cheyenne Mountain/Rockrimmon Libraries
Robert, Marion	Supervisor, East Library Circulation Services
Rodda, Amy	Librarian 2, Adult Services 21c
Roes, Gregory	Manager, Circulation Services
Sansing, Jocelyne	Community Library Manager, Old Colorado City/Ute Pass Libraries
Shainidze-Krebs, Teona	Manager, Literacy
Sherwood, Vickie	Supervisor, Mobile Library Services
Simpson, Abigail	Community Library Manager, Fountain/Sand Creek Libraries
Stolz, James	Manager, Adult Services
Vincent, Jordana	Division Head, Collection Management
Wehofer, Arnold	Manager, Finance



Government Finance Officers Association

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Pikes Peak Library District
Colorado

For its Comprehensive Annual Financial
Report

for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

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Independent Auditor's Report

Board of Trustees
Pikes Peak Library District
Colorado Springs, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Pikes Peak Library District (the District), as of and for the year ended December 31, 2014 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Pikes Peak Library District Foundation, Inc., the discretely presented component unit of the District, were not audited in accordance with *Government Auditing Standards*.

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

Board of Trustees
Pikes Peak Library District

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Pikes Peak Library District as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 2014 information has been subjected to the auditing procedures applied in the audit of the 2014 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 2014 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, 2013, which are not presented with the accompanying financial statements. In our report dated June 23, 2014, we expressed unmodified opinions on the respective financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate

Board of Trustees
Pikes Peak Library District

remaining fund information. In our opinion, the 2013 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, 2013, 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 are presented for purposes of additional analysis and are 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2015, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BKD, LLP

Colorado Springs, Colorado
June 25, 2015

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Pikes Peak Library District
Management's Discussion and Analysis (Unaudited)
December 31, 2014

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, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 11 through 21 of this report.

Financial Highlights

- The District's assets exceed its liabilities by \$47,876,611 (net position) as of December 31, 2014.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$37,633,108 includes property and equipment, net of accumulated depreciation.
 - (2) Net position of \$994,338 is restricted by constraints imposed from outside the District, such as debt covenants, grantors, laws or regulations.
 - (3) Unrestricted net position of \$9,249,165 represents 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 \$5,706,306 this year. This compares to the prior year ending fund balance of \$6,225,348, showing a decrease of \$519,042 during the current year.
- At the end of the current calendar year, unassigned fund balance for the General Fund was \$3,632,798, or 13%, of total General Fund expenditures, including transfers for the year ended December 31, 2014.
- Overall, the District continues to maintain a moderately strong financial position.

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

Overview of the Financial Statements

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

Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2014

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

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

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

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

The government-wide financial statements are presented on pages 47 through 52 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, 2014

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 53 through 56 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 57 through 59 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 60 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 61 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 86 through 89.

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 93.

Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2014

Financial Analysis of the District as a Whole

The District's net position at calendar year-end is \$47,876,611. The following table provides a summary of the District's net position as of December 31, 2014 and 2013:

	Summary of Net Position			
	2014		2013	
	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total
Assets				
Current and other assets	\$ 37,733,779	50%	\$ 40,983,252	54%
Capital assets	37,829,681	50%	35,193,090	46%
Total assets	<u>75,563,460</u>	<u>100%</u>	<u>76,176,342</u>	<u>100%</u>
Liabilities				
Current liabilities	2,380,620	67%	3,469,815	75%
Noncurrent liabilities	1,168,764	33%	1,182,303	25%
Total liabilities	<u>3,549,384</u>	<u>100%</u>	<u>4,652,118</u>	<u>100%</u>
Deferred Inflows of Resources	<u>24,137,465</u>	<u>100%</u>	<u>23,847,470</u>	<u>100%</u>
Net Position				
Net investment in capital assets	37,633,108	79%	33,839,914	71%
Restricted	994,338	2%	1,005,719	2%
Unrestricted	<u>9,249,165</u>	<u>19%</u>	<u>12,831,121</u>	<u>27%</u>
Total net position	<u><u>\$ 47,876,611</u></u>	<u><u>100%</u></u>	<u><u>\$ 47,676,754</u></u>	<u><u>100%</u></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 for governmental activities. After this elimination, governmental activities' current assets are \$13,596,314. As a result, the current ratio for the District overall is 5.7 to 1, which is higher than the December 31, 2013 ratio of 4.9 to 1. This ratio is strong.

The District reported positive balances in net position. Net position increased by \$199,857 for governmental activities.

Approximately 79% of the District's net position is comprised of capital assets as of December 31, 2014. 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, 2014

The following table provides a summary of the District's changes in governmental activities' net position for the years ended December 31, 2014 and 2013:

	Summary of Changes in Net Position			
	2014		2013	
	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total
Revenues				
Program				
Charges for services, sales and fines	\$ 530,364	2%	\$ 523,316	2%
Operating grants/donations	278,660	1%	354,936	1%
Capital grants/donations	488,598	2%	406,986	2%
General				
Taxes	26,369,934	94%	26,343,400	94%
Other	198,989	1%	285,963	1%
Total revenues	<u>27,866,545</u>	<u>100%</u>	<u>27,914,601</u>	<u>100%</u>
Program expenses				
Public services	11,479,186	42%	8,422,792	32%
Administrative services	4,117,367	15%	11,964,224	46%
Director's Office	400,652	1%	386,564	1%
Finance Office	436,539	2%	435,422	2%
Information Technology Office	7,814,245	28%	1,716,479	7%
Community Engagement Outreach Office	766,469	3%	709,136	3%
Other administration	2,652,230	9%	2,489,209	9%
Total expenses	<u>27,666,688</u>	<u>100%</u>	<u>26,123,826</u>	<u>100%</u>
Change in net position	199,857		1,790,775	
Beginning net position	<u>47,676,754</u>		<u>45,885,979</u>	
Ending net position	<u>\$ 47,876,611</u>		<u>\$ 47,676,754</u>	

Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2014

Governmental Revenues

The District is heavily reliant on taxes to support governmental activities. Taxes provided 94% of the District's total revenues. Also, note that program revenues generated only 5% of governmental activities' revenues for the year ended December 31, 2014. This means that the government's taxpayers and the District's other general revenues fund 95% of the governmental activities. As a result, the general economy and the changes in both residential and commercial property values have a major impact on the District's revenue streams.

Governmental Function Expenses

Approximately 42% of the District's expenses provide supporting services to the public service function. Also, approximately \$1.2 million of depreciation expense on the District's buildings is included in total expenses, and total depreciation expense was approximately \$4.3 million.

Financial Analysis of the District's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflows and outflows of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$11,183,968.

Fund balances as of December 31, 2014 and 2013 include:

	<u>2014</u>	<u>2013</u>
Nonspendable	\$ 475,065	\$ 435,259
Restricted	994,338	1,005,719
Committed	5,394,260	7,399,563
Assigned	687,507	816,874
Unassigned	<u>3,632,798</u>	<u>4,056,243</u>
	<u>\$ 11,183,968</u>	<u>\$ 13,713,658</u>

Major Governmental Funds

General Fund

The General Fund is the District's primary operating fund and the largest source of day-to-day service delivery. The General Fund's balance decreased by \$519,042 during 2014, principally due to the transfer of funds to the East Library Renovation Fund and the Penrose Library Renovation Fund to finance capital outlay. The total fund balance of the General Fund as of December 31, 2014 was \$5,706,306. The total fund balance as of December 31, 2013 was \$6,225,348.

Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2014

The fund balance of the General Fund is broken down as follows as of December 31, 2014 and 2013:

	2014	2013
Nonspendable	\$ 475,065	\$ 432,357
Restricted	918,560	927,498
Assigned	679,883	809,250
Unassigned	3,632,798	4,056,243
	\$ 5,706,306	\$ 6,225,348

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 (Library 21c). The facility was purchased in 2012 for \$3.75 million. During 2014, a total of \$4,693,990 was spent on capital outlay for improvements to the facility.”

The renovation work was substantially completed in June 2014.

Nonmajor Governmental Funds

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

Special Revenue Fund – Total fund balance as of December 31, 2014 was \$426,408. This amount is \$50,258 less than the fund balance of \$476,666 as of December 31, 2013.

Capital Projects Funds – As of December 31, 2014, fund balance for specific funds equals the following and represents ongoing projects; funds not listed have zero balances and were closed as the projects were completed:

	2014	2013
East Library Renovation Fund	\$ 1,843,547	\$ 611,153
Penrose Library Renovation Fund	1,534,870	360,260
Capital Reserve Fund	471,415	720,199

Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2014

For 2014, capital outlay for those specific funds equaled the following:

East Library Renovation Fund	\$ 39,867
Penrose Library Renovation Fund	67,406
Capital Reserve Fund	522,691

Budgetary Highlights

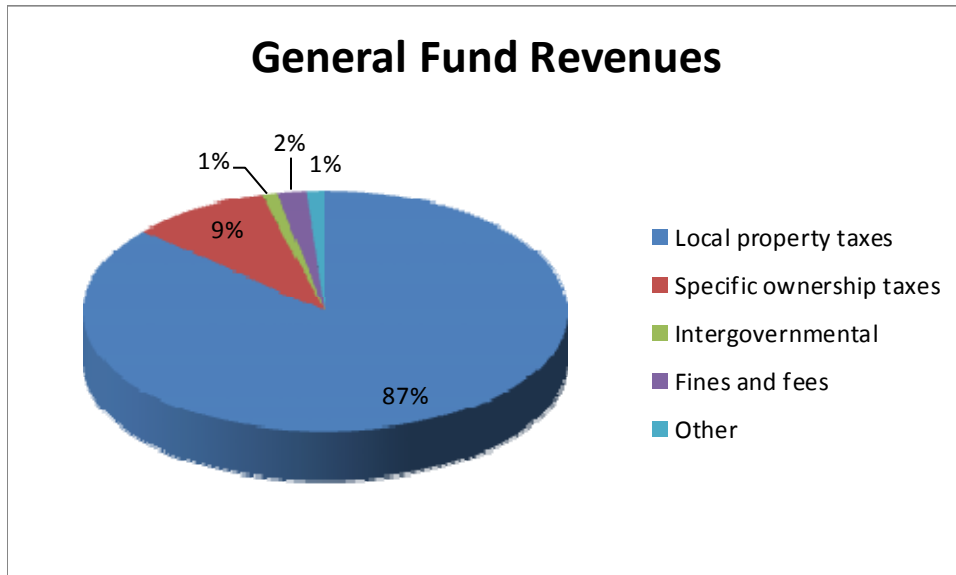
General Fund

The original budget (expenditures and transfers out) was amended by \$3,316,608, principally to utilize prior year fund balances that were primarily either reserved for encumbrances or designated for specific capital projects, and for a transfer of funds to the East Library Renovation Fund and the Penrose Library Renovation Fund for renovation projects that will occur in 2015. Such reserves and designations of fund balance were not included in the original 2014 budget.

General Fund Revenues

Total General Fund actual revenues for fiscal year 2014 were \$27,533,763. This amount was less than the 2014 budget, as amended, by \$160,402, which is approximately 0.5% of the total revenue budget.

The following chart depicts General Fund revenue for 2014 by category:

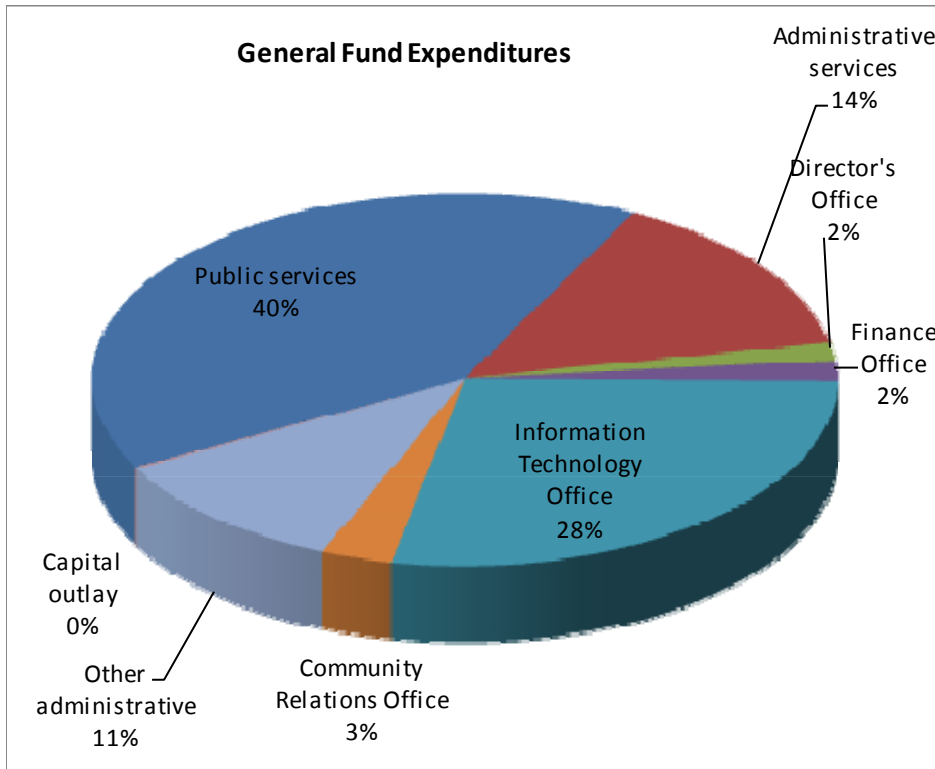


Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2014

General Fund Expenditures

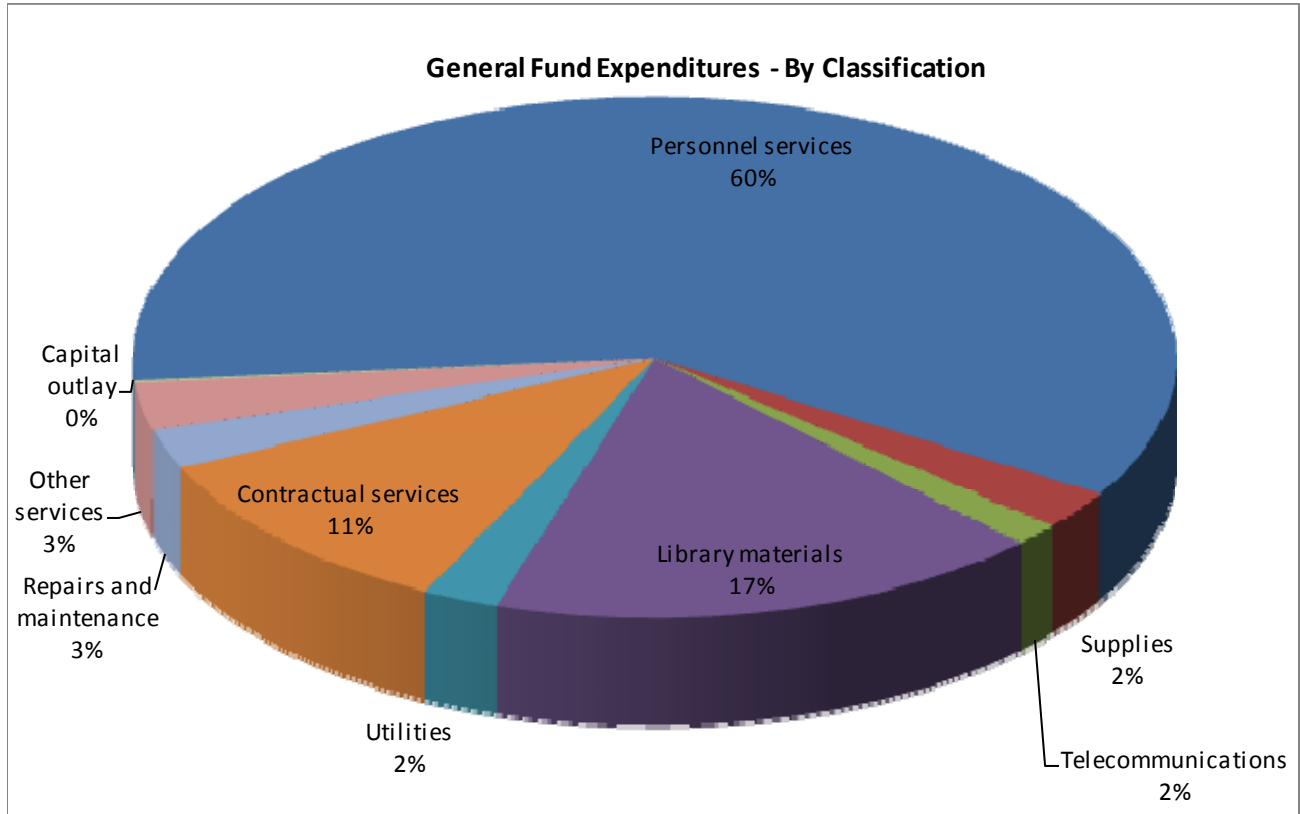
Total General Fund actual expenditures for fiscal year 2014 are \$25,008,944. This amount was less than the 2014 budget, as amended, by \$2,593,855, which is approximately 9% of the total budget.

The following chart depicts 2014 General Fund expenditures by function:



Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2014

The following chart depicts 2014 General Fund expenditures by classification:



The following is a summary of the departments or accounts that significantly contributed to the difference between the 2014 budget and actual expenditures:

Reorganization – During 2014, the District completed a significant reorganization of its internal management structure.

The following is a list of changes that were made during 2014:

- Circulation, Shelving, Security and LitSource are now included under Public Services. Previously, these departments were included under Administrative Services.
- Collection Management is now included under Information Technology. Previously, this department was included under Administrative Services.

The 2014 financial statements incorporates these changes effective January 1, 2014.

Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2014

Public Services – For 2014, this function was under budget by \$898,853. The primary cause is due to staff positions that were vacant at some point throughout 2014, specifically for new positions related to the opening of Library 21c. This facility opened to the public in June 2014, meaning the new positions were not filled at the beginning of the year, but closer to the opening date. The annual budget includes all authorized positions budgeted at the amount for full employment for the entire year. The periods of time that these positions are vacant results in budget savings.

Administrative Services – For 2014, this function was under budget by \$319,787. In general terms, the budget savings resulted from not opening the Library 21c facility to the public until June 2014.

Information Technology – For 2014, this function was under budget by \$779,458. The primary reason for the budget savings is the amount spent on library materials was less than budget by \$417,823. Included in this total was \$279,120 of library material purchases which were made during 2014, but not received until 2015. This balance is included under total encumbrances for 2014 (footnote IV-D Commitments on page 84). In addition, anticipated expenditures related to telecommunications expansion, computer related contractual services and systems maintenance were not as high as expected for 2014.

Other Administrative – For 2014, the accounts included in this category were under budget by \$470,974. The primary reason for this is that 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. In addition, the budget savings includes an amount of \$103,701 for unspent library material funds. This amount pertains to a grant from the State of Colorado that covers the period July 1, 2014 – June 30, 2015.

Capital Assets

The District's capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2014 was \$37,829,681. See note III-D on page 80 for additional information about changes in capital assets during the calendar year and balances at the end of the year.

Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2014

The following table provides a summary of capital assets as of December 31, 2014 and 2013:

	Capital Assets			
	2014		2013	
	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total
Nondepreciable assets				
Land	\$ 5,317,363	6%	\$ 5,317,363	6%
Collections of historical treasures	9,728,609	11%	9,588,204	12%
Construction in progress	116,492	0%	2,183,745	3%
Total nondepreciable assets	<u>15,162,464</u>		<u>17,089,312</u>	
Depreciable assets				
Land improvements	144,377	1%	-	0%
Leasehold improvements	1,221,221	2%	1,221,221	2%
Buildings	38,744,478	44%	33,494,219	40%
Equipment, furniture and fixtures	6,419,939	7%	5,814,939	7%
Bookmobiles and vans	787,756	1%	890,835	1%
Books and materials	24,774,715	28%	24,096,904	29%
Total depreciable assets	<u>72,092,486</u>	<u>100%</u>	<u>65,518,118</u>	<u>100%</u>
Less accumulated depreciation	<u>(49,425,269)</u>		<u>(47,414,340)</u>	
Book value - depreciable assets	<u>22,667,217</u>		<u>18,103,778</u>	
Percentage depreciated	<u>69%</u>		<u>72%</u>	
Book value - all capital assets	<u>\$ 37,829,681</u>		<u>\$ 35,193,090</u>	

At December 31, 2014, the depreciable capital assets for governmental activities were 69% depreciated. This compares consistently to the December 31, 2013 percentage of 72%. The change is attributable to adding the capital cost of Library 21c facility to depreciable assets in June 2014.

Pikes Peak Library District
Management's Discussion and Analysis (Unaudited) (Continued)
December 31, 2014

Economic Factors and Next Year's Budget and Mill Levy

The following factors were considered when the 2015 budget was prepared:

1. The unemployment rate for El Paso County, Colorado was 6.2%, which is a decrease from a rate of 7.2% a year ago.
2. Inflationary trends in the region and cost of living indices in the region compare favorably to national indices.

At December 31, 2014, unassigned fund balance in the General Fund totaled \$3,632,798. The District has not appropriated any of this balance for spending in the 2015 fiscal year budget.

For the fiscal year 2015 budget, the total mill levy is 4.000 mills. The mill levy for fiscal year 2014 was also 4.000 mills. The gross assessed valuation for all taxable property within the District's legal service area is \$6,117,132,700 and \$6,028,899,300 for 2015 and 2014, respectively.

Requests for Information

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

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Pikes Peak Library District
Statement of Net Position
December 31, 2014

	Primary Government
	Governmental Activities
Assets	
Current Assets	
Cash and investments	\$ 12,708,644
Property taxes receivable	24,137,465
Other receivables	124,456
Due from discretely presented component unit	37,522
Due from other governments	213,960
Prepaid items	511,732
Total current assets	37,733,779
Noncurrent Assets	
Capital assets	
Nondepreciable property	15,162,464
Depreciable building, property and equipment, net	22,667,217
Total noncurrent assets	37,829,681
Total assets	75,563,460
Liabilities	
Current Liabilities	
Accounts payable	1,059,006
Accrued compensation payable	1,209,306
Unearned revenue	112,308
Total current liabilities	2,380,620
Noncurrent Liabilities	
Noncurrent portion of long-term obligations	
Accrued compensated absences	1,168,764
Total liabilities	3,549,384
Deferred Inflows of Resources	
Property taxes	24,137,465
Net Position	
Net investment in capital assets	37,633,108
Restricted for	
Declared emergencies	815,440
Gifts and grants	178,898
Total restricted	994,338
Unrestricted	9,249,165
Total net position	\$ 47,876,611

Pikes Peak Library District Foundation, Inc.
Statement of Financial Position
December 31, 2014

Assets

Cash and cash equivalents	\$	1,337,015
Contributions receivable, net		135,171
Accounts receivable		50,224
Investments		1,360,916
		1,360,916
Total assets	\$	2,883,326

Liabilities

Accounts payable	\$	22,305
Accounts payable, related party		37,522
		37,522
Total liabilities		59,827

Net Assets

Unrestricted		593,908
Temporarily restricted		2,195,161
Permanently restricted		34,430
		34,430
Total net assets		2,823,499
Total liabilities and net assets	\$	2,883,326

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Pikes Peak Library District
Statement of Activities
Year Ended December 31, 2014

Functions/Programs	Expenses	Charges for Services, Sales and Fines
Primary Government		
Governmental activities		
Public Services	\$ 11,479,186	\$ 530,364
Administrative Services	4,117,367	-
Director's Office	400,652	-
Finance Office	436,539	-
Information Technology Office	7,814,245	-
Community Relations Office	766,469	-
Other administration	2,652,230	-
	<u>27,666,688</u>	<u>530,364</u>
Total governmental activities	<u>\$ 27,666,688</u>	<u>\$ 530,364</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
\$ 136,227	\$ 229,665	\$ (10,582,930)
-	88,553	(4,028,814)
-	-	(400,652)
-	-	(436,539)
142,433	170,380	(7,501,432)
-	-	(766,469)
-	-	(2,652,230)
<u>\$ 278,660</u>	<u>\$ 488,598</u>	<u>(26,369,066)</u>
		23,823,607
		2,546,327
		18,692
		180,297
		<u>26,568,923</u>
		199,857
		<u>47,676,754</u>
		<u>\$ 47,876,611</u>

Pikes Peak Library District Foundation, Inc.

Statement of Activities

Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support				
Contributions	\$ 196,884	\$ 3,886,054	\$ 5,000	\$ 4,087,938
Investment return	20,967	27,116	821	48,904
Net assets released from restrictions	2,929,506	(2,929,506)	-	-
Total revenues, gains and other support	<u>3,147,357</u>	<u>983,664</u>	<u>5,821</u>	<u>4,136,842</u>
Expenses				
Program services				
Support for PPLD	2,982,706	-	-	2,982,706
Total program services	<u>2,982,706</u>	<u>-</u>	<u>-</u>	<u>2,982,706</u>
Support services				
General and administrative	18,962	-	-	18,962
Fundraising	186,536	-	-	186,536
Total support services	<u>205,498</u>	<u>-</u>	<u>-</u>	<u>205,498</u>
Total expenses	<u>3,188,204</u>	<u>-</u>	<u>-</u>	<u>3,188,204</u>
Change in net assets	(40,847)	983,664	5,821	948,638
Net assets, beginning of year	<u>634,755</u>	<u>1,211,497</u>	<u>28,609</u>	<u>1,874,861</u>
Net assets, end of year	<u>\$ 593,908</u>	<u>\$ 2,195,161</u>	<u>\$ 34,430</u>	<u>\$ 2,823,499</u>

Pikes Peak Library District
Balance Sheet – Governmental Funds
December 31, 2014

	General	North Facility Project Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 12,039,819	\$ -	\$ -	\$ 12,039,819
Property taxes receivable	24,137,465	-	-	24,137,465
Other receivables	124,456	-	-	124,456
Due from discretely presented component unit	7,522	30,000	-	37,522
Due from other governments	213,960	-	-	213,960
Due from other funds	-	1,186,538	4,457,772	5,644,310
Prepaid items	475,065	-	-	475,065
Total assets	\$ 36,998,287	\$ 1,216,538	\$ 4,457,772	\$ 42,672,597
Liabilities				
Accounts payable	\$ 694,145	\$ 15,116	\$ 181,532	\$ 890,793
Accrued compensation payable	607,215	-	-	607,215
Unearned revenue	112,308	-	-	112,308
Due to other funds	5,644,310	-	-	5,644,310
Total liabilities	7,057,978	15,116	181,532	7,254,626
Deferred Inflows of Resources				
Unavailable revenue - property taxes	24,137,465	-	-	24,137,465
Unavailable fund resources	96,538	-	-	96,538
Total deferred inflows of resources	24,234,003	-	-	24,234,003
Fund Balances				
Nonspendable:				
Prepaid expenditures	475,065	-	-	475,065
Restricted for:				
Declared emergencies	815,440	-	-	815,440
Gifts and grants	103,120	-	75,778	178,898
Committed to:				
Capital projects	-	1,201,422	4,192,838	5,394,260
Assigned to:				
Purchased contracts	100,762	-	-	100,762
Library materials	579,121	-	-	579,121
Gifts and grants	-	-	7,624	7,624
Unassigned	3,632,798	-	-	3,632,798
Total fund balances	5,706,306	1,201,422	4,276,240	11,183,968
Total liabilities, deferred inflows of resources, and fund balances	\$ 36,998,287	\$ 1,216,538	\$ 4,457,772	\$ 42,672,597

Pikes Peak Library District
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
December 31, 2014

Amounts reported for governmental activities in the statement of net position (page 47) are different because:

Fund balances - total governmental funds (page 53)	\$ 11,183,968
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	
Cost of capital assets	\$ 87,254,950
Less: accumulated depreciation	(49,425,269)
Net capital assets	37,829,681
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	(43,707)
Accrued compensated absences	(1,770,855)
Certain revenue earned but not available, classified as deferred inflows in governmental funds is susceptible to full accrual on the entity-wide statements	
	96,538
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	
	580,986
Net position - governmental activities (page 47)	\$ 47,876,611

Pikes Peak Library District
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2014

	General	North Facility Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 26,369,934	\$ -	\$ -	\$ 26,369,934
Intergovernmental	291,251	-	-	291,251
Fines and fees	530,364	-	-	530,364
Interest earnings	18,692	-	-	18,692
Donations	193,628	269,300	-	462,928
Miscellaneous	129,894	-	-	129,894
Total revenues	27,533,763	269,300	-	27,803,063
Expenditures				
Current				
Public Services	10,082,713	-	2,524	10,085,237
Administrative Services	3,579,898	-	-	3,579,898
Director's Office	400,830	-	-	400,830
Finance Office	436,711	-	-	436,711
Information Technology Office	6,987,355	-	-	6,987,355
Community Relations Office	766,781	-	-	766,781
Other administrative	2,723,087	-	-	2,723,087
Capital outlay	31,569	4,693,990	677,698	5,403,257
Total expenditures	25,008,944	4,693,990	680,222	30,383,156
Excess (deficiency) of revenues over (under) expenditures	2,524,819	(4,424,690)	(680,222)	(2,580,093)
Other financing sources (uses)				
Transfers in	-	300,047	3,043,231	3,343,278
Transfers out	(3,088,231)	-	(255,047)	(3,343,278)
Proceeds from sale of capital assets	44,370	6,033	-	50,403
Total other financing sources (uses)	(3,043,861)	306,080	2,788,184	50,403
Net change in fund balances	(519,042)	(4,118,610)	2,107,962	(2,529,690)
Fund balances, beginning of year	6,225,348	5,320,032	2,168,278	13,713,658
Fund balances, end of year	\$ 5,706,306	\$ 1,201,422	\$ 4,276,240	\$ 11,183,968

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, 2014

Amounts reported for governmental activities in the statement of activities (pages 50 and 51) are different because:

Net change in fund balances - total governmental funds (page 55) \$ (2,529,690)

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. 13,079

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	(4,330,795)
Capital outlay for building, furniture, land and vehicles	4,315,401
Amounts paid for books, audio visual materials and historical collections	2,663,493

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.	70,858
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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.	(11,508)
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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.	20,513
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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.	(11,494)
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Change in net position - governmental activities (page 51)	<u><u>\$ 199,857</u></u>
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Pikes Peak Library District
Statement of Net Position
Proprietary Fund
December 31, 2014

	Governmental Activities - Internal Service Fund
Assets	
Current Assets	
Cash and cash equivalents	\$ 668,825
Deposit	<u>36,667</u>
Total current assets	<u>705,492</u>
 Liabilities	
Current Liabilities	
Claims payable	123,603
Accounts payable	<u>903</u>
Total current liabilities	<u>124,506</u>
 Net Position	
Total Net Position - Unrestricted	<u><u>\$ 580,986</u></u>

Pikes Peak Library District
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
Year Ended December 31, 2014

	Governmental Activities - Internal Service Fund
Operating revenues	
Employer contributions	\$ 1,217,771
Employee contributions	256,012
	1,473,783
Total operating revenues	1,473,783
Operating expenses	
Claims incurred	898,631
Administrative	586,658
	1,485,289
Total operating expenses	1,485,289
Operating loss	(11,506)
Nonoperating revenues	
Investment earnings	12
	12
Change in net position	(11,494)
Total net position, beginning of year	592,480
Total net position, end of year	\$ 580,986

Pikes Peak Library District
Statement of Cash Flows
Proprietary Fund
Year Ended December 31, 2014

	Governmental Activities - Internal Service Fund
Cash flows from operating activities	
Employee and employer contributions	\$ 1,473,783
Payment of claims and administrative expenses	<u>(1,484,616)</u>
Net cash used in operating activities	<u>(10,833)</u>
Cash flows from investing activities	
Interest received	<u>12</u>
Net decrease in cash and cash equivalents	(10,821)
Cash and cash equivalents - January 1	<u>679,646</u>
Cash and cash equivalents - December 31	<u><u>\$ 668,825</u></u>
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	\$ (11,506)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Increase in accounts payable	903
Decrease in claims payable	<u>(230)</u>
Total adjustments	<u>673</u>
Net cash used in operating activities	<u><u>\$ (10,833)</u></u>
Noncash investing, capital and financing activities	
None	

Pikes Peak Library District
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
December 31, 2014

	Agency Fund
Assets	
Cash and cash equivalents	\$ 61,342
Liabilities	
Accounts payable	\$ 61,342

Pikes Peak Library District
Notes to Financial Statements
December 31, 2014

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Pikes Peak Library District

Notes to Financial Statements

December 31, 2014

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 unit, the Pikes Peak Library District Building Authority (the Authority), an entity for which the District is considered to be financially accountable. The blended component unit, although a legally separate entity, is, in substance, part of the District's operations and so data from this unit is combined with data of the primary government. The discretely presented component unit, the Pikes Peak Library District Foundation, 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 Authority are substantially the same. The District had no other blended component units during the fiscal year ended December 31, 2014.

In connection with the issuance of the Certificates of Participation, Series 1996, 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 Authority during 2014.

Related Organizations – The District had no financial relationships of this type during the fiscal year ended December 31, 2014.

Joint Ventures – The District did not participate in any joint venture during the fiscal year ended December 31, 2014.

Pikes Peak Library District

Notes to Financial Statements

December 31, 2014

Jointly Governed Organizations – The District had no financial relationships of this type during the fiscal year ended December 31, 2014.

Discretely Presented Component Unit

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

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

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

- The Board of Trustees of the District originally elected members of the Foundation's Board of Directors. The Members of the Foundation Board make subsequent Board appointments.
- 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 non-fiduciary activities of the District and its component unit. The effect of interfund activity has been removed from these statements. The primary government and the discretely presented component unit are presented separately within these financial statements with the focus on the primary government. Individual funds are not displayed and the statements report governmental activities, generally supported by taxes and District general revenues. The District does not have any business-type activities, which rely to a significant extent on fees and charges for support.

The District's statement of net position presents the financial position of the governmental activities of the District at year-end. The Foundation's statement of financial position presents the financial position of the Foundation at year-end using not-for-profit accounting and financial reporting principles promulgated by the 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, 2014

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 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 standards.

The District's statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the 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 according to the purposes for which they may or must be used. Fund liabilities are assigned to the

Pikes Peak Library District
Notes to Financial Statements
December 31, 2014

fund from which they will be liquidated. The District reports the difference between governmental fund assets and liabilities and deferred inflows of resources 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 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 *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Internal Service Fund are charges to customers for sales and services. Operating expenses for the District's Internal Service Fund include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Pikes Peak Library District
Notes to Financial Statements
December 31, 2014

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 and all deferred inflows of resources associated with the operation of the District are included on the statement of net position. The statement of activities reports revenues and expenses.

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

I-D. Basis of Accounting

District

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

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

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

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

Pikes Peak Library District

Notes to Financial Statements

December 31, 2014

which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 90 days) before it can be recognized.

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

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

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

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

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

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

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

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,

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and for which the restriction is met in the same time period, are recorded as temporarily restricted and then released from restriction.

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

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

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

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, 2014, a total of \$2,531,454 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, 2014. 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 2011.

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

I-E-1. Cash, Cash Equivalent 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;

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- g. Written repurchase agreements collateralized by certain authorized securities;
- h. Certain money market funds;
- i. Guaranteed investment contracts;
- j. Certain corporate bonds

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

I-E-2. Receivables

All trade and property tax receivables are reported net of an allowance for uncollectible amounts, when applicable. Property tax allowance as of December 31, 2014 was \$133,444.

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 non-operating revenues/expenses section in the Internal Service Fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Transfers between funds reported in the governmental activities column are eliminated.

I-E-5. Prepaid Items

Payments made to vendors for services (e.g., insurance, rents, and library services from other libraries) that will benefit periods beyond December 31, 2014, 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 non-spendable, 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

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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 date received. The District maintains a capitalization threshold of \$5,000. Improvements to capital assets are capitalized. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend an asset's life are expensed.

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

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

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

I-E-7. Compensated Absences

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

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

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

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

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

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

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

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

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

Non-spendable Fund Balance – cannot be spent because it is either in non-spendable 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.

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

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

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

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

I-E-10. Estimates

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

I-F. Future Accounting Pronouncement

The Governmental Accounting Standards Board issued Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), which revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. The District provides its employees with pension benefits through the El Paso County Retirement Plan (EPCRP).

Employers participating in multiple-employer cost-sharing plans, such as EPCRP, must record their proportionate share of EPCRP's unfunded pension liability, as defined in GASB 68. The District has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by EPCRP and the El Paso County legislature. The requirement of GASB 68 to record a portion of EPCRP's unfunded liability will negatively impact the District's future unrestricted net position. GASB 68 is effective for fiscal year 2015. At the present time, management is unable to estimate the magnitude of the District's share of the unfunded pension liability. Information regarding EPCRP's current funding status can be found in their Comprehensive Annual Financial Report.

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

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

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

Changes to Original Budget			
	Original Budget	Revised Budget	Budget Change
General Fund	\$ 27,374,422	\$ 30,691,030	\$ 3,316,608
Designated Purpose Fund	48,855	107,081	58,226
North Facility Project Fund	2,062,200	5,620,079	3,557,879
Capital Reserve Fund	696,065	1,249,153	553,088
East Library Renovation Fund	1,308,818	1,883,414	574,596
Penrose Library Renovation Fund	1,046,621	1,602,276	555,655

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

II-B. Encumbrances

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

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Note III: Detailed Notes on All Funds

III-A. Deposits and Investments

III-A-1. Deposits

Deposits include bank accounts and short-term investments.

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

The District has transaction accounts which are covered under FDIC insurance. The FDIC insurance limit for cash accounts is \$250,000. The carrying amount of the District's deposits, excluding the cash held in the Agency Fund of \$61,342, as of December 31, 2014 was \$1,145,335. The bank balances, excluding the cash held in the agency fund of \$61,342, were \$1,371,472, of which \$1,121,472 is not covered by federal deposit insurance. While this amount is uninsured, it is collateralized in accordance with provisions of the PDPA. Additionally, the District had \$20,178 in cash on hand as of December 31, 2014.

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."

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

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The following is a list of eligible instruments for investments:

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

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

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

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

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

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

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

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

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

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.

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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 \$11,543,131 are held in COLOTRUST, which was rated AAAM by Standard & Poor's at December 31, 2014. The District policy also encourages diversification of investments, limited to the Colorado Revised Statute CRS 24-75-701.

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Cash and Investment Reconciliation

	Cash and Cash Equivalents	Investments	Total
Governmental activities - statement of net position	\$ 1,165,513	\$ 11,543,131	\$ 12,708,644
Agency Fund	61,342	-	61,342
Less cash on hand and petty cash	<u>(20,178)</u>	<u>-</u>	<u>(20,178)</u>
 Total deposits and investments	 <u>\$ 1,206,677</u>	 <u>\$ 11,543,131</u>	 <u>\$ 12,749,808</u>
 Per note disclosure above			
Deposits			\$ 1,206,677
Investments			<u>11,543,131</u>
 Primary government total			 <u>\$ 12,749,808</u>

The Foundation's cash and investments are comprised of the following as of December 31, 2014:

	2014 Amount	Institutions	Insurance or Collateral	Credit Ratings of Underlying Securities *
Money market savings account	\$ 1,337,015	ENT Federal Credit Union	\$ 250,000	N/A
Investments (stocks, bonds, mutual funds)	1,296,913	Members Trust Company	-	A/AAA
Investment level money market account	<u>64,003</u>	Members Trust Company	-	A1/P1
 Total	 <u>\$ 2,697,931</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 \$2,447,931 of custodial credit risk as of December 31, 2014.

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 2014 are certified to the County in December 2013 and are available for collection on the due date, January 1, 2014. Property taxes are payable in full by April 30 or in two equal installments due February 28 and June 15. El Paso County bills and collects property taxes for all taxing districts in the County. The property tax receipts collected by El Paso County are remitted to the District in the subsequent month.

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

III-B-2. Specific Ownership Taxes

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

III-C. Interfund Receivables, Payables, and Transfers

The following schedule reflects the District’s interfund receivables and payables as of December 31, 2014.

Receivable Fund	Payable Fund
	General Fund
Designated Purpose Fund	\$ 426,483
Penrose Library Renovation Fund	1,595,295
East Library Renovation Fund	1,883,414
North Facility Project Fund	1,186,538
Capital Reserve Fund	552,580
	<hr/>
Total	<u>\$ 5,644,310</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		
	General Fund	Capital Reserve Fund	Total
East Library Renovation Fund	\$ 1,272,261	\$ -	\$ 1,272,261
Penrose Library Renovation Fund	1,242,016	-	1,242,016
North Facility Project Fund	45,000	255,047	300,047
Capital Reserve Fund	528,954	-	528,954
	<u>\$ 3,088,231</u>	<u>\$ 255,047</u>	<u>\$ 3,343,278</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, 2014 was as follows:

	Balance January 1, 2014	Additions	Deletions	Transfers	Balance December 31, 2014
Governmental activities					
Capital assets not being depreciated					
Land	\$ 5,317,363	\$ -	\$ -	\$ -	\$ 5,317,363
Collections of historical treasurers	9,588,204	140,405	-	-	9,728,609
Construction in progress	2,183,745	116,492	-	(2,183,745)	116,492
Total capital assets not being depreciated	<u>17,089,312</u>	<u>256,897</u>	<u>-</u>	<u>(2,183,745)</u>	<u>15,162,464</u>
Capital assets, being depreciated					
Land improvements	-	105,552	-	38,825	144,377
Leasehold improvements	1,221,221	-	-	-	1,221,221
Buildings	33,494,219	3,105,339	-	2,144,920	38,744,478
Equipment, furniture and fixtures	5,814,939	915,550	(310,550)	-	6,419,939
Vehicles	890,835	72,468	(175,547)	-	787,756
Books and audio visual materials	24,096,904	2,523,088	(1,845,277)	-	24,774,715
Total capital assets being depreciated	<u>65,518,118</u>	<u>6,721,997</u>	<u>(2,331,374)</u>	<u>2,183,745</u>	<u>72,092,486</u>
Less accumulated depreciation for					
Land improvements	-	(3,693)	-	-	(3,693)
Leasehold improvements	(1,022,162)	(97,517)	-	-	(1,119,679)
Buildings	(22,210,609)	(1,218,383)	-	-	(23,428,992)
Equipment, furniture and fixtures	(4,504,404)	(469,564)	299,042	-	(4,674,926)
Vehicles	(631,522)	(85,362)	175,547	-	(541,337)
Books and audio visual materials	(19,045,643)	(2,456,276)	1,845,277	-	(19,656,642)
Total accumulated depreciation	<u>(47,414,340)</u>	<u>(4,330,795)</u>	<u>2,319,866</u>	<u>-</u>	<u>(49,425,269)</u>
Total capital assets, being depreciated, net	<u>18,103,778</u>	<u>2,391,202</u>	<u>(11,508)</u>	<u>2,183,745</u>	<u>22,667,217</u>
Governmental activities capital assets, net	<u>\$ 35,193,090</u>	<u>\$ 2,648,099</u>	<u>\$ (11,508)</u>	<u>\$ -</u>	<u>\$ 37,829,681</u>
Governmental activities depreciation expense					
Public services					\$ 881,120
Administrative services					339,736
Information Technology					<u>3,109,939</u>
Total governmental activities depreciation expense					<u>\$ 4,330,795</u>

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III-E. Long-term Liabilities

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

Long-term liability activity of the District for the year ended December 31, 2014 was as follows:

	Balance January 1, 2014	Additions	Reductions	Balance December 31, 2014	Due Within One Year
Governmental activities					
Compensated absences	\$ 1,791,368	\$ 1,452,453	\$ (1,472,966)	\$ 1,770,855	\$ 602,091 *
Total governmental activities long-term liabilities	<u>\$ 1,791,368</u>	<u>\$ 1,452,453</u>	<u>\$ (1,472,966)</u>	<u>\$ 1,770,855</u>	<u>\$ 602,091</u>

Compensated absences are generally liquidated by the General Fund.

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

III-E-2. Computation of Legal Debt Margin

Assessed valuation	<u>\$ 6,028,899,300</u>
Debt limitation - 1.5% of total assessed value	<u>\$ 90,433,490</u>
Total debt (excluding compensated absences)	-
Less capital lease	<u>-</u>
Total debt applicable to limitation	<u>-</u>
Legal debt margin	<u>\$ 90,433,490</u>

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

III-F. Operating Agreements

The District has entered into several agreements for building leases, equipment and services. All agreements are renewable on a year-to-year basis. Should the Board of Trustees fail to appropriate funds for the subsequent budget year, the agreements can be terminated. The total cost for such agreements was \$1,253,009 for the year ended December 31, 2014.

Pikes Peak Library District
Notes to Financial Statements
December 31, 2014

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

Year Ending

2015	\$ 867,333
2016	513,600
2017	433,346
2018	304,106
2019	312,070
Future years	<u>1,178,559</u>
Total	<u><u>\$ 3,609,014</u></u>

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, 2880 International Circle, Suite N030, Colorado Springs, Colorado 80910, or by calling (719) 520-7490.

The District and covered employees are each required by District Resolution to contribute 8.0% of the employees' salary to the Plan. The current District contribution rate is 8.0% 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, 2014, 2013 and 2012, were \$625,482, \$554,419 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 2014, excluding catch-up provisions for participants age 55 or over, was the lesser of \$17,500 or 33-1/3 percent of the participant's includable compensation. The District does not have fiduciary accountability for the Plan and does not hold the Plan's assets in a trustee capacity.

Pikes Peak Library District
Notes to Financial Statements
December 31, 2014

Accordingly, the Plan's assets and related liabilities to Plan participants are not recorded on the financial statements of the District.

IV-C. Contingencies

IV-C-1. Risk Management

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

The following is a summary of claims activity for the District's employee health plan for the years ended December 31, 2014 and 2013:

	Claims Payable Beginning of Year	Claims Incurred	Claims Paid	Claims Payable End of Year
Fiscal Year 2013	\$ 76,456	\$ 897,812	\$ (850,435)	\$ 123,833
Fiscal Year 2014	\$ 123,833	\$ 898,631	\$ (898,861)	\$ 123,603

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

IV-C-2. Grants

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

IV-C-3. TABOR Amendment

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

Pikes Peak Library District
Notes to Financial Statements
December 31, 2014

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

IV-C-4. Claims and Litigation

Various suit(s) and claim(s) are pending against the District as of December 31, 2014. 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

Total encumbrances outstanding as of December 31, 2014, by fund, are as follows:

Fund	Balance
General Fund	\$ 379,882
Capital Reserve Fund	15,515
North Facility Project Fund	23,048

IV-E. Subsequent Events

In 2015, the District entered into contracts for the renovation of the East Library and Information Center and the Penrose Public Library in the amounts of \$1,645,857 and \$1,404,734 respectively.

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, 2014

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Local property taxes				
Current	\$ 23,735,271	\$ 23,735,271	\$ 23,691,576	\$ (43,695)
Delinquent	25,000	25,000	72,755	47,755
Omitted	5,000	5,000	2,887	(2,113)
Specific ownership taxes	2,400,000	2,400,000	2,546,327	146,327
Interest on taxes	45,000	45,000	56,389	11,389
Total taxes	<u>26,210,271</u>	<u>26,210,271</u>	<u>26,369,934</u>	<u>159,663</u>
Intergovernmental	334,411	460,556	291,251	(169,305)
Fines and fees	507,450	507,450	530,364	22,914
Interest earnings	45,000	45,000	18,692	(26,308)
Donations/fundraising	211,745	340,788	193,628	(147,160)
Miscellaneous				
Copy sales	57,000	57,000	55,526	(1,474)
Parking lot collections	32,000	32,000	35,096	3,096
Other	41,100	41,100	39,272	(1,828)
Total miscellaneous	<u>130,100</u>	<u>130,100</u>	<u>129,894</u>	<u>(206)</u>
Total revenues	<u>27,438,977</u>	<u>27,694,165</u>	<u>27,533,763</u>	<u>(160,402)</u>
Expenditures				
Current				
Public Service				
Personnel services	9,249,055	10,366,629	9,591,383	775,246
Supplies	212,779	245,035	182,970	62,065
Contractual services	225,379	238,918	203,126	35,792
Other services	123,270	130,984	105,234	25,750
Total Public Service	<u>9,810,483</u>	<u>10,981,566</u>	<u>10,082,713</u>	<u>898,853</u>

Pikes Peak Library District
Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual
General Fund
Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Administrative Services				
Personnel services	960,977	1,019,499	960,168	59,331
Supplies	72,115	72,115	57,783	14,332
Utilities	645,855	646,035	587,082	58,953
Contractual services	1,527,608	1,528,628	1,467,666	60,962
Repairs and maintenance	416,700	426,052	379,614	46,438
Other services	159,406	207,356	127,585	79,771
Total Administrative Services	3,782,661	3,899,685	3,579,898	319,787
Director's Office				
Personnel services	246,782	230,112	201,456	28,656
Supplies	4,000	4,000	966	3,034
Other services	192,354	192,354	198,408	(6,054)
Total Director's Office	443,136	426,466	400,830	25,636
Finance Office				
Personnel services	320,149	326,534	335,398	(8,864)
Supplies	8,000	8,000	4,712	3,288
Contractual services	68,100	68,100	64,270	3,830
Other services	33,060	33,060	32,331	729
Total Finance Office	429,309	435,694	436,711	(1,017)
Information Technology Office				
Personnel services	1,769,608	1,799,772	1,680,590	119,182
Supplies	381,430	360,055	249,310	110,745
Library materials	4,138,232	4,587,703	4,169,880	417,823
Telecommunications	358,274	394,528	362,758	31,770
Contractual services	328,904	334,903	282,083	52,820
Repairs and maintenance	264,706	270,976	232,433	38,543
Other services	36,800	18,876	10,301	8,575
Total Information Technology Office	7,277,954	7,766,813	6,987,355	779,458
Community Engagement Outreach Office				
Personnel services	549,323	559,036	562,664	(3,628)
Supplies	99,126	102,999	87,382	15,617
Contractual services	33,000	34,589	24,224	10,365
Repairs and maintenance	1,000	1,000	22	978
Other services	95,600	97,950	92,489	5,461
Total Community Engagement Outreach Office	778,049	795,574	766,781	28,793

Pikes Peak Library District
Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual
General Fund
Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Other administrative				
Personnel services	3,159,025	2,042,295	1,700,883	341,412
Supplies	7,185	13,474	22,084	(8,610)
Library materials	131,911	258,795	155,094	103,701
Contractual services	710,006	706,506	676,951	29,555
Other services	172,989	172,991	168,075	4,916
Total other administrative	<u>4,181,116</u>	<u>3,194,061</u>	<u>2,723,087</u>	<u>470,974</u>
Capital outlay	<u>89,440</u>	<u>102,940</u>	<u>31,569</u>	<u>71,371</u>
Total expenditures	<u>26,792,148</u>	<u>27,602,799</u>	<u>25,008,944</u>	<u>2,593,855</u>
Excess of revenues over expenditures	<u>646,829</u>	<u>91,366</u>	<u>2,524,819</u>	<u>2,433,453</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	48,000	48,000	44,370	(3,630)
Transfers out	(582,274)	(3,088,231)	(3,088,231)	-
Total other financing sources (uses)	<u>(534,274)</u>	<u>(3,040,231)</u>	<u>(3,043,861)</u>	<u>(3,630)</u>
Net change in fund balance	112,555	(2,948,865)	(519,042)	2,429,823
Fund balance, beginning of year	<u>6,225,348</u>	<u>6,225,348</u>	<u>6,225,348</u>	<u>-</u>
Fund balance, end of year	<u>\$ 6,337,903</u>	<u>\$ 3,276,483</u>	<u>\$ 5,706,306</u>	<u>\$ 2,429,823</u>

Pikes Peak Library District
Notes to Required Supplementary Information
Year Ended December 31, 2014

Note I: General Fund Budgetary Information

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

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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, 2014 and 2013

	2014	2013
Assets		
Cash and cash equivalents	\$ 12,039,819	\$ 15,358,047
Receivables, net of allowance for uncollectibles		
Property taxes	24,137,465	23,847,470
Accounts	124,456	139,059
Due from discretely presented component unit	7,522	131,155
Due from other governments	213,960	230,599
Prepaid items	475,065	432,357
Total assets	\$ 36,998,287	\$ 40,138,687
Liabilities		
Accounts payable	\$ 694,145	\$ 578,939
Accrued compensation payable	607,215	563,179
Unearned revenue	112,308	118,595
Due to other funds	5,644,310	8,721,697
Total liabilities	7,057,978	9,982,410
Deferred Inflows of Resources		
Unavailable revenue - property taxes	24,137,465	23,847,470
Unavailable fund resources	96,538	83,459
Total deferred inflows of resources	24,234,003	23,930,929
Fund Balances		
Nonspendable:		
Prepaid expenditures	475,065	432,357
Restricted for:		
Declared emergencies	815,440	812,187
Debt service	-	1,040
Gifts and grants	103,120	114,271
Assigned to:		
Library materials	579,121	750,210
Purchased contracts	100,762	59,040
Unassigned	3,632,798	4,056,243
Total fund balances	5,706,306	6,225,348
Total liabilities, deferred inflows of resources, and fund balances	\$ 36,998,287	\$ 40,138,687

Pikes Peak Library District
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balance
General Fund
Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Revenues		
Taxes		
Local property taxes		
Current	\$ 23,691,576	\$ 23,852,302
Delinquent	72,755	30,559
Omitted	2,887	5,639
Specific ownership taxes	2,546,327	2,413,142
Interest on taxes	56,389	41,757
Total taxes	<u>26,369,934</u>	<u>26,343,399</u>
Intergovernmental	291,251	160,887
Fines and fees	530,364	523,316
Interest earnings	18,692	21,912
Donations/fundraising	193,628	401,130
Miscellaneous		
Copy sales	55,526	54,917
Parking lot collections	35,096	30,569
Other	39,272	87,962
Total miscellaneous	<u>129,894</u>	<u>173,448</u>
Total revenues	<u>27,533,763</u>	<u>27,624,092</u>
Expenditures		
Current		
Public services	10,082,713	7,554,353
Administrative services	3,579,898	10,242,374
Director's Office	400,830	386,564
Finance Office	436,711	435,422
Information Technology Office	6,987,355	1,716,479
Community Relations Office	766,781	709,136
Other administrative	2,723,087	2,489,209
Capital outlay	31,569	87,041
Total expenditures	<u>25,008,944</u>	<u>23,620,578</u>
Excess of revenues over expenditures	<u>2,524,819</u>	<u>4,003,514</u>
Other financing sources (uses)		
Proceeds from sale of capital assets	44,370	37,029
Proceeds from insurance reimbursement	-	12,985
Transfers out	(3,088,231)	(5,232,887)
Total other financing sources (uses)	<u>(3,043,861)</u>	<u>(5,182,873)</u>
Net change in fund balance	(519,042)	(1,179,359)
Fund balance, beginning of year	6,225,348	7,404,707
Fund balance, end of year	<u>\$ 5,706,306</u>	<u>\$ 6,225,348</u>

Pikes Peak Library District
Schedule of Expenditures by Natural Classification –
Budget and Actual
General Fund
Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Current				
Personnel services	\$ 16,254,919	\$ 16,343,878	\$ 15,032,543	\$ 1,311,335
Supplies	784,635	805,678	605,206	200,472
Telecommunications	358,274	394,528	362,758	31,770
Library materials	4,270,143	4,846,498	4,324,974	521,524
Utilities	645,855	646,035	587,082	58,953
Contractual services	2,892,997	2,911,644	2,718,321	193,323
Repairs and maintenance	682,406	698,028	612,068	85,960
Other services	813,479	853,570	734,423	119,147
Capital outlay	89,440	102,940	31,569	71,371
Total expenditures	<u><u>\$ 26,792,148</u></u>	<u><u>\$ 27,602,799</u></u>	<u><u>\$ 25,008,944</u></u>	<u><u>\$ 2,593,855</u></u>

Pikes Peak Library District
Comparative Balance Sheets
North Facility Project Fund
December 31, 2014 and 2013

	2014	2013
Assets		
Due from discretely presented component unit	\$ 30,000	\$ 125,350
Due from other funds	1,186,538	6,485,956
Total assets	\$ 1,216,538	\$ 6,611,306
Liabilities		
Accounts payable	\$ 15,116	\$ 1,291,274
Fund Balance		
Committed to:		
Capital projects	1,201,422	5,320,032
Total liabilities and fund balance	\$ 1,216,538	\$ 6,611,306

Pikes Peak Library District
Comparative Statements of Revenue, Expenditures
and Changes in Fund Balance
North Facility Project Fund
Years Ended December 31, 2014 and 2013

	2014	2013
Revenues		
Donations	\$ 269,300	\$ 200,350
Expenditures		
Capital outlay	4,693,990	2,120,419
Deficiency of revenues over expenditures	(4,424,690)	(1,920,069)
Other financing sources		
Transfers in	300,047	4,496,930
Proceeds from sales of assets	6,033	46,248
Total other financing sources	306,080	4,543,178
Net change in fund balance	(4,118,610)	2,623,109
Fund balance, beginning of year	5,320,032	2,696,923
Fund balance, end of year	\$ 1,201,422	\$ 5,320,032

Pikes Peak Library District
Schedule of Revenue, Expenditures
and Changes in Fund Balance – Budget and Actual
North Facility Project Fund
Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Donations	\$ -	\$ -	\$ 269,300	\$ 269,300
Expenditures				
Capital outlay	2,062,200	5,620,079	4,693,990	926,089
Excess (deficiency) of revenues over (under) expenditures	<u>(2,062,200)</u>	<u>(5,620,079)</u>	<u>(4,424,690)</u>	<u>1,195,389</u>
Other financing sources (uses)				
Transfers in	45,000	300,047	300,047	-
Proceeds from sales of assets	-	-	6,033	6,033
Total other financing sources (uses)	<u>45,000</u>	<u>300,047</u>	<u>306,080</u>	<u>6,033</u>
Net change in fund balance	(2,017,200)	(5,320,032)	(4,118,610)	1,201,422
Fund balance, beginning of year	<u>5,320,032</u>	<u>5,320,032</u>	<u>5,320,032</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,302,832</u>	<u>\$ -</u>	<u>\$ 1,201,422</u>	<u>\$ 1,201,422</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 three 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.

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, 2014

	Special Revenue Fund	Capital
	Designated Purpose Fund	East Library Renovation Fund
Assets		
Due from other funds	\$ 426,483	\$ 1,883,414
Liabilities		
Accounts payable	\$ 75	\$ 39,867
Fund Balance		
Restricted for:		
Gifts and grants	75,778	-
Committed to:		
Capital projects	343,006	1,843,547
Assigned to:		
Gifts and grants	7,624	-
Total fund balance	426,408	1,843,547
Total liabilities and fund balance	\$ 426,483	\$ 1,883,414

Project Funds		
Penrose Library Renovation Fund	Capital Reserve Fund	Total Nonmajor Governmental Funds
<u>\$ 1,595,295</u>	<u>\$ 552,580</u>	<u>\$ 4,457,772</u>
<u>\$ 60,425</u>	<u>\$ 81,165</u>	<u>\$ 181,532</u>
-	-	75,778
1,534,870	471,415	4,192,838
<u>-</u>	<u>-</u>	<u>7,624</u>
<u>1,534,870</u>	<u>471,415</u>	<u>4,276,240</u>
<u>\$ 1,595,295</u>	<u>\$ 552,580</u>	<u>\$ 4,457,772</u>

Pikes Peak Library District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2014

	Special Revenue Fund	Capital East Library Renovation Fund
	Designated Purpose Fund	Renovation Fund
Expenditures		
Current		
Public services	\$ 2,524	\$ -
Capital outlay	47,734	39,867
	50,258	39,867
Total expenditures		
	(50,258)	(39,867)
Deficiency of revenues over expenditures		
Other financing sources		
Transfers in	-	1,272,261
Transfers out	-	-
	-	1,272,261
Total financing sources (uses)		
	(50,258)	1,232,394
Net change in fund balances		
Fund balances, beginning of year	476,666	611,153
Fund balances, end of year	\$ 426,408	\$ 1,843,547

Project Funds		
Penrose Library Renovation Fund	Capital Reserve Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 2,524
67,406	522,691	677,698
67,406	522,691	680,222
(67,406)	(522,691)	(680,222)
1,242,016	528,954	3,043,231
-	(255,047)	(255,047)
1,242,016	273,907	2,788,184
1,174,610	(248,784)	2,107,962
360,260	720,199	2,168,278
<u>\$ 1,534,870</u>	<u>\$ 471,415</u>	<u>\$ 4,276,240</u>

Pikes Peak Library District
Comparative Balance Sheets
Designated Purpose Fund
December 31, 2014 and 2013

	2014	2013
Assets		
Due from other funds	\$ 426,483	\$ 485,128
Liabilities		
Accounts payable	\$ 75	\$ 8,462
Fund Balance		
Restricted for:		
Gifts and grants	75,778	78,221
Committed to:		
Capital projects	343,006	390,821
Assigned to:		
Gifts and grants	7,624	7,624
Total fund balance	426,408	476,666
Total liabilities and fund balance	\$ 426,483	\$ 485,128

Pikes Peak Library District
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balance
Designated Purpose Fund
Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Expenditures		
Current - public services	\$ 2,524	\$ 20,284
Capital outlay	<u>47,734</u>	<u>35,695</u>
Total expenditures	<u>50,258</u>	<u>55,979</u>
Deficiency of revenues over expenditures	<u>(50,258)</u>	<u>(55,979)</u>
Fund balance, beginning of year	<u>476,666</u>	<u>532,645</u>
Fund balance, end of year	<u><u>\$ 426,408</u></u>	<u><u>\$ 476,666</u></u>

Pikes Peak Library District
Schedule of Revenues, Expenditures
and Changes in Fund Balance – Budget and Actual
Designated Purpose Fund
Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Current - public services	\$ 4,549	\$ 4,549	\$ 2,524	\$ 2,025
Capital outlay	44,306	102,532	47,734	54,798
Total expenditures	48,855	107,081	50,258	56,823
Net change in fund balance	(48,855)	(107,081)	(50,258)	56,823
Fund balance, beginning of year	476,666	476,666	476,666	-
Fund balance, end of year	\$ 427,811	\$ 369,585	\$ 426,408	\$ 56,823

Pikes Peak Library District
Comparative Balance Sheets
East Library Renovation Fund
December 31, 2014 and 2013

	2014	2013
Assets		
Due from other funds	\$ 1,883,414	\$ 611,153
Liabilities		
Accounts payable	\$ 39,867	\$ -
Fund Balance		
Committed to:		
Capital projects	1,843,547	611,153
Total liabilities and fund balance	\$ 1,883,414	\$ 611,153

Pikes Peak Library District
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balance
East Library Renovation Fund
Years Ended December 31, 2014 and 2013

	2014	2013
Expenditures		
Capital outlay	\$ 39,867	\$ 3,565
Deficiency of revenues over expenditures	(39,867)	(3,565)
Other financing sources		
Transfers in	1,272,261	30,900
Net change in fund balance	1,232,394	27,335
Fund balance, beginning of year	611,153	583,818
Fund balance, end of year	\$ 1,843,547	\$ 611,153

Pikes Peak Library District
Schedule of Revenues, Expenditures
and Changes in Fund Balance – Budget and Actual
East Library Renovation Fund
Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Donations	\$ 720,000	\$ -	\$ -	\$ -
Expenditures				
Capital outlay	1,308,818	1,883,414	39,867	1,843,547
Excess (deficiency) of revenues over expenditures	<u>(588,818)</u>	<u>(1,883,414)</u>	<u>(39,867)</u>	<u>1,843,547</u>
Other financing sources				
Transfers in	3,565	1,272,261	1,272,261	-
Net change in fund balance	(585,253)	(611,153)	1,232,394	1,843,547
Fund balance, beginning of year	<u>611,153</u>	<u>611,153</u>	<u>611,153</u>	<u>-</u>
Fund balance, end of year	<u>\$ 25,900</u>	<u>\$ -</u>	<u>\$ 1,843,547</u>	<u>\$ 1,843,547</u>

Pikes Peak Library District
Comparative Balance Sheets
Penrose Library Renovation Fund
December 31, 2014 and 2013

	2014	2013
Assets		
Due from other governments	\$ 1,595,295	\$ 360,260
Liabilities		
Accounts payable	\$ 60,425	\$ -
Fund Balance		
Committed to:		
Capital projects	1,534,870	360,260
Total liabilities and fund balance	\$ 1,595,295	\$ 360,260

Pikes Peak Library District
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balance
Penrose Library Renovation Fund
Years Ended December 31, 2014 and 2013

	2014	2013
Expenditures		
Capital outlay	\$ 67,406	\$ 36,561
Deficiency of revenues over expenditures	(67,406)	(36,561)
Other financing sources		
Transfers in	1,242,016	89,300
Net change in fund balance	1,174,610	52,739
Fund balance, beginning of year	360,260	307,521
Fund balance, end of year	\$ 1,534,870	\$ 360,260

Pikes Peak Library District
Schedule of Revenues, Expenditures
and Changes in Fund Balance – Budget and Actual
Penrose Library Renovation Fund
Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Donations	\$ 720,000	\$ -	\$ -	\$ -
Expenditures				
Capital outlay	1,046,621	1,602,276	67,406	1,534,870
Excess (deficiency) of revenues over expenditures	<u>(326,621)</u>	<u>(1,602,276)</u>	<u>(67,406)</u>	<u>1,534,870</u>
Other financing sources (uses)				
Transfers in	4,755	1,242,016	1,242,016	-
Net change in fund balance	(321,866)	(360,260)	1,174,610	1,534,870
Fund balance, beginning of year	<u>360,260</u>	<u>360,260</u>	<u>360,260</u>	<u>-</u>
Fund balance, end of year	<u>\$ 38,394</u>	<u>\$ -</u>	<u>\$ 1,534,870</u>	<u>\$ 1,534,870</u>

Pikes Peak Library District
Comparative Balance Sheets
Capital Reserve Fund
December 31, 2014 and 2013

	2014	2013
Assets		
Due from other funds	\$ 552,580	\$ 779,200
Prepaid items	-	2,902
	\$ 552,580	\$ 782,102
Total assets		
Liabilities		
Accounts payable	\$ 81,165	\$ 61,903
Fund Balance		
Nonspendable:		
Prepaid expenditures	-	2,902
Committed to:		
Capital projects	471,415	717,297
Total fund balance	471,415	720,199
Total liabilities and fund balance	\$ 552,580	\$ 782,102

Pikes Peak Library District
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balance
Capital Reserve Fund
Years Ended December 31, 2014 and 2013

	2014	2013
Expenditures		
Capital outlay	\$ 522,691	\$ 533,048
Deficiency of revenues over expenditures	(522,691)	(533,048)
Other financing sources (uses)		
Transfers in	528,954	615,757
Transfers out	(255,047)	-
Total financing sources (uses)	273,907	615,757
Net change in fund balance	(248,784)	82,709
Fund balance, beginning of year	720,199	637,490
Fund balance, end of year	\$ 471,415	\$ 720,199

Pikes Peak Library District
Schedule of Revenues, Expenditures
and Changes in Fund Balance – Budget and Actual
Capital Reserve Fund
Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Capital outlay	\$ 696,065	\$ 994,106	\$ 522,691	\$ 471,415
Excess (deficiency) of revenues over expenditures	<u>(696,065)</u>	<u>(994,106)</u>	<u>(522,691)</u>	<u>471,415</u>
Other financing sources				
Transfers in	528,954	528,954	528,954	-
Transfers out	<u>-</u>	<u>(255,047)</u>	<u>(255,047)</u>	<u>-</u>
Total financing sources (uses)	<u>528,954</u>	<u>273,907</u>	<u>273,907</u>	<u>-</u>
Net change in fund balance	(167,111)	(720,199)	(248,784)	471,415
Fund balance, beginning of year	<u>720,199</u>	<u>720,199</u>	<u>720,199</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 553,088</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 471,415</u></u>	<u><u>\$ 471,415</u></u>

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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, 2014 and 2013

	2014	2013
Assets		
Current Assets		
Cash and cash equivalents	\$ 668,825	\$ 679,646
Deposit	36,667	36,667
Total current assets	705,492	716,313
 Liabilities		
Current Liabilities		
Claims payable	123,603	123,833
Accounts payable	903	-
Total current liabilities	124,506	123,833
 Net Position		
Total Net Position - Unrestricted	\$ 580,986	\$ 592,480

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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating revenues		
Employer contributions	\$ 1,217,771	\$ 1,203,995
Employee contributions	256,012	272,535
	<u>1,473,783</u>	<u>1,476,530</u>
Operating expenses		
Claims incurred	898,631	897,812
Administrative	586,658	585,973
	<u>1,485,289</u>	<u>1,483,785</u>
Operating loss	<u>(11,506)</u>	<u>(7,255)</u>
Nonoperating revenues		
Investment earnings	12	3
Change in net position	(11,494)	(7,252)
Total net position, beginning	<u>592,480</u>	<u>599,732</u>
Total net position, ending	<u>\$ 580,986</u>	<u>\$ 592,480</u>

Pikes Peak Library District
Internal Service Fund
Comparative Statements of Cash Flows
Employee Health Plan Fund
Years Ended December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities		
Employee and employer contributions	\$ 1,473,783	\$ 1,476,530
Payment of claims and administrative expenses	(1,484,616)	(1,436,408)
Net cash provided by (used in) operating activities	(10,833)	40,122
Cash flows from investing activities		
Interest received	12	3
Net increase (decrease) in cash and cash equivalents	(10,821)	40,125
Cash and cash equivalents, January 1	679,646	639,521
Cash and cash equivalents, December 31	\$ 668,825	\$ 679,646
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	\$ (11,506)	\$ (7,255)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities		
Increase in accounts payable	903	-
Increase (decrease) in claims payable	(230)	47,377
Total adjustments	673	47,377
Net cash provided by (used in) operating activities	\$ (10,833)	\$ 40,122
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, 2014 and 2013

	2014	2013
Assets		
Cash and cash equivalents	\$ 61,342	\$ 49,023
Liabilities		
Accounts payable	\$ 61,342	\$ 49,023

Pikes Peak Library District
Statement of Changes in Fiduciary Assets and Liabilities
Flexible Spending Accounts – Agency Fund
Year Ended December 31, 2014

	Flexible Spending Accounts			
	Balance January 1, 2014	Additions	Deletions	Balance December 31, 2014
Assets				
Cash and cash equivalents	\$ 49,023	\$ 129,209	\$ 116,890	\$ 61,342
Liabilities				
Accounts payable	\$ 49,023	\$ 128,947	\$ 116,628	\$ 61,342

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STATISTICAL SECTION

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

Contents	Page
Financial Trends	127
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	140
These schedules contain information to help the reader assess the District's most significant revenue source, the property tax.	
Debt Capacity	152
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	160
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	162
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

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Exhibit I-1

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

Governmental Activities

Fiscal Year	Invested in Capital Assets, Net of Related Debt			Unrestricted	Total
	Restricted				
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	
2013	33,839,914	1,005,719	12,831,121	47,676,754	
2014	37,633,108	994,338	9,249,165	47,876,611	

Business-type Activities

Fiscal Year	Invested in Capital Assets, Net of Related Debt			Unrestricted	Total
	Restricted				
2005	\$ -	\$ -	\$ -	\$ -	
2006	-	-	-	-	
2007	-	-	-	-	
2008	-	-	-	-	
2009	-	-	-	-	
2010	-	-	-	-	
2011	-	-	-	-	
2012	-	-	-	-	
2013	-	-	-	-	
2014	-	-	-	-	

Total Primary Government

Fiscal Year	Invested in Capital Assets, Net of Related Debt			Unrestricted	Total
	Restricted				
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	
2013	33,839,914	1,005,719	12,831,121	47,676,754	
2014	37,633,108	994,338	9,249,165	47,876,611	

Exhibit I-2

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

Fiscal Year	Expenses					
	Governmental Activities					
	Public Services	Support and Outreach Services	Administrative Services	Director's Office	Finance Office	Information Technology Office
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
2013	8,422,792	-	11,964,223	386,564	435,422	1,716,479
2014	11,479,186	-	4,117,367	400,652	436,539	7,814,245

Fiscal Year	Program Revenues					
	Charges for Services			Governmental Activities Operating Grants and Contributions		
	Public Services	Support and Outreach Services	Total	Public Services	Administrative Services	Information Technology
2005	\$ 347,828	\$ 115,294	\$ 463,122	\$ 278,055	\$ 102,057	\$ -
2006	339,909	130,184	470,093	151,071	57,859	-
2007	351,762	135,005	486,767	167,117	64,138	-
2008	370,841	147,394	518,235	224,384	89,183	-
2009	379,233	153,934	533,167	194,605	78,991	-
2010	526,805	-	526,805	163,885	-	-
2011	521,577	-	521,577	181,675	-	-
2012	529,077	-	529,077	99,400	34,536	-
2013	523,316	-	523,316	141,009	213,927	-
2014	530,364	-	530,364	136,227	-	142,433

Fiscal Year	Total Net Expenses
	Total Primary Government
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)
2013	(24,838,587)
2014	(26,369,066)

	Community Engagement Outreach Office	Other Administration	Interest Expense	Total Primary Government
\$	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
	709,136	2,489,209	-	26,123,825
	766,469	2,652,230	-	27,666,688

Capital Grants and Contributions

	Total	Public Services	Support and Outreach Services	Administrative Services	Information Technology	Total	Total Primary Government
\$	380,112	\$ 66,155	\$ 267,286	\$ -	\$ -	\$ 333,441	\$ 1,176,675
	208,930	355,831	136,282	-	-	492,113	1,171,136
	231,255	27,807	440,157	-	-	467,964	1,185,986
	313,567	146,295	265,121	-	-	411,416	1,243,218
	273,596	79,354	787,375	-	-	866,729	1,673,492
	163,885	1,093,374	-	42,873	-	1,136,247	1,826,937
	181,675	168,993	-	80,282	-	249,275	952,527
	133,936	98,131	-	142,669	-	240,800	903,813
	354,936	166,769	-	240,217	-	406,986	1,285,238
	278,660	229,665	-	88,553	170,380	488,598	1,297,622

Exhibit I-3

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

		Governmental Activities				
		General Revenues				
Fiscal Year	Property Taxes	Specific Ownership Taxes	Investment Earnings	Miscellaneous	Total	
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	
2013	23,930,258	2,413,142	21,912	264,051	26,629,363	
2014	23,823,607	2,546,327	18,692	180,297	26,568,923	
Total Changes in Net Position						
Fiscal Year	Total Primary Government					
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					
2013	1,790,775					
2014	199,857					

TABOR Refund		
Fiscal Year Spending and Property Tax Revenue in Excess of Limit		Total Primary Government
\$ (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
-		26,629,363
-		26,568,923

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Exhibit I-4

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

General Fund

Fiscal Year	Reserved	Unreserved	Non-spendable	Restricted	Committed	Assigned	Unassigned	Total
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
2013	-	-	432,357	927,498	-	809,250	4,056,243	6,225,348
2014	-	-	475,065	918,560	-	679,883	3,632,798	5,706,306

North Facility Project Fund

2011	\$ -	\$ -	\$ -	\$ -	\$ 4,970,927	\$ -	\$ -	\$ 4,970,927
2012	-	-	-	-	2,696,923	-	-	2,696,923
2013	-	-	-	-	5,320,032	-	-	5,320,032
2014	-	-	-	-	1,201,422	-	-	1,201,422

Other Governmental Funds

Fiscal Year	Reserved	Unreserved - Fund Type			Non-spendable	Restricted	Committed	Assigned	Total
		Special Revenue	Capital Projects	Total					
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
2013	-	-	-	-	2,902	78,221	2,079,531	7,624	2,168,278
2014	-	-	-	-	-	75,778	4,192,838	7,624	4,276,240

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

Exhibit I-5

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

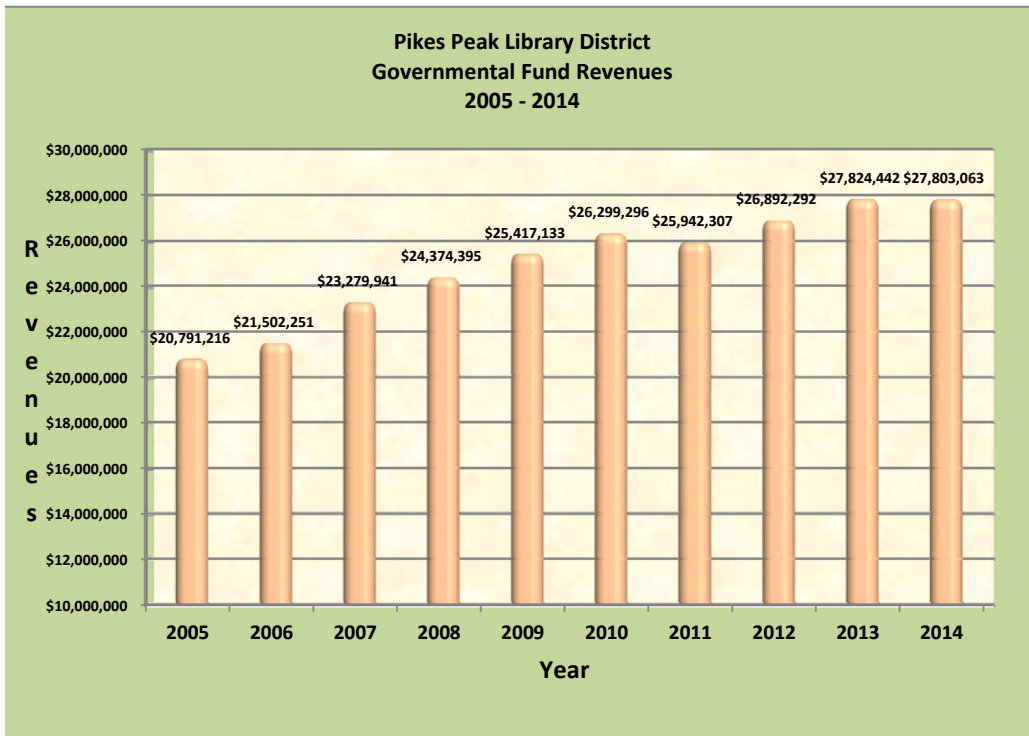
Fiscal Year			Other Financing	
	Revenues	Expenditures	Capital Lease Financing	Proceeds from Sale of Capital Assets
2005	\$ 20,791,216	\$ 19,890,232	\$ -	\$ 47,288
2006	21,502,251	20,943,653	-	56,774
2007	23,279,941	21,478,806	-	55,680
2008	24,374,395	23,034,259	-	51,596
2009	25,417,133	23,205,387	-	50,724
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
2013	27,824,442	26,370,151	-	83,277
2014	27,803,063	30,383,156	-	50,403

Sources (Uses)				
Proceeds from Insurance Reimbursement	TABOR Refund Fiscal Year Spending and Property Tax Revenue In Excess of Limit		Net Change in Fund Balance	Ratio of Debt Service Expenditures to Noncapital Expenditures
\$ -	\$ (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%
12,985	-		1,550,553	0.00%
-	-		(2,529,690)	0.00%

Exhibit I-6

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

Fiscal Year	Taxes	Intergovernmental	Fines and Fees	Interest Earnings
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
2013	26,343,399	160,887	523,316	21,912
2014	26,369,934	291,251	530,364	18,692

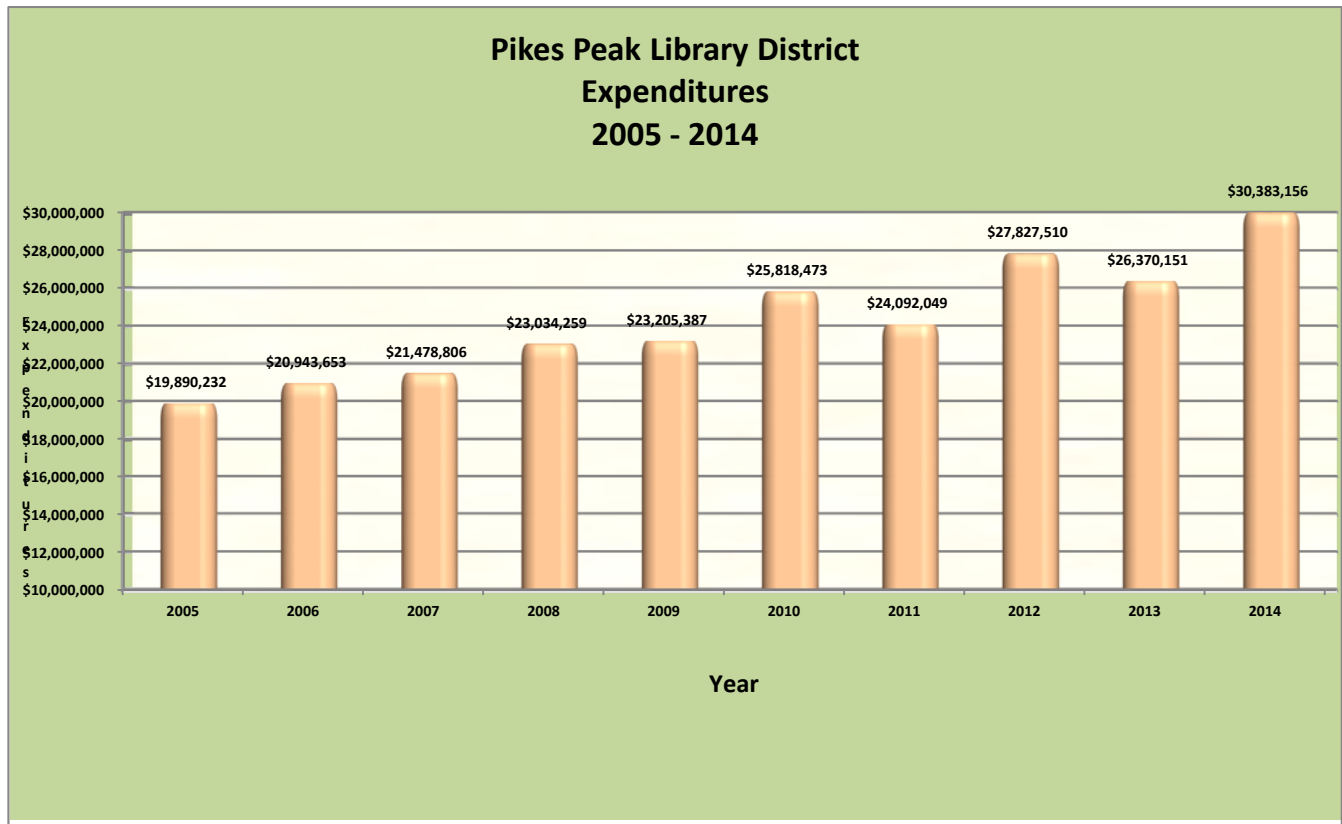


Miscellaneous	Total
\$ 758,572	\$ 20,791,216
797,247	21,502,251
526,632	23,279,941
574,283	24,374,395
462,831	25,417,133
343,327	26,299,296
422,563	25,942,307
387,801	26,892,292
774,928	27,824,442
592,822	27,803,063

Exhibit I-7

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

Fiscal Year	Current					
	Personnel Services	Supplies	Library Materials	Utilities	Telecommunications	Contractual Services
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
2013	14,426,213	547,072	3,984,804	486,862	337,311	2,556,487
2014	15,032,543	605,206	4,324,974	587,082	362,758	2,720,845



	Repairs and Maintenance		Other Services		Total	Capital Outlay	Debt Service		Total Expenditures				
	Principal	Interest											
\$	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
	454,927		760,146		23,553,822		2,816,329		-		-		26,370,151
	612,068		734,423		24,979,899		5,403,257		-		-		30,383,156

Exhibit I-8

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

Assessment Year	Collection Year	Residential		All Other Property	
		Assessed Value	Estimated Actual value	Assessed Value	Estimated Actual Value
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
2012	2013	3,345,705,933	42,031,481,566	2,696,746,537	9,299,125,991
2013	2014	3,323,732,184	41,755,429,448	2,705,167,116	9,328,162,469

Notes:

(1) The following are the assessment rates for collection years 2005 through 2014:

Collection Year	Residential	All Other Categories
2005	9.15%	29.00%
2006 - 2014	7.96%	29.00%

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

	Total Assessed Value	Total Mill Levy	Estimated Actual Value	Ratio of Total Assessed Value to Total Estimated Actual Value
\$	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%
	6,042,452,470	4.000	51,330,607,557	11.8%
	6,028,899,300	4.000	51,083,591,917	11.8%

Exhibit I-9

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

Taxing Authority	Collection Year				
	2005	2006	2007	2008	2009
Direct					
Pikes Peak Library District	3.495	3.296	3.515	3.325	3.540
Overlapping Governments					
El Paso County	8.012	7.673	7.710	7.514	7.583
Cities and Towns					
Calhan	17.563	17.525	17.563	17.563	17.563
Colorado Springs	4.944	4.944	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	15.558	14.588
Manitou Springs	-	-	-	-	-
Monument	6.408	5.872	6.458	6.289	6.289
Palmer Lake	21.753	19.070	16.544	15.340	16.180
Ramah	19.827	19.827	19.827	19.827	19.827
Fire Districts					
Big Sandy	-	7.000	8.000	8.000	8.000
Black Forest	8.189	7.659	7.287	6.600	6.444
Black Forest (OPS)	-	2.694	2.322	1.635	1.479
Broadmoor	4.500	4.500	4.500	4.500	4.500
Calhan	7.641	7.297	7.672	7.558	7.461
Cascade	6.451	6.007	6.544	6.333	6.748
Cimarron Hills	9.870	10.314	10.780	11.110	11.082
Donald Wescott	7.000	7.000	7.000	7.000	7.000
Edison	-	-	-	9.000	9.000
Elbert	4.575	4.575	4.575	4.575	4.575
Ellicott	4.511	4.427	4.481	4.354	9.116
Falcon	5.712	5.712	5.712	5.712	5.712
Green Mountain Falls	7.482	6.916	7.314	7.775	6.829
Hanover	4.720	4.720	4.720	4.720	4.720
Peyton	2.241	2.130	6.114	6.137	6.135
Security	7.538	6.391	6.692	6.675	6.706
Stratmoor Hills	12.813	12.527	12.660	12.423	12.423
SW Hwy 115	7.200	7.200	7.200	7.200	7.200
Tri-County	3.000	3.000	3.000	3.000	3.000
Tri-Lakes	7.000	7.000	8.500	8.500	8.500
Woodmoor Monument	9.921	9.921	9.921	8.500	-
Woodman Valley	9.050	9.050	9.050	9.050	9.050

2010	2011	2012	2013	2014
3.468	3.556	3.999	4.000	4.000
7.531	7.717	7.597	7.663	7.714
17.563	17.563	17.563	17.563	17.563
4.279	4.279	4.279	4.279	4.279
10.239	10.239	10.239	10.239	10.239
13.588	14.588	14.588	17.588	17.588
-	-	-	12.070	12.060
6.289	6.289	6.289	6.289	6.289
15.989	16.459	16.459	16.459	16.459
19.827	19.827	19.827	19.827	19.827
8.000	8.000	8.000	8.000	8.000
6.322	6.275	10.406	10.379	10.382
1.357	1.310	1.191	1.164	1.167
4.500	4.500	4.500	4.500	4.500
6.313	7.094	6.500	6.536	6.523
6.940	7.373	7.968	8.443	9.168
11.110	11.110	12.150	14.390	14.390
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
9.374	9.329	9.999	10.168	10.290
5.712	5.712	8.612	8.612	8.612
6.905	7.325	8.048	8.542	8.788
4.720	4.720	4.720	4.720	4.720
6.109	6.253	6.253	6.458	6.130
6.687	6.693	6.681	10.001	10.001
12.423	12.423	12.423	12.423	12.002
7.200	7.200	7.200	13.200	13.200
3.000	3.000	3.000	3.000	3.000
8.500	8.500	8.500	11.500	11.500
-	-	-	-	-
9.050	9.050	9.050	9.050	9.050

Exhibit I-9

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

Taxing Authority	Collection Year				
	2005	2006	2007	2008	2009
Water Districts					
Cheyenne Creek	1.000	0.800	0.800	0.800	0.800
Forest View	-	-	5.000	5.000	5.000
Park Forest	10.437	14.437	14.437	14.437	14.437
Red Rock Valley Estates	16.279	14.285	14.135	12.325	12.409
Stratmoor Hills	2.463	2.390	2.391	2.391	2.128
S.E. Colo. Water Conserv.	0.947	0.943	0.941	0.915	0.943
Security	6.354	6.082	6.367	5.946	5.822
Turkey Canyon Ranch	8.341	7.841	8.416	7.858	8.523
Upper Arkansas Water Conserv.	-	-	-	-	-
Upper Big Sandy	0.532	0.532	0.532	0.534	0.532
Upper Black Squirrel	0.755	0.706	0.706	0.682	0.682
Sanitation Districts					
Fountain	3.714	3.759	4.134	4.500	4.501
Security	0.960	0.921	0.962	0.898	0.889
Stratmoor Hills	0.666	0.650	0.650	0.650	0.579
Monument	3.500	3.300	3.200	-	-
Sanitation and Water Districts					
Academy	30.911	26.955	27.613	24.817	25.517
Donala (Area A)	16.296	16.121	16.296	16.296	16.296
Donala (Area B)	8.148	7.127	8.148	8.148	8.148
Garden Valley	3.981	3.831	4.142	4.065	4.001
Garden Valley #2	-	-	-	-	-
Westmoor	34.044	30.645	31.840	31.423	33.070
Woodmoor	9.500	8.500	8.500	7.250	7.000

2010	2011	2012	2013	2014
0.800	0.500	0.500	0.500	0.500
5.000	5.000	5.000	5.000	5.000
14.437	14.437	14.437	14.437	14.437
13.123	13.894	16.803	17.709	17.872
2.224	2.000	2.000	2.088	2.055
0.940	0.947	0.947	0.944	0.944
5.961	5.960	5.952	5.947	5.980
8.622	9.058	11.005	9.500	9.500
0.445	0.454	0.495	0.478	0.478
0.532	0.532	0.532	0.532	0.532
0.682	1.082	1.082	1.082	1.082
4.500	4.654	5.334	5.534	5.755
0.896	0.900	0.899	0.898	0.903
0.621	0.549	0.549	0.573	0.578
-	-	-	-	-
23.637	21.450	24.950	24.755	2.937
16.296	16.296	16.296	21.296	21.296
8.148	8.148	8.148	10.648	10.648
7.000	10.000	8.617	8.167	9.920
7.000	7.000	5.500	5.805	5.613
29.055	30.986	35.508	37.471	34.956
6.950	6.950	-	-	-

Exhibit I-9

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

Taxing Authority	Collection Year				
	2005	2006	2007	2008	2009
School Districts					
Air Force Academy #20	60.216	60.216	60.216	60.216	60.216
Big Sandy #100J	30.272	26.499	25.397	25.481	25.499
Calhan #RJ-1	40.980	36.829	36.180	33.800	33.645
Cheyenne Mountain #12	54.800	54.800	50.391	44.741	44.794
Colorado Springs #11	42.094	43.813	44.045	44.045	42.331
Edison #54	36.278	36.837	36.357	38.814	38.801
Ellicott #22	48.476	48.419	47.903	46.947	46.009
Falcon #49	43.281	46.848	45.547	45.795	45.674
Fremont/Florence #39	34.190	30.920	30.380	28.934	29.548
Fountain/Ft. Carson #8	21.568	20.096	19.699	19.715	24.301
Hanover #28	27.541	26.043	26.043	25.442	25.459
Harrison #2	43.256	44.081	44.039	42.473	41.409
Lewis-Palmer #38	55.224	32.746	53.786	49.586	46.077
Manitou Springs #14	-	-	-	-	-
Miami/Yoder #60	35.099	32.047	31.283	40.906	41.281
Peyton #23	39.399	36.261	36.279	35.000	34.000
Miscellaneous Districts	581.993	1,087.400	1,568.774	2,094.822	2,115.266

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

2010	2011	2012	2013	2014
60.216	60.216	60.216	60.216	60.216
25.509	25.468	42.067	42.128	40.787
30.031	30.049	30.049	29.117	27.096
43.765	49.764	49.764	50.000	50.000
42.183	44.004	44.004	43.445	44.264
37.525	36.104	36.104	37.044	37.861
45.633	41.148	41.148	41.147	37.124
45.572	45.842	45.842	45.585	45.617
29.695	33.907	33.907	28.774	28.776
29.695	24.723	24.723	24.703	24.726
23.436	27.551	27.551	27.463	31.103
41.434	41.147	41.147	41.344	41.344
48.074	52.343	52.343	51.756	50.091
-	-	-	47.354	47.649
41.366	42.853	42.853	43.194	42.710
33.969	34.041	34.041	34.097	30.985
2,710.623	2,554.140	2,554.140	2,703.102	2,975.466

Exhibit I-10

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

Principal Taxpayer	Type of Business	Fiscal Year 2014		Fiscal Year 2005	
		Assessed Valuation	Percent of Total Assessed Valuation	Assessed Valuation	Percent of Total Assessed Valuation
Qwest Corporation	Telecommunications	\$ 61,930,980	1.03%	\$ 56,069,700	1.18%
Wal-Mart Businesses	Merchandise/Retail	43,323,610	0.72%	20,644,840	0.43%
Verizon Wireless	Technology	40,538,500	0.67%	-	0.00%
dpiX, LLC	Technology	30,045,560	0.50%	-	0.00%
Broadmoor Hotel, Inc.	Hotel	29,677,640	0.49%	25,008,390	0.53%
Mountain View Electric Association	Utility	25,403,500	0.42%	12,852,840	0.27%
Colorado Interstate Gas	Technology	17,496,200	0.29%	12,326,300	0.26%
Black Hills Fountain Valley Power LLC	Utilities	13,941,300	0.23%	27,061,770	0.57%
Palmer Center LTD	Hotel, Office Center	13,688,640	0.23%	-	0.00%
Macerich Citadel LLP	Retail Mall	12,721,970	0.21%	-	0.00%
Intel Corp	Technology	-	0.00%	76,739,490	1.61%
Atmel Corp.	Investments	-	0.00%	50,925,410	1.07%
Agilent Technologies	Technology	-	0.00%	18,496,470	0.39%
Coyote Garrison Chapel Hills Mall LLP	Retail Mall	-	0.00%	13,574,620	0.29%
Total Top 10 Principal Taxpayers		\$ 288,767,900	4.79%	\$ 313,699,830	6.60%
Total Assessed Valuation		\$ 6,028,899,300	100.00%	\$ 4,759,814,860	100.00%

Data Source: El Paso County Treasurer's Office

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Exhibit I-11

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

Assessment Year	Collection Year	Current Tax Levy	Current Tax Collections	Percent of Current Tax Collected	Delinquent Tax Collections
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
2012	2013	24,058,794	23,852,302	99.1%	30,559
2013	2014	23,978,299	23,691,576	98.8%	72,755

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

Penalties and Interest Delinquent Tax Collections	Omitted Property Tax Collections	Total Tax Collection	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
\$ 28,598	\$ 200,444	\$ 16,711,932	100.5%	\$ 156,650	0.9%
26,091	2,938	17,436,541	99.3%	158,635	0.9%
38,762	1,429	18,899,082	99.5%	135,189	0.7%
40,610	2,533	20,382,917	99.9%	112,302	0.6%
54,453	6,683	21,881,357	99.7%	123,563	0.6%
53,198	4,421	22,199,204	99.3%	86,509	0.4%
50,844	4,202	22,783,130	99.5%	93,389	0.4%
44,669	3,205	23,588,482	99.2%	128,616	0.5%
41,758	5,639	23,930,258	99.5%	139,504	0.6%
56,389	2,887	23,823,607	99.4%	55,656	0.2%

Exhibit I-12

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

Year Ended December 31,	Population	Certificates of Participation			Capital Leases	
		Gross Debt	Funds Available in Debt Service Fund	Net Debt	Gross Debt	Funds Available in Debt Service Fund
2005	506,992	\$ 310,000	\$ 250,137	\$ 59,863	\$ 108,149	\$ -
2006	516,366	-	-	-	65,286	-
2007	527,600	-	-	-	19,780	-
2008	535,537	-	-	-	-	-
2009	547,061	-	-	-	-	-
2010	554,355	-	-	-	123,071	-
2011	575,789	-	-	-	65,401	-
2012	585,158	-	-	-	-	-
2013	598,549	-	-	-	-	-
2014	607,457	-	-	-	-	-

Net Debt	Total Net Debt	Net Debt Per Capita	Personal Income	Debt as a Percentage of Personal Income	Assessed Value Used for Current Year Collections	Ratio of Net Bonded Debt to Assessed Value
\$ 108,149	\$ 168,012	0.33	\$ 20,147,935,000	0.001%	\$ 4,759,814,860	0.000%
65,286	65,286	0.13	21,479,738,000	0.000%	5,236,880,910	0.000%
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	0.22	24,986,786,000	0.000%	6,454,866,500	0.000%
65,401	65,401	0.11	25,420,872,000	0.000%	6,462,164,700	0.000%
-	-	-	26,374,299,000	0.000%	5,968,035,500	0.000%
-	-	-	27,980,799,000	-	6,042,452,470	0.000%
-	-	-	N/A	-	6,028,899,300	0.000%

Exhibit I-13

**Pikes Peak Library District
Direct and Overlapping Governmental Activities Debt
As of December 31, 2014
(Unaudited)**

<u>Tax District</u>	<u>Governmental Activities Debt</u>	<u>Percentage Applicable to Pikes Peak Library District</u>	<u>Amount Applicable to Pikes Peak Library District</u>
Direct:			
Pikes Peak Library District	\$ -	100.00%	\$ -
Overlapping:			
Cities and Towns			
Colorado Springs	39,457,000	100.00%	39,457,000
Fountain	3,740,879	100.00%	3,740,879
Monument	1,700,000	100.00%	1,700,000
Palmer Lake	157,800	100.00%	157,800
Total Cities and Towns			<u>45,055,679</u>
El Paso County	162,811,861	94.18%	<u>153,336,211</u>
Special Districts			
Fire protection	8,593,050	100.00%	8,593,050
Miscellaneous	15,192,678	100.00%	15,192,678
Water	51,549,179	100.00%	51,549,179
Water and Sanitation	11,359,476	100.00%	11,359,476
General Improvement	37,443,356	100.00%	37,443,356
Metropolitan	223,979,993	100.00%	223,979,993
Total Special Districts			<u>348,117,732</u>
School Districts			
Academy #20	131,181,697	100.00%	131,181,697
Big Sandy #100J	2,600,000	100.00%	2,600,000
Calhan #1	-	100.00%	-
Cheyenne Mountain #12	16,596,266	100.00%	16,596,266
Colorado Springs #11	147,843,111	100.00%	147,843,111
Edison #54	-	100.00%	-
Ellicott #22	-	100.00%	-
Falcon #49	26,075,000	100.00%	26,075,000
Fountain Fort Carson #8	9,144,350	100.00%	9,144,350
Fremont/Florence #39	11,394,149	100.00%	11,394,149
Harrison #2	41,435,000	100.00%	41,435,000
Lewis Palmer #38	91,623,295	100.00%	91,623,295
Manitou Springs School #14	4,075,000	100.00%	4,075,000
Miami/Yoder #60	1,950,000	100.00%	1,950,000
Peyton #23	2,666,909	100.00%	2,666,909
Widefield #3	9,375,000	100.00%	9,375,000
Total School Districts			<u>495,959,777</u>
Total Overlapping			<u>1,042,469,399</u>
Total Direct and Overlapping			<u>\$ 1,042,469,399</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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Exhibit I-14

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

	2005	2006	2007	2008	2009
Assessed valuation	\$ 4,759,814,860	\$ 5,236,880,910	\$ 5,407,012,540	\$ 6,142,321,540	\$ 6,208,041,670
Debt limitation - 1.5% of total assessed value	\$ 71,397,223	\$ 78,553,214	\$ 81,105,188	\$ 92,134,823	\$ 93,120,625
Total debt (excluding compensated absences)	418,149	65,286	19,780	-	-
Less: Certificates of Participation (1)	(310,000)	-	-	-	-
Capital leases (1)	(108,149)	(65,286)	(19,780)	-	-
Total debt applicable to limitation	-	-	-	-	-
Legal debt margin	\$ 71,397,223	\$ 78,553,214	\$ 81,105,188	\$ 92,134,823	\$ 93,120,625

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).

2010	2011	2012	2013	2014
\$ 6,454,866,500	\$ 6,462,164,700	\$ 5,968,035,500	\$ 6,042,452,470	\$ 6,028,899,300
\$ 96,822,998	\$ 96,932,471	\$ 89,520,533	\$ 90,636,787	\$ 90,433,490
123,071	65,401	-	-	-
-	-	-	-	-
(123,071)	(65,401)	-	-	-
-	-	-	-	-
\$ 96,822,998	\$ 96,932,471	\$ 89,520,533	\$ 90,636,787	\$ 90,433,490

Exhibit I-15

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

Fiscal Year	Debt Service Expenditures			
	Certificates of Participation		Capital Leases	
	Principal Payments	Interest Payments	Principal Payments	Interest Payments
2005	\$ 295,000	32,906	\$ 50,569	8,297
2006	310,000	17,050	42,863	5,323
2007	-	-	45,506	2,679
2008	-	-	19,780	298
2009	-	-	-	-
2010	-	-	50,685	6,085
2011	-	-	57,670	4,261
2012	-	-	65,401	1,672
2013	-	-	-	-
2014	-	-	-	-

Total	Noncapital Governmental Fund Expenditures	Ratio of Debt Service to Noncapital Governmental Fund Expenditures
\$ 386,772	\$ 17,160,532	2.25%
375,236	18,532,737	2.02%
48,185	19,596,099	0.25%
20,078	20,704,072	0.10%
-	20,664,836	0.00%
56,770	21,936,718	0.26%
61,931	22,062,312	0.28%
67,073	22,732,454	0.30%
-	23,553,822	0.00%
-	24,979,899	0.00%

Exhibit I-16

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

Fiscal Year	Population	Personal Income	Per Capita	Unemployment Rate	Households		Median Age	School Enrollment
			Personal Income		Total	Average Size		
2005	506,992	20,147,935,000	34,190	5.4%	226,823	2.24	34.1	103,069
2006	516,366	21,479,738,000	35,667	4.7%	231,572	2.23	34.0	104,608
2007	527,600	22,803,097,000	37,480	4.2%	234,141	2.25	34.4	105,157
2008	535,537	23,758,135,000	38,336	5.6%	237,763	2.25	34.2	105,845
2009	547,061	24,047,682,000	37,151	8.9%	243,374	2.25	34.3	109,246
2010	554,355	24,986,786,000	37,915	10.5%	237,851	2.33	34.1	109,962
2011	575,789	25,420,872,000	37,909	8.9%	243,299	2.37	34.1	111,318
2012	585,158	26,374,299,000	40,893	8.8%	247,320	2.56	34.1	111,533
2013	598,549	27,980,799,000	41,250	7.2%	251,153	2.56	34.2	117,829
2014	607,457	N/A	N/A	6.2%	255,364	2.60	34.3	118,699

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

Exhibit I-17

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

Employer	Fiscal Year 2014		Fiscal Year 2005	
	Employees	Percent of Total Employment	Employees	Percent of Total Employment
Fort Carson	31,800	11.06%	15,854	5.74%
Peterson Air Force Base	11,917	4.14%	5,965	2.16%
United States Air Force Academy	7,583	2.64%	6,522	2.36%
Schriever Air Force Base	7,647	2.66%	2,320	0.84%
El Paso County School District #11	3,978	1.38%	3,793	1.37%
Memorial Health Systems	3,146	1.09%	3,566	1.29%
Academy School District #20	3,226	1.12%	2,563	0.93%
Centura Health System	2,833	0.98%	2,956	1.07%
City of Colorado Springs	2,300	0.80%	2,578	0.93%
Colorado Springs Utilities	2,035	0.71%	-	-
El Paso County	-	-	2,250	0.81%
Total	76,465	26.58%	48,367	17.50%
Total Employment - El Paso County, Colorado	287,631		276,077	

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Exhibit I-19

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

Fiscal Year	Number of Volumes Owned	Number of Audio Visual Items Owned	Total Items Owned	Acquisition Cost of Collections
2005	941,554	127,225	1,068,779	\$ 31,195,011
2006	962,131	147,970	1,110,101	32,454,231
2007	967,217	163,190	1,130,407	33,454,104
2008	959,325	173,115	1,132,440	34,139,308
2009	908,932	189,836	1,098,768	32,966,004
2010	908,706	223,575	1,132,281	33,922,252
2011	948,527	235,087	1,183,614	34,699,459
2012	885,857	263,277	1,149,134	33,668,609
2013	907,823	285,181	1,193,004	33,438,002
2014	918,701	316,647	1,235,348	34,256,218

Data Source: District's Collection Management Department

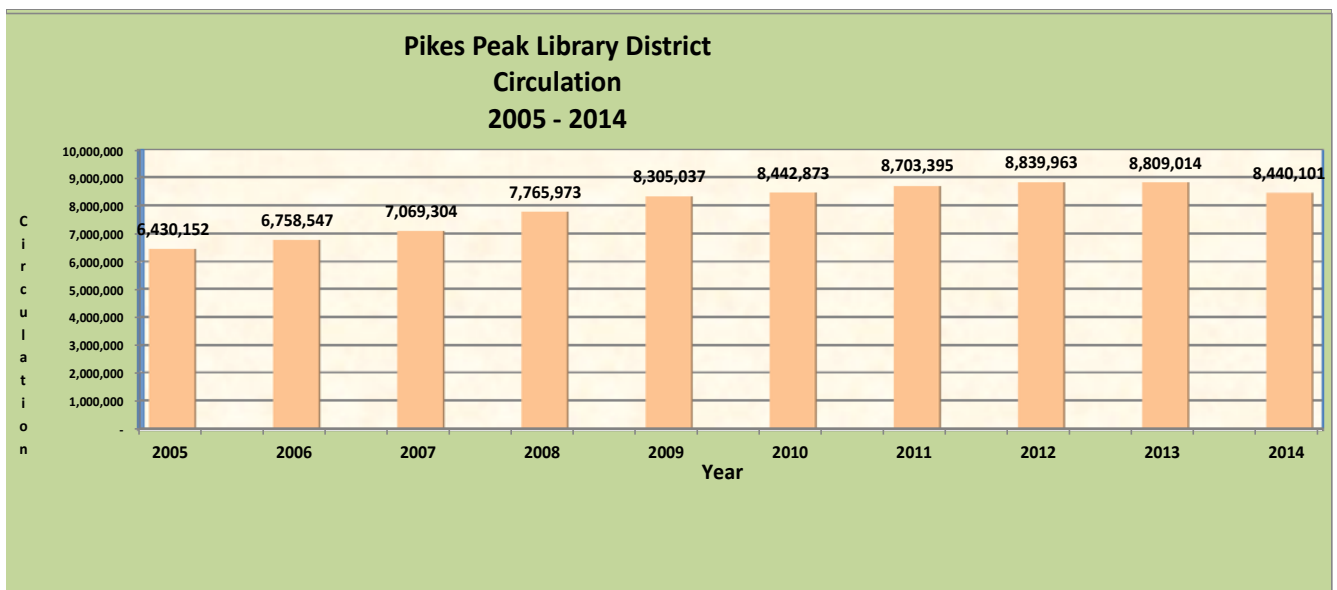
	Cost of New Acquisitions	Net Book Value of Collections	Number of Items in Circulation	Turnover Rate
\$	2,317,093	\$ 15,320,396	1,024,868	6.00
	2,690,196	15,443,661	1,067,098	6.07
	2,292,470	15,256,127	1,093,534	6.23
	2,455,637	14,778,633	1,093,758	6.83
	2,594,598	14,612,166	1,059,321	7.53
	3,517,700	15,285,873	1,092,281	7.33
	3,796,733	15,632,673	1,142,172	7.35
	2,763,306	14,813,804	1,106,019	7.69
	2,520,735	14,392,359	1,148,583	7.38
	2,663,493	14,599,576	1,189,875	6.83

Exhibit I-20

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

Fiscal Year	East Library Information Center	Penrose Public Library	Library 21c	Community Libraries							
				Briargate	Cheyenne Mountain	Fountain	High Prairie	Manitou Springs	Monument	Old Colorado City	Palmer Lake
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
2013	2,128,483	1,154,390	-	794,457	542,311	274,626	366,472	41,578	563,585	303,649	63,566
2014	1,983,752	1,049,901	464,794	283,986	503,092	249,356	341,333	48,404	502,640	294,604	58,095

Data Source: District's library system



Rockrimmon	Ruth Holly	Sand Creek	Ute Pass	Mobile Library Services	Library Express Dispenser	Cyber-Shelf	Nook eReaders	Other Categories	Inter-Library Loan	Total
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
536,706	576,746	554,733	45,673	195,332	42,272	533,026	740	63,485	27,184	8,809,014
474,322	518,641	514,578	39,549	188,500	48,784	792,432	492	57,224	25,622	8,440,101

Exhibit I-21

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

Library	Address	Owned (O) Leased (L)	No. of Hours Open/Week		
			FY 2014	2005	2006
East Library and Information Center	5550 N. Union Colorado Springs, CO 80918	O	68	70,153	70,153
Penrose Public Library	20 N. Cascade Colorado Springs, CO 80903	O	68	78,831	78,831
Briargate Library	9475 Briar Village Pt. Colorado Springs, CO 80920	L	-	8,627	8,627
Cheyenne Mountain Library	1785 S. 8th Street, Suite 100 Colorado Springs, CO 80906	L	64	6,324	8,900
Fountain Library	230 S. Main Street Fountain, CO 80817	O	64	1,973	9,582
High Prairie Library	7035 Old Meridian Rd. Falcon, CO 80831	O	56	-	-
Library 21C	1175 Chapel Hills Drive Colorado Springs, CO 80920	O	68	-	-
Manitou Springs Library	701 Manitou Avenue Manitou Springs, CO 80829	L	52	-	-
Monument Hill Library	1706 Lake Woodmoor Drive Monument, CO 80132	L	68	7,536	7,536
Old Colorado City Library	2418 W. Pikes Peak Colorado Springs, CO 80904	O	64	4,909	4,909
Palmer Lake Library	66 Lower Glenway Palmer Lake, CO 80133	L	36	1,574	1,574
Rockrimmon Library	832 Village Center Drive Colorado Springs, CO 80919	L	64	8,668	8,668
Ruth Holley Library	685 N. Murray Colorado Springs, CO 80915	L	64	10,469	10,469
Sand Creek Library	1821 S. Academy Colorado Springs, CO 80916	O	68	14,060	14,060
Ute Pass Library	8010 Severy Cascade, CO 80809	L	30	2,123	2,123
Mobile Library Services - three vehicles		O	62	437	437
Offices	25 W. Kiowa Colorado Springs, CO 80903	O	N/A	11,988	11,988
			896	227,672	237,857

Data Source: District's Facilities Office

Square Footage as of Fiscal Year-End							
2007	2008	2009	2010	2011	2012	2013	2014
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
8,900	8,900	8,900	8,900	8,900	8,900	8,900	8,900
9,582	9,582	9,582	9,582	9,582	9,582	9,582	9,582
-	-	-	6,008	6,008	6,008	6,008	6,008
-	-	-	-	-	112,883	112,883	112,883
-	-	-	-	-	-	2,391	2,391
7,536	7,536	7,536	7,536	7,536	7,536	7,536	7,536
4,909	4,909	4,909	4,909	4,909	4,909	4,909	4,909
1,574	1,574	1,574	1,574	1,574	1,574	1,574	1,574
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	455	455	455	455	455	455
11,988	11,988	11,988	11,988	11,988	11,988	11,988	11,988
237,857	237,857	237,875	243,883	243,883	356,766	359,157	359,157

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

Board of Trustees
Pikes Peak Library District
Colorado Springs, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Pikes Peak Library District (the District), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 25, 2015. The financial statements of the Pikes Peak Library District Foundation Inc., the discretely presented component unit of the District, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Board of Trustees
Pikes Peak Library District

Compliance and Other Matters

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

Purpose of this Report

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

BKD, LLP

Colorado Springs, Colorado
June 25, 2015