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**REPORT OF  
THE NORTHERN CHAFFEE COUNTY LIBRARY DISTRICT  
FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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*By the Office of the State Auditor at 1:34 pm, Sep 28, 2017*

# NORTERN CHAFFEE COUNTY LIBRARY DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Northern Chaffee County Library District  
Buena Vista, Colorado

We have audited the accompanying financial statements of the governmental activities of Northern Chaffee County Library District, (the District) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Northern Chaffee County Library District, as of December 31, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information for the General Fund, Schedule of the District's Proportionate Share of Net Pension Liability and Schedule of Contributions on pages B1 through B5, D1 through D2, D3 and D4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Blair and Associates, P.C.*

Cedaredge, Colorado

August 22, 2017

**Northern Chaffee County Library District  
Db a Buena Vista Public Library**

**Management's Discussion and Analysis**

Within this section of the Northern Chaffee County Library District's annual financial report, the District offers readers of our financial statements this narrative summary of the financial activities of the District for the fiscal year ending December 2016.

**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 include: 1) government-wide financial statements; 2) fund financial statements, and 3) notes to the financial statements. These components are discussed below.

**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, deferred outflows of resources, liabilities, and deferred inflows or resources with the differences 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. Evaluation of the overall health of the Library District would extend to other non-financial factors such as diversification of the taxpayer base or the condition of Library District infrastructure, in addition to the financial information provided in this report.

The Statement of Revenues, Expenses and Changes in Net Position present information showing how the District's net position changed during the 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. Therefore, revenues and expenses are reported for some items that will only result in cash flows in future years.

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

**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. All of the funds of the District can be categorized as 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.

It may help the reader to better understand the financial planning strategies of the management by comparing the governmental funds with the governmental activities.

The fund financial statements can be found on pages C3 – C6 of this report.

**Notes to the financial statements.** The notes provide a background of the entity, certain required statutes, and insurances carried by the District. They also provide additional information about the financial statements. The District employed a new Executive Director beginning the last quarter of 2016, therefore the financial planning strategies reflected in this report are those of the previously employed Executive Director. The notes to the financial statements can be found on pages C7 – C22 of this report.

**Government-wide Financial Analysis**

**Net Position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of December 31, 2016, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,378,687.

The following table provides a summary of the Library District's net position at December 31, 2016.

	<b>December 31, 2016</b>		<b>December 31, 2015</b>	
<b>Assets and Deferred Outflows</b>				
Current and other assets	\$1,691,104	53%	\$1,700,005	53%
Capital assets	<u>1,456,784</u>	47%	<u>1,496,824</u>	47%
Total assets	<u>3,147,888</u>	100%	<u>3,196,829</u>	100%
Deferred outflows of resources	\$98,689		<u>\$40,739</u>	
<b>Liabilities and Deferred Inflows</b>				
Short-term liabilities	12726	2%	8,290	2%
Long-term liabilities	-	-%	121,930	26%
Compensated absences	18523	6%	33,346	7%
Pension liability	<u>371877</u>	92%	<u>302,941</u>	65%
Total liabilities	<u>403,126</u>	100%	<u>466,507</u>	100%
Deferred inflows of resources	<u>464,764</u>		<u>442,390</u>	

**Net Position**

Invest in capital assets, net of related debt	\$1,456,784	58%	\$1,374,894	58%
Restricted	15,620	2%	17,550	2%
Unrestricted	<u>906,283</u>	40%	<u>950,667</u>	40%
 Total net position	 <u>\$2,378,687</u>	 100%	 <u>\$ 2,343,111</u>	 100%

A portion of the Library District’s assets (40%) represents unrestricted net position of \$906,283 which is available as working capital and for current and future spending in accordance with the purposes of the fund. There is a tentative plan to add a second story to the building at some future time, however the District seeks to secure additional parking for staff and visitors before increasing facility square footage. Customer usage also indicates a need for expansion of meeting room space and/or increase in services for Youth Services. Renovations to the existing facility would be needed to achieve these goals.

An additional \$15,620 of the District’s net position (2%) represents resources that are subject to external restrictions, specifically the TABOR emergency reserve. With new reporting requirements of GASB, at the end of 2016, the District reports \$371,877 as a recognized deferred pension liability.

The following table indicates the changes in net position:

Governmental Activities	2016	2015
Revenues:		
General revenues:		
Property, specific ownership taxes	\$505,198	\$467,816
Investment earnings	6,151	2,797
Donations & Memorials	12,201	12,982
Program revenues:		
Charges for services	9,950	8,553
Other Income	<u>2,042</u>	<u>944</u>
Total revenues	\$535,542	\$493,092
<hr/>		
Expenses:		
Library operations	\$415,904	\$374,236
Interest Expense on Capital Lease	<u>3,492</u>	<u>8,586</u>
Total expenses	\$419,396	\$382,822
 Net Revenue (expenses)	 \$116,146	 \$110,270

Depreciation of capital outlays	\$(72,625)	\$(70,027)
<b>Increase in Net Position</b>	<b>\$ 43,521</b>	<b>\$ 40,243</b>

Governmental activities increased Northern Chaffee County Library District's net position by \$43,521 in 2016. Our mill levy accounts for the largest portion of district revenue, and due to continued lower net property valuations, our revenue increased slightly for the 2016 operating year.

Expenses in 2016 were planned accordingly, even as normal expenses for utilities, personnel, replacement of aging computers, and material costs increased despite the slow growth in economic factors. The building continues its aging process, and maintenance needs and costs have begun to increase as a result.

### Governmental Fund Statement Analysis

The Governmental Fund balance on December 31, 2016 was \$1,220,798 a decrease of close to 2.7% from 2015. Appraised property values changed only slightly from the previous period, and our General Revenue reflected this lack of change. Interest rates paid on unrestricted funds remain low. Operating and general expenses have continued to rise, as we pay more for the same goods or service, specifically personnel salaries and benefits.

### Budgetary Highlights

The District's budget is prepared according to Colorado statutes. In December of 2015, the Board of Trustees appropriated \$585,035 for general fund expenditures.

General Fund Budget	2016		2015	
	Budget	Actual	Budget	Actual
Beginning fund balance	1,300,000	1,260,993	1,310,000	1,287,692
Revenue	494,235	536,573	473,673	493,092
Expenditures and other financing uses	585,035	576,768	562,636	526,286
Ending Fund Balance	1,209,200	1,220,798	1,221,037	1,254,498

During the budgeting process for 2016, the Board approved the continued emphasis on collection development, and additional software and hardware replacement to increase the efficiency of the staff and public usage area. The Board replaced the retiring Executive Director, and added staff positions to meet increases in programming and library usage.

## **Capital Assets and Debt Administration**

**Capital Assets.** Northern Chaffee County Library District's investment in capital assets for its governmental activities as of December 31, 2016 totals \$1,456,784 (net of accumulated depreciation). This investment includes all land, buildings, materials collections, furniture, and equipment.

No major capital asset events occurred during the current fiscal year.

The District continues to use the "depreciation method" under GASB 34 for capital assets in 2016.

Additional information on the District's capital assets can be found in Note 3 of this report.

**Long-term debt.** The district has one long-term debt in the form of a lease obligation. The remaining balance owed at year end was \$121,173. The final payment on this obligation was made on August 31, 2016. Additional information can be found in the Notes to the Financial Statements on page C12 of this report.

### **Requests for information:**

This financial report is designed to provide a general overview of Northern Chaffee County Library 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 for additional financial information should be addressed to the Library Director, Post Office Box 2019, Buena Vista, Colorado 81211.

**Northern Chaffee County Library District**  
**Statement of Net Position**  
**December 31, 2016**

<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 371,094
Investments	858,267
Due from other governments	4,163
Property taxes receivable	457,580
<b>Total current assets</b>	<b>1,691,104</b>
 <b>Capital assets</b>	
Land	169,359
Building and improvements	1,286,854
Furniture, Fixtures and equipment	174,076
Digitized collections	12,494
Library materials and software	530,161
Accumulated depreciation	(716,160)
<b>Total capital assets</b>	<b>1,456,784</b>
<b>Total assets</b>	<b>3,147,888</b>
 <b>Deferred Outflow of Resources</b>	
Pension contributions made after the measurement date	24,310
Pension net difference between actual and expected difference	2,790
Pension net difference between projected and actual investment earnings	71,589
<b>Total Deferred Outflow of Resources</b>	<b>98,689</b>
 <b>Liabilities</b>	
<b>Current liabilities</b>	
Accounts payable	1,544
Payroll taxes payable	11,182
Net pension liability	371,877
<b>Total current liabilities</b>	<b>384,603</b>
 <b>Deferred inflows of resources</b>	
Deferred property taxes	457,580
Changes in assumptions	6,811
Pension difference between expected and actual experience	13
Changes in proportion and differences between contributions recognized and proportionate share of contributions	360
<b>Total deferred inflows of resources</b>	<b>464,764</b>
 <b>Non-current liabilities</b>	
Compensated absences	18,523
<b>Total non-current liabilities</b>	<b>18,523</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>867,890</b>
 <b>Net position</b>	
Invested in capital assets, net of related debt	1,456,784
Restricted for emergency	15,620
Unrestricted	906,283
<b>Total net position</b>	<b>\$ 2,378,687</b>

See the accompanying notes to the basic financial statements.

**Northern Chaffee County Library District**  
**Statement of Activities**  
**For the Year Ended December 31, 2016**

	<u>Program Revenues</u>				<b>Net (Expense)</b>
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Capital Grants</u>	<b>Revenue and</b>
<b>Governmental activities:</b>		<u>Services</u>	<u>Grants and</u>	<u>and</u>	<b>Changes in</b>
Program services			<u>Contributions</u>	<u>Contributions</u>	<b>Net Position</b>
<b>Governmental activities:</b>					<b>Governmental</b>
Program services					<b>Activities</b>
Salaries and fringe benefits	\$ 266,056	\$ -	\$ -	\$ -	\$ (266,056)
General operating costs	118,479	9,950	12,201	-	(96,328)
Library materials	12,070	-	-	-	(12,070)
Building operations and maintenance	19,299	-	-	-	(19,299)
Depreciation expense	72,625	-	-	-	(72,625)
Interest expense	3,492	-	-	-	(3,492)
<b>Total governmental activities</b>	<b>\$ 492,021</b>	<b>\$ 9,950</b>	<b>\$ 12,201</b>	<b>\$ -</b>	<b>(469,870)</b>
<b>General Revenues</b>					
					505,198
					6,151
					3,073
					(1,031)
					<u>513,391</u>
					43,521
					2,335,166
					<u>\$ 2,378,687</u>

See the accompanying notes to the basic financial statements.

**Northern Chaffee County Library District**  
**Balance Sheet - General Fund**  
**December 31, 2016**

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**Assets**

Cash and cash equivalents	\$ 371,094
Investments	858,267
Due from other governments	4,163
Property taxes receivable	457,580
<b>Total assets</b>	<u><u>\$ 1,691,104</u></u>

**Liabilities**

Liabilities	
Accounts payable	\$ 1,544
Payroll taxes payable	11,182
<b>Total liabilities</b>	<u><u>12,726</u></u>

**Deferred inflows of resources**

Deferred property taxes and other	<u>457,580</u>
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**Fund balance:**

Fund balance:	
Reserve for emergency	15,620
Unassigned	1,205,178
<b>Total fund balance</b>	<u><u>1,220,798</u></u>

**Total liabilities, deferred inflows of  
resources and fund equity**

\$ 1,691,104

See the accompanying notes to the basic financial statements.

**Northern Chaffee County Library District  
Reconciliation of the General Fund - Balance Sheet  
to the Statement of Net Position  
December 31, 2016**

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**Total fund balance for governmental funds** \$ 1,220,798

Total net position reported for governmental activities in the Statement of Net Position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$ 169,359	
Building and improvements	1,286,854	
Furniture, Fixtures and equipment	174,076	
Digitized collections	12,494	
Library materials and software	530,161	
Less accumulated depreciation	<u>(716,160)</u>	
<b>Total capital assets</b>		<u>1,456,784</u>

Long-term liabilities are not due and payable in the current period and accordingly are not reported in the funds. Other related amounts related to pension liability.

Net pension liability and related deferred inflows and outflows	(280,372)	
Compensated absences	<u>(18,523)</u>	
<b>Total long-term liabilities</b>		<u>(298,895)</u>

**Total net position of governmental activities** \$ 2,378,687

See the accompanying notes to the basic financial statements.

**Northern Chaffee County Library District  
Statement of Revenues, Expenditures  
Changes in Fund Balance - General Fund  
For the year ended December 31, 2016**

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**Revenues**

Taxes	
Property	\$ 453,344
Specific ownership	51,854
Miscellaneous:	
Fines and fees	9,950
Contributions	12,201
Interest income	6,151
Other	3,073
<b>Total revenues</b>	<b>536,573</b>

**Expenditures**

Operating expenses	
Salaries and fringe benefits	266,134
Supplies	19,752
General operating expenses	46,301
Contracted services	38,833
Repairs and maintenance	19,299
Treasurer's fees	13,593
Capital expenditures:	
Library materials	41,219
Capital outlay	4,464
Debt service	127,173
<b>Total expenditures</b>	<b>576,768</b>

<b>Net change in fund balance</b>	(40,195)
<b>Fund balance, January 1</b>	1,260,993
<b>Fund Balance, December 31</b>	<b>\$ 1,220,798</b>

See the accompanying notes to the basic financial statements.

**Northern Chaffee County Library District  
Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balance of the General Fund to the Statement of Activities  
For the year ended December 31, 2016**

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**Net change in fund balance for General Fund** \$ (40,195)

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Depreciation expense	\$ (72,625)	
Capital outlay	<u>33,613</u>	(39,012)

Repayment of principal on lease payable is an expenditure in the governmental funds but reduces the liability in the statement of net assets.

Principal repayments		121,930
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Loss on disposal of assets		(1,031)
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Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources and revenues are not recognized until they become both measurable and available. In the Statement of Activities however, which is presented on the accrual basis revenues are recognized when earned and expenses and liabilities are reported regardless of when financial resources are available. In addition, interest and amortization on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes of these balances.

Compensated absences	14,823	
Pension costs	(14,745)	
Accrued interest on long-term debt	<u>1,751</u>	<u>1,829</u>

<b>Change in net position of governmental activities</b>		<b><u>\$ 43,521</u></b>
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**Northern Chaffee County Library District**  
**Notes to the Financial Statements**  
**December 31, 2016**

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**Note 1 -Summary of Significant Accounting Policies**

**The Financial Reporting Entity**

The Northern Chaffee County Library District (the "District"), Buena Vista, Colorado was incorporated as a special district under Colorado Revised Statutes to provide library services to Buena Vista and the surrounding areas of Northern Chaffee County. It is governed by a five member board of trustees, whom are ratified by the Chaffee County Board of County Commissioners. The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements of the District consist only of the funds and account groups of the District, a stand-alone government. Based on criteria set forth by GASB, there are no component units for which the District is financially accountable. The more significant of the District's accounting principles are described below.

**Basis of Presentation, Basis of Accounting**

**Government-wide Statements:** The statement of net position and the statement of activities display information about all of the activities of the District. These statements include the financial activities of the overall government, except for fiduciary activities. These statements distinguish between the governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The District has no business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

**Fund Financial Statements:** The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds. The District does not have proprietary or fiduciary fund types.

The District reports the following governmental fund:

**General Fund** - This is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Northern Chaffee County Library District**  
**Notes to the Financial Statements**  
**December 31, 2016**

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**Note 1 -Summary of Significant Accounting Policies - (continued)**

**Measurement Focus, Basis of Accounting**

*Government-wide Financial Statements*

The government-wide fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchanges, include property and specific ownership taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the period for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements*

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, specific ownership taxes, grants, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

**Deferred Outflows / Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not recognize as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognize as an inflow of resources (revenue) until that time. Property taxes revenue that are related to a future period have been recorded as deferred inflows. Grants and entitlements received before eligibility requirements are met (e.g., cash advances) are recorded as deferred inflows. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available.

**Northern Chaffee County Library District**  
**Notes to the Financial Statements**  
**December 31, 2016**

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**Note 1 -Summary of Significant Accounting Policies - (continued)**

**Assets, Liabilities, and Equity**

**Cash and cash equivalents-** The District considers all cash on hand, demand deposits and short-term highly liquid investments with an original maturity of three months or less to be cash equivalents.

**Property taxes-** Property taxes are levied on December 22 and attach as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. Property taxes levied in the current year and collected in the following year are reported as a deferred inflow of resources at December 31, net of an estimated uncollectible portion.

**Allowance for doubtful accounts-** The District considers all accounts receivable to be collectible and, accordingly, provides no allowance for doubtful accounts.

**Capital assets-** Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Depreciation is calculated using the straight-line method over the estimated useful lives. Capital assets acquired by capital lease are depreciated over the estimated useful lives and are included in depreciation expense. The estimated useful lives are as follows:

Buildings and Improvements	50 years
Furniture, Fixtures and Equipment	7-10 years
Library Books	15 years
Audio and Video Materials	15 years
Software	5 years

**Compensated absences-** The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated at 100% on accrued vacation leave and up to 96 hours of accrued sick leave, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

**Fund balances-** The District classifies governmental fund balances as follows:

- *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.
- *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.

**Northern Chaffee County Library District**  
**Notes to the Financial Statements**  
**December 31, 2016**

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**Note 1 -Summary of Significant Accounting Policies - (continued)**

**Fund balances - (continued)**

- *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.
- *Assigned*-includes spendable fund balance amounts that are intended to be used for specific purposes that are neither consider restricted or committed. Fund balance may be assigned by the Board of Directors or its management designee.
- *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.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Board of Directors has provided otherwise in its commitment or assignment actions.

**Comparative data/reclassifications-** Comparative amounts in total have been presented for the governmental fund financial statements. Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

**Budget and Budgetary Accounting**

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Budgets are required by state law for all governmental funds.
2. During September the proposed budget is submitted to the Board of Trustees for the fiscal year commencing the following January 1.
3. Prior to December 31, the budget is adopted and appropriations are authorized by resolution at the fund level for all funds. The legal level of budgeting control is at the individual fund level for all funds
4. Budgets are adopted on a basis consistent with the accounting basis of all funds, except that book donations and advance refunding are not budgeted.
5. Expenditures may not legally exceed appropriations at the fund level. The Board of Trustees may increase or decrease the budget and appropriations during the year within restrictions imposed by the District and laws of the State of Colorado. Budget amounts included in the financial statements are based on the final, legally amended budget.
6. Appropriations lapse at the end of the year, and the Board of Trustees may adopt supplemental appropriations during the year. For 2016, no supplemental appropriations were adopted.

**Northern Chaffee County Library District**  
**Notes to the Financial Statements**  
**December 31, 2016**

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**Note 2 -Deposits with Financial Institutions and Investments**

**Deposits**

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 insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must at least be equal to the aggregate uninsured deposits.

**Custodial Credit: Risks -Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2016 none of the District's bank balances of \$379,543 were exposed to custodial credit risk as \$379,543 was insured by FDIC.

**Investments**

At December 31, 2016 the District had the following investments:

	<u>Maturities</u>	<u>Fair Value</u>
ColoTrust Plus	N/A	\$ 858,267

**Interest rate risk** - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's only investments are in Colostrust.

**Credit risk**- Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest including 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; bankers' acceptances of certain banks; commercial paper; local government investment pools; written repurchase agreements collateralized by certain authorized securities; certain money market funds; and guaranteed investment contracts. The District's general investment policy is to apply the prudent-person rule: Prudence and protection of District funds are the primary criteria. All investments and bid requests for investments are predicated on liquidity, yield, safety and interest of the local economy. As of December 31, 2016, the District's investment in ColoTrust Plus, a 2a7-like investment pool, was rated AAA/V by Standard & Poor's, Aaa by Moody's Investors Service and AAA/V-1 by Fitch Ratings.

**Northern Chaffee County Library District**  
**Notes to the Financial Statements**  
**December 31, 2016**

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**Note 2 -Deposits with Financial Institutions and Investments - (continued)**

**Concentration of credit risk-** Investments must be in accordance with Colorado statutes and will be diversified. All of the District's investments are in ColoTrust.

**Note 3 -Capital Assets**

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 169,359	\$ -	\$ -	\$ 169,359
Digitized collections	12,494	-	-	12,494
Total	<u>181,853</u>	<u>-</u>	<u>-</u>	<u>181,853</u>
Capital assets being depreciated:				
Building and improvements	1,286,854	-	-	1,286,854
Furniture, Fixtures and equipment	179,572	3,939	(9,435)	174,076
Software	13,500	-	-	13,500
Library materials	486,989	29,673	-	516,662
Total capital assets being depreciated	<u>1,966,915</u>	<u>33,612</u>	<u>(9,435)</u>	<u>1,991,092</u>
Less accumulated depreciation for:				
Building and improvements	(244,638)	(26,718)	-	(271,356)
Furniture, Fixtures and equipment	(138,042)	(13,586)	8,404	(143,224)
Software	(13,500)	-	-	(13,500)
Library materials	(255,760)	(32,321)	-	(288,081)
Total accumulated depreciation	<u>(651,940)</u>	<u>(72,625)</u>	<u>8,404</u>	<u>(716,161)</u>
Capital assets net of depreciation	<u>1,314,975</u>	<u>(39,013)</u>	<u>(1,031)</u>	<u>1,274,931</u>
Governmental activity capital assets	<u>\$ 1,496,828</u>	<u>\$ (39,013)</u>	<u>\$ (1,031)</u>	<u>\$ 1,456,784</u>

Depreciation expense charged to library operations was \$72,625.

**Note 4 -Long-term Debt**

**Capital Lease Obligation**

On August, 2005, the District constructed a new library building on a capital lease obligation with Wells Fargo Brokerage Services, LLC in the amount of \$1,016,250. The lease had an interest rate at 4.3%, payable in annual installments of \$127,173 with a final payment on August 31, 2016.

**Northern Chaffee County Library District**  
**Notes to the Financial Statements**  
**December 31, 2016**

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**Note 4 –Long-term Debt- (continued)**

Changes in General Long-Term Debt for the year ended December 31, 2016 are as follows:

	Balance Beginning of Year	Additions	Retirements	Balance End of Year	Due Within One Year
Capital Lease Obligation	\$ 121,930	\$ -	\$ (121,930)	\$ -	\$ -
Compensated absences	33,346	-	(14,823)	18,523	-
<b>Total</b>	<b>\$ 155,276</b>	<b>\$ -</b>	<b>\$ (136,753)</b>	<b>\$ 18,523</b>	<b>\$ -</b>

**Note 5 –Tax, Spending and Debt Limitations**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 ("TABOR"), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The entity believes it is in compliance with the requirements of the amendment. In 1995 voters approved a de-brucing ballot question allowing the district to retain the revenue it received through properly-assessed, voter-approved property taxes.

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 benefits increases. These reserves are required to be 3% or more of fiscal year spending (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 \$15,620, which is the approximate required reserve at December 31, 2016.

In November 1995, the District's electorate passed a referendum that the:

"Board of Directors of Northern Chaffee County Library District have the authority under the provisions of Article X, Section 20, Colorado Constitution, to retain revenue from sources not excluded from fiscal year spending if such revenues exceed the limits in dollars for each succeeding fiscal year, as such limits are defined in Article X, Section 20, Paragraph 7 spending limits, of the Colorado Constitution , in accordance with the resolution of the Board of Directors of Northern Chaffee County Library District dated September 8, 1995.

**Northern Chaffee County Library District**  
**Notes to the Financial Statements**  
**December 31, 2016**

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**Note 6 –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 minimizes adverse effects of losses through the purchase of commercial insurance, including worker’s compensation. There have been no significant reductions in coverage from prior year and settlements have not exceeded coverage in the past three years.

**Note 7 –Defined Benefit Pension Plan**

**Plan Description**

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

**General Information about the Pension Plan**

*Plan description.* Eligible employees of the Authority are provided with pensions through the Local Government Division Trust Fund (LGDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports)

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

**Northern Chaffee County Library District**  
**Notes to the Financial Statements**  
**December 31, 2016**

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**Note 7 –Defined Benefit Pension Plan- (continued)**

**Plan Description- (continued)**

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

Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit

The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

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

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve for the LGDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. State Troopers whose disability is caused by an on-the-job injury are immediately eligible to apply for disability benefits and do not have to meet the five years of service credit requirement. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

**Northern Chaffee County Library District**  
**Notes to the Financial Statements**  
**December 31, 2016**

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**Note 7 –Defined Benefit Pension Plan- (continued)**

**Plan Description- (continued)**

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

*Contributions.* Eligible employees and Authority are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	Rate
Employer Contribution Rate <sup>1</sup>	10.00%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) <sup>1</sup>	(1.02)%
Amount Apportioned to the LGDTF <sup>1</sup>	8.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	1.50%
<b>Total Employer Contribution Rate to the LGDTF<sup>1</sup></b>	<b>12.68%</b>

Rates in the table above are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Authority were \$24,310 for the year ended December 31, 2016.

**Northern Chaffee County Library District**  
**Notes to the Financial Statements**  
**December 31, 2016**

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**Note 7 –Defined Benefit Pension Plan- (continued)**

**Plan Description- (continued)**

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

At December 31, 2016, the Authority reported a liability of \$371,877 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The Authority proportion of the net pension liability was based on Authority’s contributions to the LGDTF for the calendar year 2015 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2015, the Authority proportion was 0.033759 percent, which was a decrease of 0.0004 from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the Authority recognized pension expense of \$39,055. At December 31, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$2,790	\$13
Net difference between projected and actual earnings on pension plan investments	\$71,589	-
Change in assumptions		\$6,811
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	\$360
Contributions subsequent to the measurement date	\$24,310	N/A
Total	\$98,689	\$7,184

**Northern Chaffee County Library District**  
**Notes to the Financial Statements**  
**December 31, 2016**

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**Note 7 - Defined Benefit Pension Plan- (continued)**

**Plan Description- (continued)**

\$24,310 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2017.

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

<b>Year ended December 31, 2015</b>	
2016	\$15,667
2017	\$18,145
2018	\$18,923
2019	\$14,460

*Actuarial assumptions.* The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 10.85 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

**Northern Chaffee County Library District**  
**Notes to the Financial Statements**  
**December 31, 2016**

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**Note 7 - Defined Benefit Pension Plan- (continued)**

**PERA actuarial assumptions.**

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation are as follows:

- The following programming changes were made:
  - Valuation of the full survivor benefit without any reduction for possible remarriage.
  - Reflection of the employer match on separation benefits for all eligible years.
  - Reflection of one year of service eligibility for survivor annuity benefit.
  - Refinement of the 18 month annual increase timing.
  - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
  
- The following methodology changes were made:
  - Recognition of merit salary increases in the first projection year.
  - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
  - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
  - Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

The LGDTF's long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the November 15, 2013 adoption of the long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

**Northern Chaffee County Library District  
Notes to the Financial Statements  
December 31, 2016**

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**Note 7 - Defined Benefit Pension Plan- (continued)**

**PERA actuarial assumptions**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>10 Year Expected Geometric Real Rate of Return</b>
U.S. Equity – Large Cap	26.76%	5.00%
U.S. Equity – Small Cap	4.40%	5.19%
Non U.S. Equity – Developed	22.06%	5.29%
Non U.S. Equity – Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50%.

*Discount rate.* The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.

**Northern Chaffee County Library District**  
**Notes to the Financial Statements**  
**December 31, 2016**

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**Note 7 - Defined Benefit Pension Plan- (continued)**

**PERA actuarial assumptions**

- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above actuarial cost method and assumptions, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

**Northern Chaffee County Library District**  
**Notes to the Financial Statements**  
**December 31, 2016**

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**Note 7 - Defined Benefit Pension Plan- (continued)**

**PERA actuarial assumptions**

*Sensitivity of the Authority proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	\$570,134	\$371,877	\$207,453

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

**Note 8 - Postemployment Healthcare Benefits**

**Plan Description**

The Authority contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer postemployment healthcare plan administered by the PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained online at [www.copera.org](http://www.copera.org) or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

**Funding Policy**

The Authority is required to contribute at a rate of 1.02% for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Authority are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. For the years ending December 31, 2016 and 2015, the Authority's contributions to HCTF were \$1,956 and \$1,956, respectively, equal to their required contributions for each year.

**Northern Chaffee County Library District**  
**Budgetary Comparison Schedule - General Fund**  
**For the year ended December 31, 2016**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Property taxes	\$ 438,965	\$ 453,344	\$ 14,379
Specific ownership taxes	41,750	51,854	10,104
Fines and fees	7,500	9,950	2,450
Grants and contributions	4,520	12,201	7,681
Interest income	800	6,151	5,351
Other	700	3,073	2,373
<b>Total revenues</b>	<u>494,235</u>	<u>536,573</u>	<u>42,338</u>
<b>Expenditures</b>			
Payroll:			
Salaries and wages	205,311	227,209	(21,898)
Retirement	26,690	30,093	(3,403)
Health insurance	480	4,049	(3,569)
Payroll taxes	4,110	4,783	(673)
Payroll service	1,300	-	1,300
<b>Total Payroll</b>	<u>237,891</u>	<u>266,134</u>	<u>(28,243)</u>
Supplies:			
Operating expenses	12,250	16,341	(4,091)
Postage and copier	5,100	3,411	1,689
<b>Total Supplies</b>	<u>17,350</u>	<u>19,752</u>	<u>(2,402)</u>
Operating expenses:			
Continuing education	3,250	3,349	(99)
Software support	18,000	14,509	3,491
Communication and courier	11,750	11,724	26
Utilities	11,250	10,919	331
Contingency expense	2,500	-	2,500
Miscellaneous	3,200	5,800	(2,600)
<b>Total Operating Expenses</b>	<u>49,950</u>	<u>46,301</u>	<u>3,649</u>
Contracted Services:			
Audit fees	5,500	4,850	650
Legal fees	1,000	-	1,000
Recovery Services	2,000	-	
Insurance	4,750	7,238	(2,488)
Worker's compensation	900	(35)	935
Janitorial services	25,000	26,780	(1,780)
<b>Total Contracted Services</b>	<u>39,150</u>	<u>38,833</u>	<u>317</u>

**Northern Chaffee County Library District**  
**Budgetary Comparison Schedule - General Fund (continued)**  
**For the year ended December 31, 2016**

<b>Expenditures (continued)</b>	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Repairs and maintenance:			
Building and grounds	15,995	16,453	(458)
Equipment repairs	11,950	2,846	9,104
Total Maintenance	<u>27,945</u>	<u>19,299</u>	<u>8,646</u>
Library Materials			
Books	17,750	17,464	286
Periodicals and directories	16,250	11,545	4,705
Audio materials	12,150	7,626	4,524
Video materials	7,100	4,584	2,516
Software	5,250	-	5,250
Total Library Materials	<u>58,500</u>	<u>41,219</u>	<u>17,281</u>
Treasurer's fees	<u>13,576</u>	<u>13,593</u>	<u>(17)</u>
Capital Outlay:			
Furniture, fixtures and equipment	<u>13,500</u>	<u>4,464</u>	<u>9,036</u>
Total Capital Outlay	<u>13,500</u>	<u>4,464</u>	<u>9,036</u>
Lease payments	<u>127,173</u>	<u>127,173</u>	<u>-</u>
<b>Total expenditures</b>	<u>585,035</u>	<u>576,768</u>	<u>8,267</u>
<b>Net change in fund balance</b>	(90,800)	(40,195)	50,605
<b>Fund balance, January 1</b>	1,300,000	1,260,993	(39,007)
<b>Fund balance, December 31</b>	<u>\$ 1,209,200</u>	<u>\$ 1,220,798</u>	<u>\$ 11,598</u>

**Northern Chafee County Library District**  
**Schedule of Authority's Proportionate Share of the Net Pension Liability**  
**Colorado PERA Pension Plan**  
**For the Years Ended December 31, 2016**

	Measurement date	
	2015	2014
Authority's proportion of the net pension liability	0.033759	0.033799
Authority's proportion share of the net pension liability	\$ 371,877	\$ 302,941
Authority's covered employee payroll	\$ 227,209	\$ 193,173
Authority's proportionate share of the net pension liability as a percentage of its covered employee payroll	164%	157%
Plan fiduciary net position as a percentage of the total pension liability	76.9%	80.7%
PERA Local Government Division Fiduciary Net Position (thousands)	\$ 3,660,509	\$ 3,751,468
PERA Local Government Division Total Pension Liability (thousands)	\$ 4,762,090	\$ 4,647,777

Notes to the Required Supplementary Information:  
There have not been any changes to benefit terms.  
There have not been any changes in assumptions.

**Northern Chaffee County Library District**  
**Schedule of Contributions**  
**Colorado PERA Pension Plan**  
**For the Year Ended December 31, 2016**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Contractually required contribution	\$ 24,310	\$ 23,456								
Contributions in relation to the contractually required contribution	24,310	23,456								
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>								
District's covered employee payroll	\$ 227,209	\$ 193,173								
Contributions as a percentage of covered employee payroll	10.70%	12.14%								

**Notes to the Required Supplementary Information:**

There have not been any changes to benefit terms.

There have not been any changes in assumptions.