



# EAGLE VALLEY LIBRARY DISTRICT

**Financial Statements**  
**December 31, 2016**



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**Eagle Valley Library District  
Financial Report  
December 31, 2016**

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## INDEPENDENT AUDITOR'S REPORT

### To the Board of Trustees Eagle Valley Library District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Eagle Valley Library District (the "District"), as of and for the year ended December 31, 2016, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Eagle Valley Library District as of December 31, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Member: American Institute of Certified Public Accountants*

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**Other Matters**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis in Section B 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.

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*McMahan and Associates, L.L.C.*

**McMahan and Associates, L.L.C.  
Avon, Colorado  
March 23, 2017**



Management Discussion and Analysis

# Eagle Valley Library District

## Management's Discussion and Analysis December 31, 2016

As management of Eagle Valley Library District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2016.

### Financial Highlights

- The assets of the District exceeded its liabilities by \$17,896,509 at the close of the most recent fiscal year end. Of this amount, \$8,521,079 may be used to meet the District's ongoing obligations to patrons.
- The District's total Net Position increased by \$426,182. This was at least partially due to the increase in property tax revenues.
- At the end of the current fiscal year, total fund balance for the General Fund was \$8,805,882 or 199% percent of total General Fund expenditures.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise of two components: Government-wide financial statements and Notes to the Financial Statements.

**Government-wide financial statements:** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the District's assets and liabilities, and deferred inflows/outflows of resources, with the difference between the two 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 is improving or deteriorating.

The Statement of Activities presents information showing how the government's Net Position changed during the most recent fiscal year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The governmental activity of the District is library services. There are currently no business-type activities of the District and the District discreetly presents the Eagle Valley Library Foundation, a non-profit organization formed exclusively for the benefit of, to perform the functions of, or to carry out the charitable and educational purposes of the District.

The government-wide financial statements can be found on pages C1 and C2 of this report.

## **Overview of the Financial Statements (continued)**

**Fund financial statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District currently has one fund, the General Fund, which is a governmental fund.

**Governmental funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Notes to the Financial Statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found section D of this report.

### **Government-wide financial analysis:**

Almost all of the District's revenue was from property taxes (see the Notes to the Financial Statements). Most of the District's assets are reflected in the investment in capital assets (i.e. buildings, books, furniture, fixtures, and equipment). Capital assets account for 40% of the total assets. The District will use these assets to provide services to its citizens. Accordingly, these assets are not an available source for payment of future spending. Of the remaining assets, 3% of the governmental activities annual budget is restricted for use in the event of an emergency.

**Overview of the Financial Statements (continued)**

**Government-wide financial analysis (continued):**

**Eagle Valley Library District's Net Position**

	<u>2016</u>	<u>2015</u>
<b>Assets:</b>		
Current and other assets	\$ 13,636,499	\$ 12,904,729
Capital assets	<u>9,222,350</u>	<u>9,468,626</u>
<b>Total Assets</b>	<u>22,858,849</u>	<u>22,373,355</u>
<b>Liabilities:</b>		
Other liabilities	48,914	18,295
Long-term liabilities	<u>131,723</u>	<u>120,731</u>
<b>Total Liabilities</b>	<u>180,637</u>	<u>139,026</u>
<b>Deferred Inflows of Resources:</b>		
Unavailable revenue	<u>4,781,703</u>	<u>4,764,002</u>
<b>Total Deferred Inflows of Resources</b>	<u>4,781,703</u>	<u>4,764,002</u>
<b>Net Position:</b>		
Investment in capital assets	9,222,350	9,468,626
Restricted	153,080	134,440
Unrestricted	<u>8,521,079</u>	<u>7,867,261</u>
<b>Total Net Position</b>	<u>\$ 17,896,509</u>	<u>\$ 17,470,327</u>

Approximately 52% of the District's Net Position reflects its investment in capital assets, which includes buildings, equipment, land, vehicles, and books and periodicals. The District's invested in capital assets, net of related debt, decrease is largely to due to the asset depreciation incurred by the District in the current year.

## Overview of the Financial Statements (continued)

### Government-wide financial analysis (continued):

#### Eagle Valley Library District's Change in Net Position

<b>Revenues:</b>	<b>2016</b>	<b>2015</b>
Program revenues:		
Collection revenue	\$ 27,571	\$ 29,106
General revenues:		
Property taxes	4,749,554	4,153,840
Specific ownership taxes	227,739	214,627
Interest on taxes	9,028	7,429
Earnings on investments	43,817	25,461
Donations	1,339	712
Grant income	11,940	11,928
Other income	31,532	38,181
<b>Total Revenues</b>	<b>5,102,520</b>	<b>4,481,284</b>
<b>Expenses:</b>		
Personnel services	2,520,142	2,453,220
Supplies	259,102	268,933
Library materials	135,964	124,378
Literacy	135,000	135,000
Insurance	52,448	41,522
Purchased services	583,956	545,492
Building costs and utilities	104,146	104,549
Treasurer's fee	142,780	124,845
Depreciation and amortization	742,800	685,849
<b>Total Expenses</b>	<b>4,676,338</b>	<b>4,483,788</b>
<b>Change in Net Position</b>	<b>426,182</b>	<b>(2,504)</b>
<b>Net Position:</b>		
Beginning of Year	17,470,327	17,472,831
Ending of Year	<u>\$ 17,896,509</u>	<u>\$ 17,470,327</u>

The increase in Net Position is mainly attributable to the increase in property tax revenues. Property taxes were the most significant source of general revenues for the District accounting for approximately 93.31% of revenues. Specific ownership taxes, which consist of vehicle taxes collected at the County, were also a significant source of revenue accounting for 4.47% of total revenues.

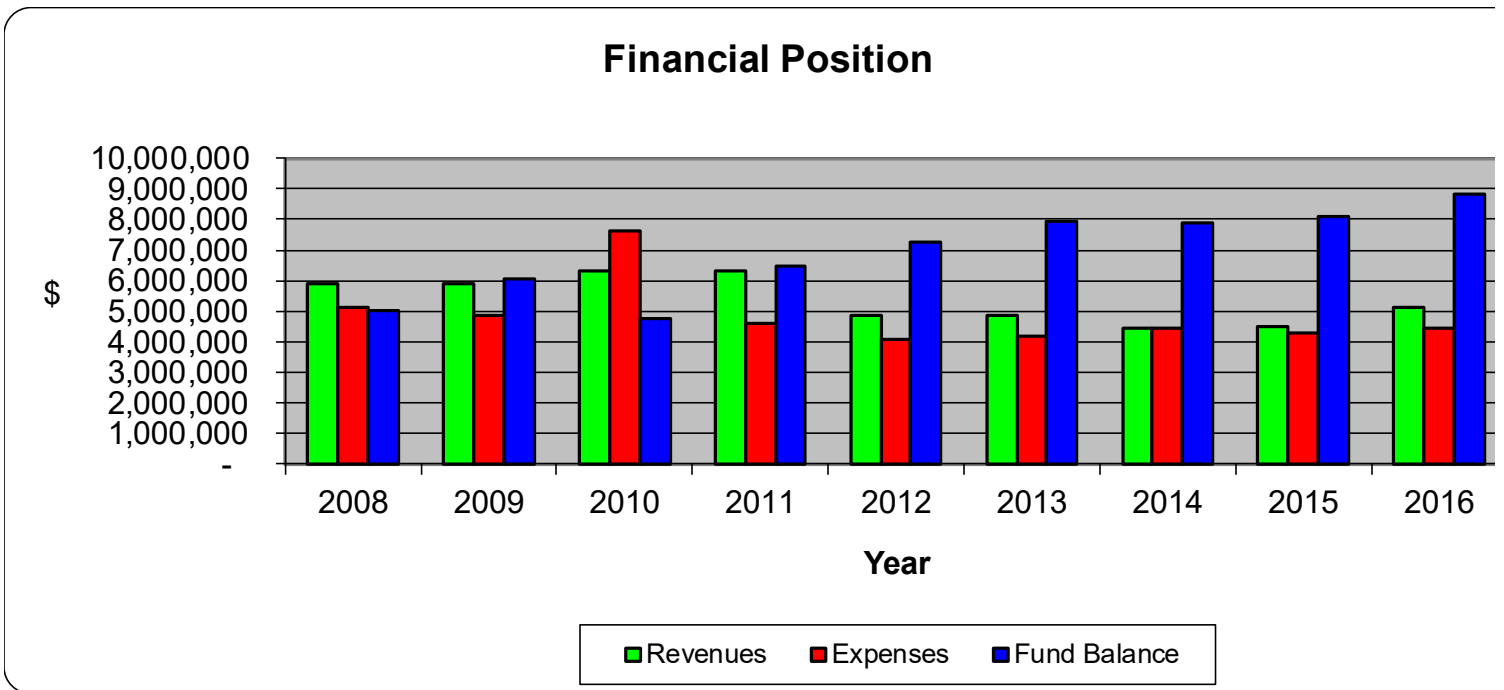
## Overview of the Financial Statements (continued)

### Government-wide financial analysis (continued):

When compared with 2015, total District expenses increased, which was partially due to the increase in depreciation, purchased services, and personnel services during the fiscal year.

### Financial Analysis of the District's Funds

As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District had the following changes in its General and Debt Service Funds for the years 2008 through 2016:

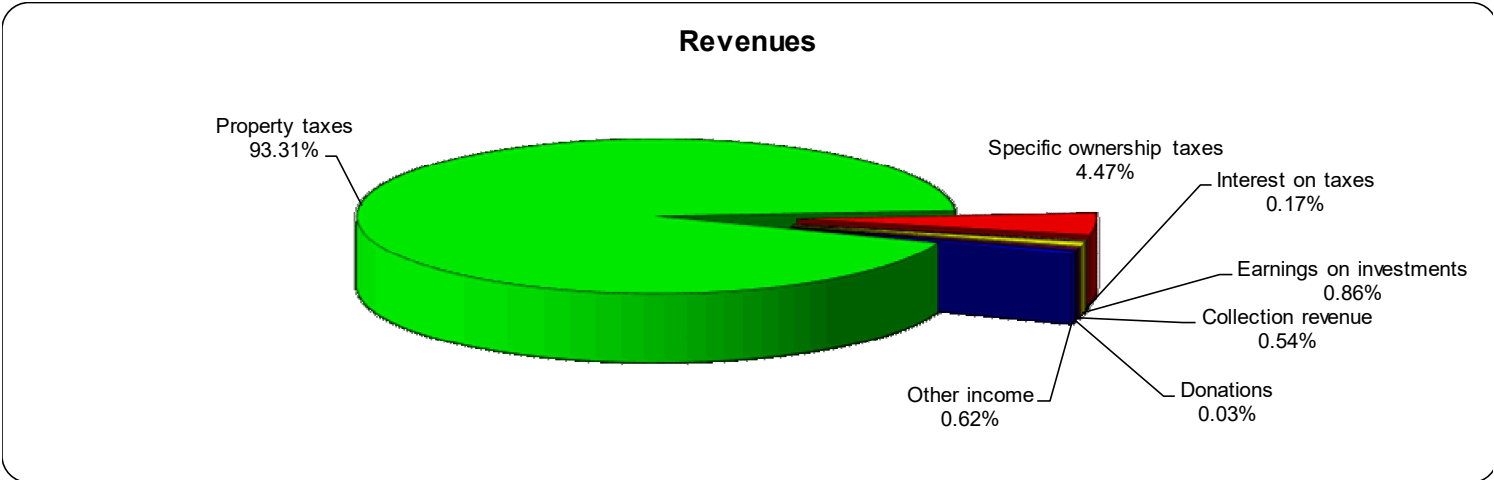


The District's General Fund had a change in fund balance of \$683,451 and an ending fund balance of \$8,805,882. Revenues increased \$621,236 from 2015. This was largely due to increases in property tax revenues. Expenditures increased \$149,060 from 2015. This was largely due to increase in depreciation, purchased services, and personnel services during the fiscal year.

**Overview of the Financial Statements (continued)**

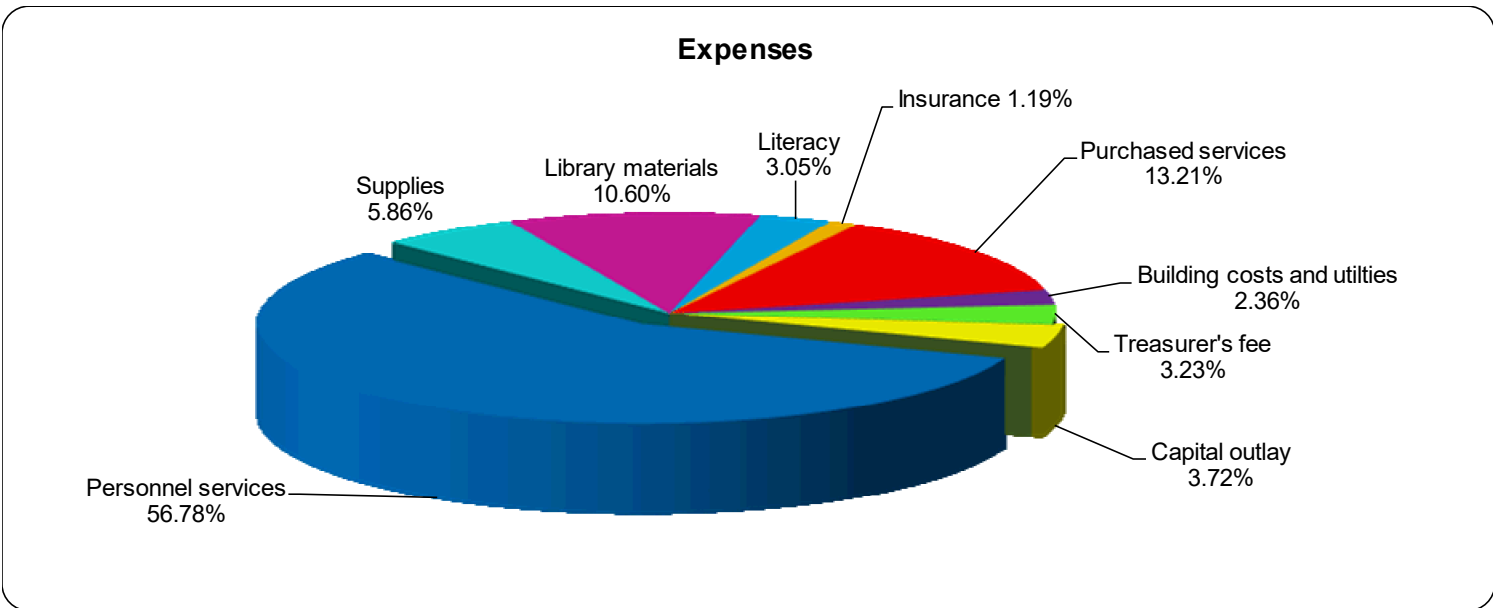
**Financial Analysis of the District's Funds (continued):**

The following chart represents the District's revenues:



Property taxes make up the largest source of revenue for the District.

The following chart represents the District's expenses:



The District's General Fund expenditures and other financing sources increased 3.5%. Personnel services (wages, retirement, health insurance, etc.) make up the largest source of expenditures for the District.

**Overview of the Financial Statements (continued)**

**Financial Analysis of the District's Funds (continued):**

**Budget variances in the General Fund:** The District's 2016 budget was approved at the end of 2015. The District did not amend its budget for 2016. Significant budget variances were as follows:

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>	<b>Reason</b>
<b>Revenues:</b>				
Specific ownership taxes	194,000	227,739	33,739	Increased tax revenues throughout the County.
Earnings on investments	26,000	43,817	17,817	Colostrust interest rates increased during the year.
<b>Expenditures:</b>				
Personnel services	2,580,341	2,509,148	71,193	Several long-term employees left the District during the prior fiscal year and replacement took time.
Supplies	306,800	259,102	47,698	No individual significant items, conservative budgeting.
Library materials	571,353	468,389	102,964	The District purchased less materials than anticipated.
Purchased services	689,250	583,956	105,294	The District anticipated higher expenses than incurred for Building Repairs due to building age.

**Capital assets:** The District's had a net investment in capital of assets of \$9,222,350 at the end of 2016. Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements in section D of this report.

**Next year's budget and rates:** The District had \$8,805,882 of fund balance at the end of the current fiscal year. The District's 2017 budget anticipated a beginning balance of \$7,175,821. The 2017 budget anticipates revenues of \$5,099,078 and expenditures of \$6,029,111.

**Request for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Eagle Valley Library District, P.O. Box 240, Eagle, CO 81631 or you may call 970-328-8800.



EAGLE VALLEY  
**LIBRARY DISTRICT**

Basic Financial Statements

**Eagle Valley Library District  
Balance Sheet / Statement of Net Position  
December 31, 2016**

	<b>Primary Government</b>			
	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Net Position</b>	<b>Component Unit</b>
<b>Assets:</b>				
Cash and cash equivalents	5,197,169	-	5,197,169	112,516
Investments	3,630,531	-	3,630,531	144,790
Cash with County Treasurer	20,058	-	20,058	-
Prepaid expenses	7,038	-	7,038	-
Property taxes receivable	4,781,703	-	4,781,703	-
Capital assets, net of depreciation	-	9,222,350	9,222,350	-
<b>Total Assets</b>	<b>13,636,499</b>	<b>9,222,350</b>	<b>22,858,849</b>	<b>257,306</b>
<b>Liabilities:</b>				
Accounts/vouchers payable	48,914	-	48,914	-
Non-current liabilities:				
Due longer than one year - compensated absences	-	131,723	131,723	-
<b>Total Liabilities</b>	<b>48,914</b>	<b>131,723</b>	<b>180,637</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenue - property taxes	4,781,703	-	4,781,703	-
<b>Total deferred inflows of resources</b>	<b>4,781,703</b>	<b>-</b>	<b>4,781,703</b>	<b>-</b>
<b>Fund Balance/Net Position:</b>				
<b>Fund Balance:</b>				
Restricted for emergencies	153,080			
Assigned for library expansion	6,652,802			
Unassigned	2,000,000			
<b>Total Fund Balance</b>	<b>8,805,882</b>			
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>13,636,499</b>			
<b>Net Position:</b>				
Investment in capital assets		416,468	9,222,350	-
Restricted for emergencies		153,080	153,080	-
Unrestricted		8,521,079	8,521,079	257,306
<b>Total Net Position</b>		<b>9,090,627</b>	<b>17,896,509</b>	<b>257,306</b>

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

**Eagle Valley Library District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances / Statement of Activities**  
**For the Year Ended December 31, 2016**

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>	
<b>Revenues:</b>				
Property taxes	4,749,554	-	4,749,554	-
Specific ownership taxes	227,739	-	227,739	-
Interest on taxes	9,028	-	9,028	-
Earnings on investments	43,817	-	43,817	181
Collection revenue	27,571	-	27,571	-
Donations	1,339	-	1,339	750
Grant income	11,940	-	11,940	-
Other income	31,532	-	31,532	-
<b>Total Revenues</b>	<u>5,102,520</u>	<u>-</u>	<u>5,102,520</u>	<u>931</u>
<b>Expenditures/Expenses:</b>				
Personnel services	2,509,149	10,993	2,520,142	-
Supplies	259,102	-	259,102	-
Library materials	468,389	(332,425)	135,964	-
Literacy	135,000	-	135,000	-
Insurance	52,448	-	52,448	-
Purchased services	583,956	-	583,956	-
Building costs and utilities	104,146	-	104,146	-
Treasurer's fee	142,780	-	142,780	-
Capital outlay	164,099	(164,099)	-	-
Depreciation and amortization	-	742,800	742,800	-
<b>Total Expenditures/Expenses</b>	<u>4,419,069</u>	<u>257,269</u>	<u>4,676,338</u>	<u>-</u>
<b>Change in Net Position</b>	683,451	(257,269)	426,182	931
<b>Fund Balances/Net Assets:</b>				
Beginning of Year	8,122,431		17,470,327	256,375
End of Year	<u>8,805,882</u>		<u>17,896,509</u>	<u>257,306</u>

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

**Eagle Valley Library District**  
**Statement of Revenues, Expenditure and Changes in Fund Balances - Budget to Actual**  
**General Fund**  
**For the Year Ended December 31, 2016**  
**(With Comparative Totals For the Year Ended 2015)**

	2016		Variance From Final Budget	2015
	Original & Final Budget	Actual		Actual
<b>Revenues:</b>				
Property taxes	4,764,002	4,749,554	(14,448)	4,153,840
Specific ownership taxes	194,000	227,739	33,739	214,627
Interest on taxes	4,000	9,028	5,028	7,429
Earnings on investments	26,000	43,817	17,817	25,461
Collection revenue	30,000	27,571	(2,429)	29,106
Donations	2,000	1,339	(661)	712
Grant income	9,000	11,940	2,940	11,928
Other income	33,000	31,532	(1,468)	38,181
<b>Total Revenues</b>	5,062,002	5,102,520	40,518	4,481,284
<b>Expenditures:</b>				
Personnel services	2,580,341	2,509,149	71,192	2,447,861
Supplies	306,800	259,102	47,698	268,933
Library materials	571,353	468,389	102,964	465,271
Literacy	135,000	135,000	-	135,000
Insurance	44,068	52,448	(8,380)	41,522
Purchased services	689,250	583,956	105,294	545,492
Building costs and utilities	122,000	104,146	17,854	104,549
Treasurer's fee	142,920	142,780	140	124,845
Capital outlay	472,000	164,099	307,901	136,532
<b>Total Expenditures</b>	5,063,732	4,419,069	644,663	4,270,005
<b>Change in Net Position</b>	(1,730)	683,451	685,181	211,279
<b>Fund Balances/Net Position</b>				
Beginning of Year		8,122,431		7,911,152
End of Year		8,805,882		8,122,431

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



Notes to the Basic Financial Statements

**Eagle Valley Library District**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**B. Government-wide and Fund Financial Statements (continued)**

**2. Fund Financial Statements**

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The fund focus is on current available resources and budget compliance.

The District reports a General Fund, which accounts for resources devoted to financing the general services that the District performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund. The fund is used to account for all activities for which a separate fund has not been established.

**C. Measurement Focus and Basis of Accounting**

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements.

**1. Long-term Economic Focus and Accrual Basis**

Governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

**2. Current Financial Focus and Modified Accrual Basis**

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

**D. Financial Statement Accounts**

**1. Cash, Cash Equivalents and Investments**

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with maturities of three months or less.

**Eagle Valley Library District  
Notes to the Financial Statements  
December 31, 2016  
(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**1. Cash, Cash Equivalents and Investments (continued)**

Investments are stated at fair value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The District's investment policy follows Colorado statutes specifying specific investment instruments meeting defined rating criteria in which local governments may invest, which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market mutual funds
- Guaranteed investment contract
- Local government investment pools

**2. Capital Assets**

Capital assets, which include buildings, equipment, vehicles, and infrastructure, are reported in the government-wide financial statements. Capital assets include assets with an individual cost of \$5,000 or more and an estimated useful life in excess of two years. Books and periodicals, although having an individual cost of less than \$5,000, are also considered capital assets. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Books and periodicals are depreciated using the average of the past six years' purchases. Total depreciation expense for the fiscal year ending is \$742,800.

Buildings, vehicles, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment	3 - 15
Buildings	40
Vehicles	5 - 7
Books	6

**Eagle Valley Library District**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**3. Compensated Absences**

The District allows its employees to accumulate sick and vacation leave, based on the employee's length of service. Sick pay can accumulate up to a max of 720 hours and it accrued based on hours worked at a rate of .0462 per hour for both full-time and part-time employees. Vacation pay can accumulate up to 240 hours at rates ranging from .0462 to .0845, depending on years of service for both full-time and part-time employees. The District does not pay accrued sick leave upon termination. However, vacation leave is paid out upon termination. At year end, the estimated value of accumulated vacation leave, including the District's pension and Medicare taxes, is \$131,723.

**4. Deferred Inflows of Resources**

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one item that qualifies for reporting in this category, unavailable revenue from property taxes, reported in the governmental balance sheet and on the Statement of Net Position. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**5. Fund Equity**

The District has designated \$153,080 for emergency reserves.

**6. Categories and Classification of Fund Balance:**

Governmental accounting standards establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund Balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the general fund. The general fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. For further details of the various fund balance classifications refer to Note I.E.

**Eagle Valley Library District**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**E. Fund Balance Disclosure**

The District classifies governmental fund balances as follows:

1. **Non-spendable** - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.
2. **Spendable Fund Balance:**
  - a. **Restricted** – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. As of December 31, 2016 \$153,080 was restricted for emergencies.
  - b. **Committed** – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the board of directors. The District's original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the board of director's platform to review, and/or make changes to each department's budget. Before year end, a budgetary committee will meet again with each department for final review and approval of preliminary budget. The Budget is then formally presented to board of directors via an advertised public process for their review, revisions and final approval by year end. All subsequent budget requests made during the year, after the board of director's approval, must be presented via a public process and again approval by the board of directors.
  - c. **Assigned** – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the board or its management designee. As of December 31, 2016 \$6,652,802 was assigned for library expansion.
  - d. **Unassigned** - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes. As of December 31, 2016 \$8,521,079 was unassigned.

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy. However, the District's budget includes a calculation of a targeted reserve positions and the Administration calculates targets and report them annually to board of directors.

**Eagle Valley Library District**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**F. Fund Definitions of Funds Reported**

1. **General Fund:** The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

**II. Reconciliation of Government-wide and Fund Financial Statements**

**A. Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position**

The governmental fund Balance Sheet includes adjustments between *fund balance – governmental funds* and *Net Position of governmental activities* as reported in the government-wide Statement of Net Position. One element of the reconciling column accounts for capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the funds. \$9,222,350 represents the book value of capital assets at December 31, 2016. Long-term liabilities of \$131,723 are not due and payable in the current period, and therefore are not reported in the fund financial statements.

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes adjustments between *net change in fund balance of governmental funds* and *changes in Net Position of governmental activities* as reported in the government-wide Statement of Activities. One element of the reconciliation involves the additions of capital assets including books and periodicals of \$332,425 and equipment and capital improvements of \$164,099 as these items are reported as expenditures in the governmental funds report. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense therefore another reconciling item includes depreciation on fixed assets of \$742,800. The final element of the reconciliation is the change in the accrued compensated absences of \$10,993.

**Eagle Valley Library District**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

**III. Stewardship, Compliance, and Accountability**

**A. Budgetary Information**

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at year end. In the fall of each year, the District's Board of Trustees formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budget for the governmental funds are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

- (1) For the 2016 budget, prior to August 25, the County Assessor sent to the District a certified assessed valuation of all taxable property within the District's boundaries.
- (2) On or before October 15, 2015, the Director submitted to the District's Board of Trustees a recommended budget that detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
- (3) For the 2016 budget, prior to December 15, 2015, the District computed and certified to the County Commissioners a rate of levy that will derive the necessary property taxes as computed in the proposed budget.
- (4) After a required public hearing, the District adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.
- (5) After adoption of the budget resolution, the District may make the following changes: (a) supplemental appropriations to the extent of revenues in excess of the estimated in the budget; (b) emergency appropriations; and (c) reduction of appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus taxes certified in 2015 were collected in 2016 and taxes certified in 2016 will be collected in 2017. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15th.

**B. TABOR Amendment**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 ("TABOR"), which has several limitations, including raising revenue, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment.

**Eagle Valley Library District  
Notes to the Financial Statements  
December 31, 2016  
(Continued)**

**III. Stewardship, Compliance, and Accountability (continued)**

**B. TABOR Amendment (continued)**

One of the requirements of TABOR is for emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year revenue (excluding bonded debt service). The District has reserved a portion of its December 31, 2016 year end fund balance in the General Fund for emergencies as required under TABOR in the amount of \$153,080, which is the approximate required reserve at December 31, 2016.

On November 4, 1997, the District's electorate approved a ballot question allowing the District to collect and expend any additional amounts raised over and above the limitation imposed by TABOR and Colorado Revised Statute 29-1-301, the 5.5% limit.

**IV. Detailed Notes on All Funds**

**A. Cash and Investments**

The District's cash and investments are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. As of year-end, the carrying amount of the District's cash and investments was \$8,827,588. Petty cash totaled \$112.

*Fair Value of Investments*

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1*: Quoted prices for identical investments in active markets;
- *Level 2*: Observable inputs other than quoted market prices; and,
- *Level 3*: Unobservable inputs.

At December 31, 2016 the District had the following recurring fair value measurements:

**Primary Government:**

<u>Investments Measured at Fair Value</u>	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificate of deposit	\$ 3,630,531	\$ -	\$ 3,630,531	\$ -

**Component Unit:**

<u>Investments Measured at Fair Value</u>	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificate of deposit	\$ 144,790	\$ -	\$ 144,790	\$ -

**Eagle Valley Library District**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**A. Cash and Investments (continued)**

Investments classified in Level 1 are valued using prices quoted in active markets for those securities. Investments classified in Level 2 are valued using the following approaches

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities' relationship to benchmark quoted prices;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund.

The Investment Pool represents investments in COLOTRUST. The fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool. At December 31, 2016, the District's cash in COLOTRUST were 50% of the District's portfolio.

*Interest Rate Risk.* As a means of limiting its exposure to interest rate risk, the District has invested primarily in COLOTRUST. Funds in COLOTRUST can be withdrawn without notice or penalty.

*Credit Risk.* The District's investment policy limits investments to those authorized by State statutes as listed in note I.D.1. The District's general investment policy is to apply the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

*Concentration of Credit Risk.* The District diversifies its investments by security type and institution. Financial institutions holding District funds must provide the District a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository. At December 31, 2016, the District's investments in Certificates of Deposit was 41% of the District's portfolio.

**Eagle Valley Library District**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**A. Cash and Investments (continued)**

At December 31, 2016, the District had no unrealized gains or losses. The District had the following cash and investments with the following maturities:

	<u>Rating</u>	<u>Carrying Amounts</u>	<u>Maturities</u>	
			<u>Less than one year</u>	<u>One to five years</u>
<b>Primary Government:</b>				
<i>Cash and cash equivalents:</i>				
Petty cash	Not Rated	\$ 112	\$ -	\$ -
Checking	Not Rated	51,584	-	-
Savings & money market	Not Rated	705,921	-	-
Colotrust Investment Pool	AAA	4,439,552	-	-
<i>Total cash and cash equivalents:</i>		<u>\$ 5,197,169</u>		
<i>Investments:</i>				
Certificate of deposit	Not Rated	3,630,531	-	3,630,531
<i>Total cash, cash equivalents, and investments:</i>		<u>\$ 8,827,700</u>		
<b>Component Unit:</b>				
<i>Cash and cash equivalents:</i>				
Checking	Not Rated	\$ 112,516	\$ -	\$ -
<i>Investments:</i>				
Certificate of deposit	Not Rated	144,790	144,790	-
<i>Total cash, cash equivalents, and investments:</i>		<u>\$ 257,306</u>		

The Investment Pool represents investments in COLOTTRUST which is a 2a7-like pool. The fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool.

**Eagle Valley Library District**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**B. Capital Assets**

The District had the following capital asset changes during the past year:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 691,973	\$ -	\$ -	\$ 691,973
Capital assets, being depreciated:				
Buildings	8,113,443	94,666	-	8,208,109
Furniture, fixtures, and equipment	596,897	69,432	-	666,329
Vehicles	67,567	-	-	67,567
Books and media	6,503,922	332,426	(374,911)	6,461,437
<b>Total capital assets being depreciated</b>	<u>15,281,829</u>	<u>496,524</u>	<u>(374,911)</u>	<u>15,403,442</u>
Less accumulated depreciation for:				
Buildings	(3,507,212)	(221,510)	-	(3,728,722)
Furniture, fixtures, and equipment	(393,744)	(33,118)	-	(426,862)
Vehicles	(67,568)	-	-	(67,568)
Books and media	(2,536,652)	(488,172)	374,911	(2,649,913)
<b>Total accumulated depreciation</b>	<u>(6,505,176)</u>	<u>(742,800)</u>	<u>374,911</u>	<u>(6,873,065)</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 9,468,626</u>	<u>\$ (246,276)</u>	<u>\$ -</u>	<u>\$ 9,222,350</u>

**C. Receivables**

Receivables as of year-end for the District's funds, including applicable allowances for uncollectible accounts, are as follows:

Fines, fees and delinquent accounts	\$ 65,554
Taxes receivable from County Treasurer	20,058
Less: Allowance for doubtful accounts	<u>(65,554)</u>
<b>Total receivable</b>	<u>\$ 20,058</u>

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The \$4,781,703 of unavailable revenue is property taxes levied in 2016 but not available until 2017.

**Eagle Valley Library District  
Notes to the Financial Statements  
December 31, 2016  
(Continued)**

**V. Other Information**

**A. Risk Management**

**1. Colorado Intergovernmental Risk Sharing Agency (“CIRSA”)**

The District is exposed to various risks of loss related to workers compensation and general liability. The District has acquired commercial coverage for these risks and any settled claims are not expected to exceed the commercial insurance coverage.

The District is also exposed to the risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. To address such risks, the District is a participant in a public entity risk pool administered by Colorado Intergovernmental Risk Sharing Agency (“CIRSA”).

CIRSA’s operations are funded by contributions from member governments. Coverage is provided in the amount of \$250,000 per claim or occurrence for property, \$1,000,000 per claim or occurrence for liability, and \$150,000 per claim or occurrence for crime. CIRSA has also acquired additional excess coverage from outside sources.

Surpluses or deficits realized by CIRSA for any given year are subject to change for such reasons as interest earnings on invested amounts for those years and funds, re-estimation of losses for those years and funds, and credits or distributions from surplus for those years and funds.

CIRSA’s combined financial information for the year ended December 31, 2015, the latest date for which information is available, is summarized as follows:

<b>Assets:</b>	
Cash and investments	\$ 80,334,087
Other assets	<u>5,954,977</u>
<b>Total Assets</b>	<b><u>\$ 86,289,064</u></b>
 <b>Liabilities and Members' Equity:</b>	
Total liabilities	\$ 39,544,707
Members' equity	<u>46,744,357</u>
<b>Total Liabilities and Members' Equity</b>	<b><u>\$ 86,289,064</u></b>
Total Revenues	\$ 25,465,310
Total Expenses	<u>(26,908,923)</u>
<b>Excess of Revenues Over Expenses</b>	<b><u>\$ (1,443,613)</u></b>

**2. Other Risks**

The District carried commercial insurance for all other risks of loss not addressed above, including worker’s compensation and employee health and accident insurance. Any settled claims are not expected to exceed the commercial insurance coverage.

**Eagle Valley Library District**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

**V. Other Information (continued)**

**B. Employee Benefit Plans**

**1. Retirement Savings Plan - IRC 401(a)**

The District offers its employees a retirement savings plan created in accordance with Internal Revenue Code Section 401(a). The benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on investments of those contributions.

The plan requires all District employees who work on a continuous basis to defer a portion of their salary until future years. The plan is administered and invested by CCOERA. All continuous employees are required to make contributions equal to 10% of gross wages. The District also contributes 10% of the employee gross wages. Employees are 100% vested in their retirement contributions and the employer's share immediately.

The District's current year covered payroll and total payroll was \$1,820,620 and \$1,885,123, respectively. During the year, the District's required and actual contributions amounted to \$186,299, which was 10% of its current year covered payroll. Employees' required and actual contributions amounted to \$186,299 which was 10% of the District's current year covered payroll.

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefit of the plan participants and their beneficiaries.

The accrual basis of accounting is used for the plan. Revenues are recognized when earned and expenditures are recognized when incurred. Investments are recorded at market value. Employees are 100% vested in their deferred compensation contributions as no employer contributions are made to the plan

**C. Related Party**

The District has currently \$4,209,388 invested with FirstBank. In 2016, the District's Board included one individual that was employed by FirstBank. The District did a competitive review of all banks in the area to determine which bank best met the District's investment obligations which included safety, liquidity and yield. The Board member abstained from voting as it pertained to the District's banking and investment decisions.

**D. Subsequent Events**

Management has evaluated subsequent events through March 23, 2017, the date these financial statements were available to be issued.



EAGLE VALLEY  
**LIBRARY DISTRICT**

Required Supplemental Information

**Eagle Valley Library District  
Notes to the Financial Statements  
December 31, 2016**

**I. Summary of Significant Accounting Policies**

Eagle Valley Library District (the "District") was established November 3, 1992, by a vote of the Eagle County electorate. The District operates under the laws of the State of Colorado and is governed by a Board of Trustees appointed by the Eagle County Commissioners. The Trustees are appointed for a five-year term. The District was formed to provide for the selection, organization, and distribution of books and other materials to residents and visitors to the District. The District currently has libraries located in Eagle, Avon, and Gypsum, Colorado.

The District's financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the District are discussed below.

**A. Reporting Entity**

The reporting entity consists of the primary government and component units. Component units are legally separate entities that are included in a government's reporting entity because of the significance of their operating or financial relationships with the District. The District's financial statements include the Eagle Valley Library District Foundation, Inc. (the "Foundation") which was formed exclusively to carry out the charitable and education functions of the District.

The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component unit.

**B. Government-wide and Fund Financial Statements**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. Currently, the District has only governmental activities.

**1. Government-wide Financial Statements**

In the government-wide Statement of Net Position, the governmental activities columns are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's Net Position are reported in two parts - invested in capital assets, net of related debt, and unrestricted Net Position.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's Net Position resulting from the current year's activities.