

**RAMPART REGIONAL LIBRARY  
DISTRICT**

FINANCIAL STATEMENTS  
With Independent Auditors' Report

For the Year Ended December 31, 2016



**RECEIVED**

*By Justin L. Smith at 8:58 am, Apr 11, 2017*

**RAMPART REGIONAL LIBRARY DISTRICT  
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DECEMBER 31, 2016**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees  
Rampart Regional Library District

We have audited the accompanying financial statements of the governmental activities and each major fund of Rampart Regional Library 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 and each major fund of Rampart Regional 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Rampart Regional Library District's basic financial statements. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Hoelting & Company Inc.*

Colorado Springs, Colorado  
March 30, 2017

**RAMPART REGIONAL LIBRARY DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR FISCAL YEAR ENDED DECEMBER 31, 2016**

As management of Rampart Regional Library District (the Library) we offer readers of the Library's annual financial report this narrative overview and analysis of the financial activities of the Library for the fiscal year ended December 31, 2016. Readers are encouraged to consider the information presented here in conjunction with the annual financial report.

**FINANCIAL HIGHLIGHTS**

- The following audited financial statements include information for the Rampart Regional Library District which consists of library branches located in Woodland Park and Florissant, Colorado.
- The District's total assets and deferred outflows of \$8,130,450 exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$4,332,064.
- The Library's total net position increased during the year by \$121,554.
- As of the close of the current fiscal year, the Library's general fund reported an ending fund balance of \$995,179, an increase of \$86,105 from the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis serves as an introduction to the Library's basic financial statements. The Library's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

**Government-wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the Library's finances as a whole, in a manner similar to a private-sector business and include two statements:

The *statement of net position* presents information on all of the Library's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

The *statement of activities* presents information reporting how the Library'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 result in cash flows in future fiscal periods. Accrued interest expense is an example of this type of item.

Both government-wide financial statements distinguish functions of the Library that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are

intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Library include general government and library operations. Currently, the Library has no business-type activities.

### **Fund Financial Statements**

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The fund financial statements provide more detailed information about the Library's operations, focusing on its most significant funds, not the Library as a whole.

Governmental Funds: The activities of the of the Library are reported in two governmental funds, the General fund and the Debt Service fund, which focus on (1) how money flows into and out of the funds and (2) the balances left at year-end that are available for spending or reserves. Consequently, the governmental fund statements provide a detailed short-term view that helps determine the status of financial resources that can be spent in the near future to finance the Library's programs.

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. Thus, readers may better understand the long-term impact of the Library's near-term financing decisions. To facilitate this comparison between governmental funds and governmental activities, reconciliations are provided for both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balance.

### **Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### **Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the Library. The Library adopts an annual appropriated budget for the general fund. A budgetary comparison schedule has been provided to demonstrate compliance with the budget.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the Library's financial position. For the year ended December 31, 2016, the District's assets and deferred outflows exceeded liabilities and deferred inflows by \$4,332,064 resulting in a positive net position. The following reflects key financial information in a condensed format:

### Condensed Statement of Net Position

	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 3,012,720	\$ 2,917,304
Capital assets	<u>4,801,741</u>	<u>4,963,747</u>
Total assets	<u>7,814,461</u>	<u>7,881,051</u>
Deferred outflows	<u>316,184</u>	<u>116,787</u>
Long-term liabilities	2,415,113	2,465,418
Other liabilities	<u>22,012</u>	<u>29,435</u>
Total liabilities	<u>2,437,125</u>	<u>2,494,853</u>
Deferred inflows	<u>1,361,456</u>	<u>1,292,475</u>
Net position:		
Net investment in capital assets	3,555,350	3,488,706
Restricted	750,832	742,206
Unrestricted	<u>25,882</u>	<u>(20,402)</u>
Total net position	<u>\$ 4,332,064</u>	<u>\$ 4,210,510</u>

### Condensed Statement of Activities

	<u>2016</u>	<u>2015</u>
Revenues:		
Program revenues:		
Charges for services	\$ 31,639	\$ 33,304
Operating grants and contributions	14,496	38,792
General revenues:		
Property and other taxes	1,420,160	1,288,712
Interest income	1,995	
Other income	<u>415</u>	<u>50</u>
Total revenues	<u>1,468,705</u>	<u>1,360,858</u>
Expenses:		
Library operations	1,086,573	1,139,306
General administration	228,320	218,531
Interest on long-term debt	<u>32,258</u>	<u>36,292</u>
Total expenses	<u>1,347,151</u>	<u>1,394,129</u>
Change in net position	<u>121,554</u>	<u>(33,271)</u>
Net position, beginning	4,210,510	5,077,138
Prior period adjustment	<u>-</u>	<u>(833,357)</u>
Net position – beginning, as restated	<u>4,210,510</u>	<u>4,243,781</u>
Net position, ending	<u>\$ 4,332,064</u>	<u>\$ 4,210,510</u>

## **ANALYSIS OF THE DISTRICT'S FUNDS**

As noted earlier, the Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The general fund is the operating fund of the Library. The fund balance for the general fund was a surplus of \$995,179 at the end of the current fiscal year.

The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. The fund balance for the debt service fund was a surplus of \$714,832 at the end of the current fiscal year.

## **BUDGETARY HIGHLIGHTS**

The Library's budget is prepared in accordance with state law. An analysis of budget results in the following observations:

- A State Grant for Libraries for \$6,481 was received to provide literacy resources for adults and youth.
- E-rate refunds in the amount of \$8,058 were received in 2015. This funding decreased to \$5,614 for 2016.
- The Library's membership in the Marmot consortium, which allows patron initiated resource sharing of more than 3 million items, continues to be very well received. The benefits of the vast amounts of resources and materials that are now shared amongst the district and the consortium far exceeds the cost of this service.

The Rampart Library Foundation held its second fundraising event "Love Your Libraries Fiesta!" which raised over \$4,000. They donated a total of \$6,600. We also received a grant from the Woodland Park Holiday Home Tour for over \$1,230 dollars. These funds allowed us to update our Teen Room with new furniture, fresh paint, and program supplies. The room which is highly utilized by the youth in our community.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

The District's investment in capital assets for its governmental activities as of December 31, 2016 amounted to \$4,801,741. This investment in capital assets includes buildings, office furniture and equipment, library furniture and equipment and the library collection.

### **Long-Term Debt**

Outstanding debt at December 31, 2016 was \$1,246,391 and consisted of general obligation bonds payable. Bonded debt was used for the construction of and outfitting of the two libraries.

## **ECONOMIC FACTORS**

The assessed valuation of property tax in Teller County decreased by double digits every year spanning 2009-2015, which resulted in slightly decreased revenue for the library district. The biennial property tax assessment that occurred in the summer of 2015 however, has reflected an upturn in tax collected and resulted in an increase our revenue for fiscal years 2016 and 2017.

We are forecasting a possible decrease in funding due to the possible decrease in residential property taxes from the current assessed rate of 7.96 to 6.56 next year. The Rampart Library District will prepare itself for this decrease by making adjustments to expenditures if necessary.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide the Library's taxpayers and creditors with a general overview of the Library's finances and to demonstrate the Library's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Michelle Dukette, Rampart Regional Library District, P.O. Box 336, Woodland Park, CO 80866-0336.

## **BASIC FINANCIAL STATEMENTS**

**RAMPART REGIONAL LIBRARY DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2016**

**ASSETS**

Cash and cash equivalents	\$ 1,707,850
Cash with county treasurer	9,688
Property taxes receivable	1,295,182
Capital assets, net of depreciation	<u>4,801,741</u>
 Total assets	 <u>7,814,461</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred pension outflows	<u>316,184</u>
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**LIABILITIES**

Accounts payable	7,527
Accrued interest	3,073
Compensated absences	11,412
Long-term liabilities:	
Due within one year	
Bonds payable	225,000
Due in more than one year	
Bonds payable	1,021,391
Net pension liability	<u>1,168,722</u>
 Total liabilities	 <u>2,437,125</u>

**DEFERRED INFLOWS OF RESOURCES**

Unavailable property tax revenue	1,295,182
Deferred pension inflows	<u>66,274</u>
 Total deferred inflows of resources	 <u>1,361,456</u>

**NET POSITION**

Net investment in capital assets	3,555,350
Restricted for:	
TABOR	36,000
Debt service	714,832
Unrestricted	<u>25,882</u>
 Total net position	 <u>\$ 4,332,064</u>

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

**RAMPART REGIONAL LIBRARY DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Library operations	\$ 1,086,573	\$ 31,639	\$ 8,882	\$ -	\$ (1,046,052)
General administration	228,320	-	5,614	-	(222,706)
Interest	32,258	-	-	-	(32,258)
Total governmental activities	<u>\$ 1,347,151</u>	<u>\$ 31,639</u>	<u>\$ 14,496</u>	<u>\$ -</u>	<u>(1,301,016)</u>
General revenues:					
					1,291,259
					128,901
					1,995
					415
					<u>1,422,570</u>
					121,554
					<u>4,210,510</u>
					<u>\$ 4,332,064</u>

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

**RAMPART REGIONAL LIBRARY DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2016**

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 995,789	\$ 712,061	\$ 1,707,850
Cash with county treasurer	7,646	2,042	9,688
Property taxes receivable	1,025,307	269,875	1,295,182
Due from other funds	-	729	729
	<u>2,028,742</u>	<u>984,707</u>	<u>3,013,449</u>
Total assets	<u>\$ 2,028,742</u>	<u>\$ 984,707</u>	<u>\$ 3,013,449</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 7,527	\$ -	\$ 7,527
Due to other funds	729	-	729
	<u>8,256</u>	<u>-</u>	<u>8,256</u>
Total liabilities	<u>8,256</u>	<u>-</u>	<u>8,256</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable property tax revenue	1,025,307	269,875	1,295,182
	<u>1,025,307</u>	<u>269,875</u>	<u>1,295,182</u>
<b>FUND BALANCES</b>			
Restricted for:			
TABOR	36,000	-	36,000
Debt service	-	714,832	714,832
Unassigned	959,179	-	959,179
	<u>995,179</u>	<u>714,832</u>	<u>1,710,011</u>
Total fund balances	<u>995,179</u>	<u>714,832</u>	<u>1,710,011</u>
Total liabilities and fund balances	<u>\$ 2,028,742</u>	<u>\$ 984,707</u>	<u>\$ 3,013,449</u>

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

**RAMPART REGIONAL LIBRARY DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2016**

Total Fund Balance of Governmental Funds	\$	1,710,011
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		4,801,741
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred outflows of resources.		316,184
Accrued interest is not due and payable in the current period and, therefore, is not reported in the funds.		(3,073)
Net pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(1,168,722)
Other long-term liabilities are not due and payable in the current period and, therefore, are reported as deferred inflows of resources.		(66,274)
Liabilities that are not due and payable in the current period are not reported at the fund level but are reported on the government-wide statement of net position.		
Compensated absences		(11,412)
Bonds payable		(1,246,391)
		(1,257,803)
Net position of governmental activities	\$	4,332,064

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

**RAMPART REGIONAL LIBRARY DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Total</b>
<b>REVENUES</b>			
Property taxes	\$ 1,019,088	\$ 272,170	\$ 1,291,258
Specific ownership taxes	128,901	-	128,901
Fines and fees	31,639	-	31,639
Grant income	6,482	-	6,482
Donations	2,400	-	2,400
E-Rate refunds	5,615	-	5,615
Interest income	-	1,995	1,995
Other	415	-	415
	<u>1,194,540</u>	<u>274,165</u>	<u>1,468,705</u>
<b>EXPENDITURES</b>			
Library operations	895,400	-	895,400
General administration	213,035	7,264	220,299
Debt service:			
Principal	-	220,000	220,000
Interest	-	41,275	41,275
	<u>1,108,435</u>	<u>268,539</u>	<u>1,376,974</u>
Net change in fund balances	86,105	5,626	91,731
Fund balance - beginning	<u>909,074</u>	<u>709,206</u>	<u>1,618,280</u>
Fund balance - ending	<u><u>\$ 995,179</u></u>	<u><u>\$ 714,832</u></u>	<u><u>\$ 1,710,011</u></u>

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

**RAMPART REGIONAL LIBRARY DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Net Change in Fund Balances - Total Governmental Funds	\$	91,731
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlay as expenditures, but in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:</p>		
Capital outlay	34,217	
Depreciation expense	<u>(196,223)</u>	(162,006)
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt.</p>		
		220,000
<p>Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the net effect of these differences.</p>		
		8,650
<p>Accrued interest reported in the statement of activities does not require the use of current financial resources and is not reported as expenditures in governmental funds.</p>		
		367
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
		<u>(37,188)</u>
Change in net position of governmental activities	\$	<u><u>121,554</u></u>

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

## **NOTES TO FINANCIAL STATEMENTS**

**RAMPART REGIONAL LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Rampart Regional Library District (the District) was authorized by the State of Colorado in 1976 and began to operate as a library district in 1977. Prior to state authorization the District operated in association with the City of Woodland Park from 1967 to 1976. The District is governed by a Board of Trustees. The main facility is located in Woodland Park, Colorado, with a branch facility in Florissant, Colorado.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

*A. REPORTING ENTITY*

The District is a special district governed by an elected five-member board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The District has no component units for which either discrete or blended presentation is required.

*B. BASIS OF PRESENTATION—GOVERNMENT-WIDE FINANCIAL STATEMENTS*

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. Governmental activities are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

*C. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS*

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The District reports the following major governmental funds:

- The *General Fund* is the general operating fund of the District, used for all financial resources except those required to be accounted for in another fund.
- The *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

**RAMPART REGIONAL LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*C. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS (CONTINUED)*

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

*D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING*

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide 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 when a liability is incurred, regardless of the timing of the related cash flow. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, specific ownership taxes, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met, and the amount is received during the period or within the availability period of this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

**RAMPART REGIONAL LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*E. ASSETS, LIABILITIES, AND NET POSITION/FUND BALANCE*

*Cash and cash equivalents*

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

*Capital Assets*

Capital assets, which include property, equipment, and the library collection, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date of donation. It is the District's practice to include as capital assets and to capitalize specific property which possess three attributes: 1) tangible nature; 2) a useful life of at least three years; and 3) a value of at least \$5,000 (all publications are capitalized).

The costs of normal maintenance and repairs that do not add to the value or materially extend the lives of the assets are expensed as incurred and not capitalized.

All capital assets are depreciated, using the straight line method, except for land and construction in progress. Depreciation is calculated using the following estimated useful lives:

Buildings	50 years
Furniture and Equipment	5 – 10 years
Library Collection	10 years

*Pensions*

Rampart Regional Library District participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund as defined in Governmental Accounting Standards Board (GASB) Statement No. 67 and is 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.

*Deferred outflows/inflows of resources*

In addition to assets, the statement of financial position will sometimes report a separate section for 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 so will not be recognized as an outflow of resources (expense/expenditure) until then.

**RAMPART REGIONAL LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*E. ASSETS, LIABILITIES, AND NET POSITION/FUND BALANCE (CONTINUED)*

*Deferred outflows/inflows of resources (continued)*

In addition to liabilities, the statement of financial position will sometimes report a separate section for 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 so will not be recognized as an inflow of resources (revenue) until that time.

*Long-term Liabilities*

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

*Net position flow assumption*

The District may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

**RAMPART REGIONAL LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*E. ASSETS, LIABILITIES, AND NET POSITION/FUND BALANCE (CONTINUED)*

*Fund Balance Classification*

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available to be used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees. These amounts cannot be used for any other purpose unless the Board of Trustees removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Trustees or through the Board of Trustees delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

**RAMPART REGIONAL LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*F. REVENUES AND EXPENDITURES/EXPENSES*

*Program revenues*

Amounts reported as *program revenues* include 1) fees and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Revenues that are not classified as program revenues, including all taxes, are reported as general revenues.

*Property taxes*

Property taxes attach as an enforceable lien on real property and are levied as of January 1. The tax levy is payable in two installments due February 28 and June 15, or in one installment due April 30. The Teller County Treasurer bills and collects the District's property tax. District property tax revenues are recognized when levied to the extent they result in current receivables. The tax rate for the year ended December 31, 2016 was 4.119 mills for general operating expenditures, 1.110 mills for general obligation bonds and interest, and .037 mills for refunds/abatements. The District's assessed valuation for 2016 was \$245,376,021.

*Compensated Absences*

The District's personnel policy states that exempt, salaried employees may earn a total of three to five weeks of paid vacation per year depending on length of employment. Non-exempt employees earn vacation based on number of hours worked. Employees may only accumulate 80 hours of vacation over their annual vacation allotment. Once employees reach their maximum amount of vacation time, they will no longer accrue vacation until the vacation time has been drawn down.

The District has accrued a liability for vacation pay that has been earned, but not used by District employees.

*G. ESTIMATES*

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**RAMPART REGIONAL LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*BUDGET INFORMATION*

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. All annual appropriations lapse at fiscal year end. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year.

Budgets are required by Colorado State Statutes for all funds. During October, management submits to the Board of Trustees a proposed budget for all funds for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. Prior to December 31, the budget is adopted by formal resolution.

Formal budgetary integration is employed as a management control device during the year for the Governmental funds. The appropriated budget is prepared by fund. The legal level of control is the fund level.

Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.

Appropriations are based on total funds expected to be available in each budget year, including beginning fund balances and reserves as established by the Board of Trustees. Variances between budget and actual are the result of the non-expenditure of reserves, nonoccurrence of anticipated events, and normal operating variances.

The Board of Trustees may authorize supplemental appropriations during the year. For budgetary management purposes, funds are appropriated for capital outlays.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

*Cash deposits with financial institutions*

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

At December 31, 2016 the carrying amount of the District's deposits was \$995,789, and the bank balances were \$1,001,368. Of the total bank balances, \$250,000 was covered by FDIC insurance and the remaining balance of \$751,368 falls under the provisions of the Colorado Public Deposit Protection Acts which are collateralized in single institution pools.

**RAMPART REGIONAL LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)**

*Investments*

The District is required to comply with State statutes that specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest, which include the following.

- ◆ Obligations of the United States and certain U.S. government agencies' securities;
- ◆ Certain international agencies' securities;
- ◆ General obligation and revenue bonds of U.S. local government entities;
- ◆ Bankers' acceptances of certain banks;
- ◆ Certain commercial paper;
- ◆ Local government investment pools;
- ◆ Written repurchase agreements collateralized by certain authorized securities;
- ◆ Certain money market fund;
- ◆ Guaranteed investment contracts.

At December 31, 2016 the District's investment balances were as follows:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
Money Market	Less than 60 days	\$ 712,061	AAAm

*Credit Risk:* State law and the District's investment policies limit investments as described above. As of December 31, 2016, the District's investments were rated AAAm by Standard & Poor's.

State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years. State statutes do not address custodial risk. At December 31, 2016, the District does not have a formal investment policy other than following Colorado Revised Statutes (CRS).

Money market funds are collateralized by the respective financial institution.

*Reconciliation of Deposits and Investments to the Statement of Net Position*

Cash and cash equivalents:	
Deposits	\$ 995,789
Money Market Funds	<u>712,061</u>
	<u>\$ 1,707,850</u>

**RAMPART REGIONAL LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES**

*Due to/from other funds:*

The composition of interfund balances at June 30, 2016 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Debt Service Fund	General Fund	<u>\$ 729</u>

The outstanding balances between funds result mainly from the time lag between the dates that payments between funds are made.

**NOTE 5 - CAPITAL ASSETS**

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

	<u>Balance</u> <u>12/31/15</u>	<u>Additions</u>	<u>Sales and</u> <u>Retirements</u>	<u>Balance</u> <u>12/31/16</u>
Buildings	\$ 6,196,000	\$ -	\$ -	\$ 6,196,000
Library Collection	1,207,147	34,217	-	1,241,364
Furniture and Equipment	<u>15,249</u>	<u>-</u>	<u>-</u>	<u>15,249</u>
Total Capital Assets	7,418,396	34,217	-	7,452,613
Less Accumulated Depreciation	<u>(2,454,649)</u>	<u>(196,223)</u>	<u>-</u>	<u>(2,650,872)</u>
Capital Assets, Net	<u>\$ 4,963,747</u>	<u>\$ (162,006)</u>	<u>\$ -</u>	<u>\$ 4,801,741</u>

Depreciation expense was charged to functions/programs as follows:

Library services	<u>\$ 196,223</u>
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**RAMPART REGIONAL LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 6 - LONG-TERM DEBT**

*GENERAL OBLIGATION BONDS*

Principal  
Balance

General Obligation Refunding Bonds, Series 2011 were issued on September 13, 2011 to refund Series 2002 General Obligation Bonds. Principal is due annually on December 1 beginning in 2012 through 2021. Interest is due semi-annually on December 1 and June 1 and accrues at an annual interest rate between 2.0% and 3.5%.

\$ 1,205,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Fiscal Year <u>Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 225,000	\$ 36,875
2018	230,000	30,125
2019	240,000	23,800
2020	250,000	16,600
2021	<u>260,000</u>	<u>9,100</u>
Total	<u>\$ 1,205,000</u>	<u>\$ 116,500</u>

The following is a summary of long-term debt transactions of the District for the year ended December 31, 2016:

	<u>Balance 12/31/15</u>	<u>Debt Issued And Additions</u>	<u>Reductions</u>	<u>Balance 12/31/16</u>	<u>Due Within One year</u>
General obligation bonds	\$ 1,425,000	\$ -	\$ 220,000	\$ 1,205,000	\$ 225,000
Bond premium	<u>50,041</u>	<u>-</u>	<u>8,650</u>	<u>41,391</u>	<u>-</u>
Total	<u>\$ 1,475,041</u>	<u>\$ -</u>	<u>\$ 228,650</u>	<u>\$ 1,246,391</u>	<u>\$ 225,000</u>

**RAMPART REGIONAL LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 7 – DEFINED BENEFIT PENSION PLAN**

*General Information about the Pension Plan*

*Plan description.* Eligible employees of the Rampart Regional Library District 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.

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.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

**RAMPART REGIONAL LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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, 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 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for 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. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

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 Rampart Regional Library District 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:

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

Rates 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 Rampart Regional Library District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from Rampart Regional Library District were \$73,103 for the year ended December 31, 2016.

**RAMPART REGIONAL LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

At December 31, 2016, the Rampart Regional Library District reported a liability of \$1,168,722 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 Rampart Regional Library District proportion of the net pension liability was based on Rampart Regional Library District 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 Rampart Regional Library District’s proportion was 0.1060950057 percent, which was a decrease of 0.0044000518 percent from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the Rampart Regional Library District recognized pension expense of \$45,180. At December 31, 2016, the Rampart Regional Library District 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	\$ 8,769	\$ 40
Changes of assumptions or other inputs	-	21,407
Net difference between projected and actual earnings on pension plan investments	224,987	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	9,325	44,827
Contributions subsequent to the measurement date	73,103	N/A
Total	\$ 316,184	\$ 66,274

\$73,103 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 June 30, 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:

Year ended June 30:	
2017	\$ 33,763
2018	\$ 43,259
2019	\$ 53,208
2020	\$ 46,577

**RAMPART REGIONAL LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

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.

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-ups 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 disables 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.

**RAMPART REGIONAL LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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:

<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%.
- 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.

**RAMPART REGIONAL LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

- 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 AEO 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.

*Sensitivity of the Rampart Regional Library District 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	\$1,791,771	\$1,168,722	\$651,965

*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).

**RAMPART REGIONAL LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 8 – POST-EMPLOYMENT HEALTHCARE BENEFITS**

*Health Care Trust Fund*

*Plan description.* The Rampart Regional Library District contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding policy.* The Rampart Regional Library District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Rampart Regional Library District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2016, 2015, and 2014 the Rampart Regional Library District contributions to the HCTF were \$5,881, \$6,163, and \$6,176, respectively, equal to their required contributions for each year.

**NOTE 9 – 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 trustees and subcontractors; and natural disasters. The District purchases commercial liability insurance for some risks of loss. The remaining risks of loss are retained by the District. There have been no significant claims that exceeded coverage in any of the past three years.

**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

The District is a defendant in a lawsuit. Although the outcome of this lawsuit is not presently determinable, in the opinion of the District's legal counsel, the resolution of this matter will not have a material adverse effect on the financial condition of the District.

**NOTE 11 – AMENDMENT TO COLORADO CONSTITUTION**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities and other specific requirements of state and local governments.

The entity's financial activity provides the basis for calculation of limitations adjusted for allowable increases tied to inflation and local growth.

**RAMPART REGIONAL LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 11 – AMENDMENT TO COLORADO CONSTITUTION (CONTINUED)**

Fiscal year spending and revenue limits are determined based on the prior years' spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

The Amendment requires, with certain exceptions, voter approval prior to imposing new taxes, increasing tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

On November 2, 1999 the voters of the District authorized the District to collect, retain and spend all revenues and other funds collected from the ad valorem property taxes and all other District revenue from sources not excluded from fiscal year spending in the fiscal year 1999 and continuing thereafter as an exception to the limits which would otherwise apply, including without limitation Article X, Section 20 of the Colorado Constitution.

On November 6, 2001 the voters of the District authorized the District to increase the District's total mill levy for all purposes to 4.119 mills and to exceed the 5.5% property tax revenue growth limitation of Colorado state statutes.

On November 6, 2001 the voters of the District allowed the District to increase debt by \$5,000,000 with a repayment cost of \$10,250,000 for construction of two new libraries within the District. The voters also allowed taxes to be increased up to \$453,000 annually to pay off the above debt.

The amendment requires emergency reserves be established. These reserves must be at least 3% of fiscal year spending. The District is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary and benefit increases.

The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.

**REQUIRED SUPPLEMENTARY INFORMATION**

**RAMPART REGIONAL LIBRARY DISTRICT**  
**SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY AND COVERED PAYROLL**  
**JUNE 30, 2016**

	<u>2013</u>	<u>2014</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.1130535688%	0.1104950575%	0.1060950057%
District's proportionate share of the net pension liability (asset)	\$ 930,342	\$ 990,377	\$ 1,168,722
District's covered-employee payroll	\$ 603,151	\$ 605,464	\$ 602,537
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	154.25%	163.57%	193.97%
Plan fiduciary net position as a percentage of the total pension liability	81.0%	80.7%	76.9%

\* The amounts presented for each fiscal year were determined as of 12/31.

\* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

**RAMPART REGIONAL LIBRARY DISTRICT**  
**SCHEDULE OF EMPLOYER'S STATUTORY PAYROLL CONTRIBUTIONS AND COVERED PAYROLL**  
**JUNE 30, 2016**

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$ 76,480	\$ 76,773	\$ 76,402
Contributions in relation to the contractually required contribution	<u>(76,480)</u>	<u>(76,773)</u>	<u>(76,402)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 603,151	\$ 605,464	\$ 602,537
Contributions as a percentage of covered-employee payroll	12.68%	12.68%	12.68%

\* The amounts presented for each fiscal year were determined as of 12/31.

\* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

**RAMPART REGIONAL LIBRARY DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Property taxes	\$ 1,020,006	\$ 1,020,006	\$ 1,019,088	\$ (918)
Specific ownership taxes	100,000	100,000	128,901	28,901
Fines and fees	33,000	33,000	31,639	(1,361)
Grant income	5,000	5,000	6,482	1,482
Donations	5,000	5,000	2,400	(2,600)
E-Rate	8,057	8,057	5,615	(2,442)
Other income	-	-	415	415
Total revenues	<u>1,171,063</u>	<u>1,171,063</u>	<u>1,194,540</u>	<u>23,477</u>
<b>EXPENDITURES</b>				
Library operations				
Personnel	688,800	688,800	601,450	87,350
Supplies	30,500	30,500	26,183	4,317
Services	95,550	95,550	100,793	(5,243)
Building expenses	133,200	133,200	126,239	6,961
Programs/Miscellaneous	6,200	6,200	5,421	779
Capital outlay	36,000	36,000	35,314	686
General administration				
Personnel	150,000	150,000	133,458	16,542
Staff development	21,100	21,100	16,681	4,419
Supplies	7,850	7,850	13,496	(5,646)
Services	17,900	17,900	17,352	548
Insurance	36,000	36,000	31,910	4,090
Programs/Miscellaneous	1,000	1,000	138	862
Contingency	15,000	15,000	-	15,000
Total expenditures	<u>1,239,100</u>	<u>1,239,100</u>	<u>1,108,435</u>	<u>130,665</u>
Net change in fund balance	(68,037)	(68,037)	86,105	154,142
Fund balance - beginning	790,397	790,397	909,074	118,677
Fund balance - ending	<u>\$ 722,360</u>	<u>\$ 722,360</u>	<u>\$ 995,179</u>	<u>\$ 272,819</u>

See the accompanying Independent Auditors' Report.

## **SUPPLEMENTAL INFORMATION**

**RAMPART REGIONAL LIBRARY DISTRICT  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>			
Property taxes	\$ 272,427	\$ 272,170	\$ (257)
Interest income	-	1,995	1,995
	<hr/>	<hr/>	<hr/>
Total revenues	272,427	274,165	1,738
<b>EXPENDITURES</b>			
General administration			
Bank fees	10,000	7,264	2,736
Debt service			
Principal	200,000	220,000	(20,000)
Interest	61,275	41,275	20,000
	<hr/>	<hr/>	<hr/>
Total expenditures	271,275	268,539	2,736
Net change in fund balance	1,152	5,626	4,474
Fund balance - beginning	710,068	709,206	(862)
Fund balance - ending	<u>\$ 711,220</u>	<u>\$ 714,832</u>	<u>\$ 3,612</u>

See the accompanying Independent Auditors' Report.