

San Miguel County Public Library District #1

**Financial Statements
With
Independent Auditors' Report**

**For the Year Ended
December 31, 2016**



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San Miguel County Public Library District #1

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Management's Discussion and Analysis

As management of the San Miguel County Public Library District # 1 (the "District"), we offer this narrative overview and analysis of the financial activities of the San Miguel County Public Library District # 1 for the year ended December 31, 2016. We encourage the readers to consider this Management's Discussion and Analysis (MD&A) in conjunction with the District's financial statements, which follow this MD&A.

Financial Highlights

- The District's total assets exceeded its liabilities on December 31, 2016 by \$7,801,905. This represented an increase of \$482,290 from net position at December 31, 2015. This perspective on net position includes spendable resources as well as the investment in buildings, collections and other capital assets of \$6,418,823; restricted funds of \$71,842 that can only be used for the District's debt service payments; and emergency reserves of \$69,000.
- The District's total liabilities decreased by \$491,122, mostly due to the general obligation bond maturities of \$670,000 which was offset by the increase in Net Pension Liability of \$200,368.
- As of December 31, 2016, the District's governmental funds reported combined ending fund balances of \$2,879,390, a decrease of \$181,871 in comparison to the prior year. The portion of the total fund balance for the General Fund that is unrestricted and available for spending at the District's discretion is \$1,301,599.
- Within the District's general operating fund, total actual revenues were \$3,781 more than the 2016 final budget and total actual expenditures were \$104,961 less than the 2016 final budget which does not include \$170,000 of unspent contingency funds.
- In 2016, a transfer of \$64,708 was made from the Debt Assistance Fund to the Bond Fund.

Overview of the Financial Statements

The District's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements.

Basic Financial Statements

Government-wide Financial Statements:

The government-wide financial statements - provide both short and long-term information about the District's financial status. These financial statements present a broad overview of the District's finances, similar in format to financial statements of a private-sector business. The statement of activities reports changes in the District's net position. This statement includes all of the District's revenues and expenses, regardless of when the cash is received or paid, as defined under the full accrual accounting method.

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. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on the activities of the District's individual governmental funds and are divided into two parts: 1) the "modified accrual basis statements" and 2) the "budgetary basis statements".

The financial statements on pages 5 and 6 of the audit focus on assets that can readily be converted into cash in the short term and liabilities that will be settled in the short term. Governmental funds in the "modified accrual basis statements" are reported using modified accrual accounting, which recognizes expenditures when the liability is incurred and revenue when measurable and available. The modified accrual accounting method provides a short-term spending focus, which helps the reader assess the amount of financial resources immediately available to finance the District's programs.

The annual budgets shown in the "budgetary basis statements" are prepared as described in Note 1. These budgets are presented using the modified accrual basis of accounting and are found in the Required Supplementary Information section.

The "budgetary basis statements" for the General Fund, Bond Fund, Debt Assistance Fund and Capital Building Reserve Fund demonstrate how the District complied with the year's approved budget. The "budgetary basis statements" are presented using the same classifications as those used in the legal budget document.

Notes to the Basic Financial Statements:

Notes to the financial statements provide additional information that is essential to fully understanding the financial statement data.

Government-Wide Financial Analysis

The Statement of Net Position and the Statement of Activities present the District's financial information as a whole.

Condensed Statement of Net Position

	<u>2016</u>	<u>2015</u>
Current and Other Assets	5,737,745	5,872,611
Capital Assets, net	7,166,357	7,208,827
Total Assets	12,904,102	13,081,438
Deferred Outflows of Financial Resources	521,571	275,472
Total Assets and Outflows of Resources	13,425,673	13,356,910
Current Liabilities	873,492	837,881
Noncurrent Liabilities	1,890,947	2,417,680
Total Liabilities	2,764,439	3,255,561
Deferred Inflows of Financial Resources	2,859,329	2,781,734
Total Liabilities and Deferred Inflows of Financial Resources	5,623,768	6,037,295
Net Position		
Net Investment in Capital Assets	6,418,823	5,740,648
Restricted Net Position	140,842	183,006
Unrestricted Net Position	1,242,240	1,395,961
Total Net Position	7,801,905	7,319,615

Net Position:

The District's assets exceeded its liabilities by \$7,801,905 as of December 31, 2016, an increase in the District's net position of \$482,290 during 2016. This increase is mainly due to the net investment in capital assets. Of the net position, \$6,418,823 is invested in capital assets, which includes land, buildings, library materials, furniture and equipment, less related debt. The District uses capital assets to provide services to patrons; consequently, these assets are not available for future spending. The remaining portions of the District's net position are classified as either restricted or unrestricted. The restricted assets include \$71,842 to service the general obligation bond debt incurred to finance the building project, and emergency reserve of \$69,000. The remaining assets are unrestricted assets of \$1,242,240 which can be used for future operations.

The District's Changes in Net Position

Condensed Statement of Activities

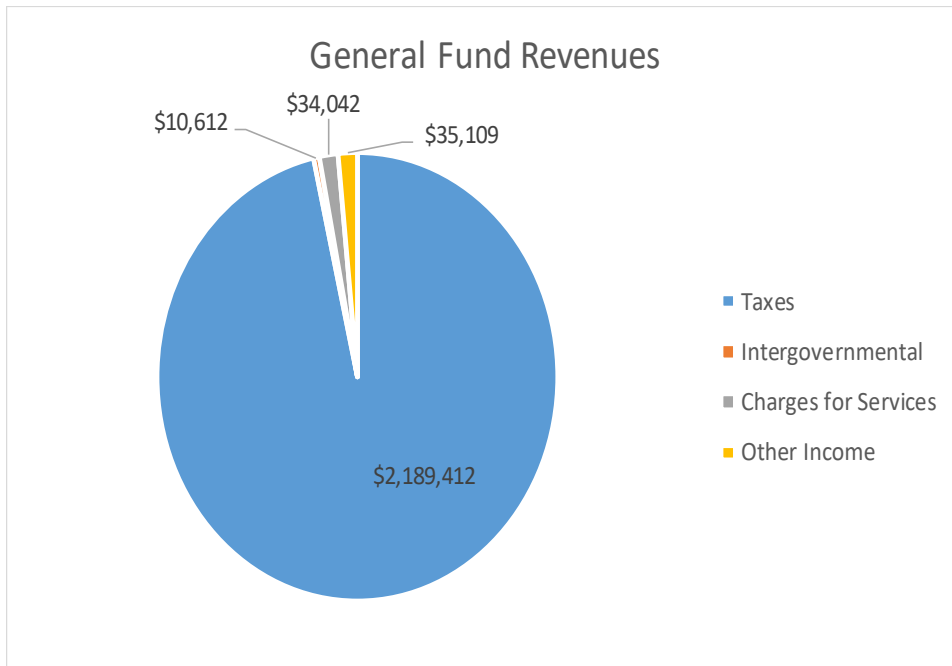
	Governmental Activities	
	<u>2016</u>	<u>2015</u>
Program Revenues		
Charges for Services	\$ 34,042	\$ 37,003
Operating Grants and Contributions	28,853	37,671
Total Program Revenues	<u>62,895</u>	<u>74,674</u>
General Revenues		
Property Taxes	2,083,330	1,876,706
Debt Service Property Taxes	634,773	573,143
Specific Ownership Taxes	106,082	105,318
Investment Earnings	23,630	8,914
Other Revenues	18,194	2,646
Total General Revenues	<u>2,866,009</u>	<u>2,566,727</u>
Total Revenues	2,928,904	2,641,401
Program Expenses		
General Government	<u>2,446,614</u>	<u>2,452,419</u>
Change in Net Position	<u>482,290</u>	<u>188,982</u>
Net Position, Beginning	7,319,615	8,648,140
Prior Period Restatement	-	(1,517,507)
Net Position, Beginning (As Restated)	<u>7,319,615</u>	<u>7,130,633</u>
Net Position, Ending	<u>\$ 7,801,905</u>	<u>\$ 7,319,615</u>

Fund Financial Analysis

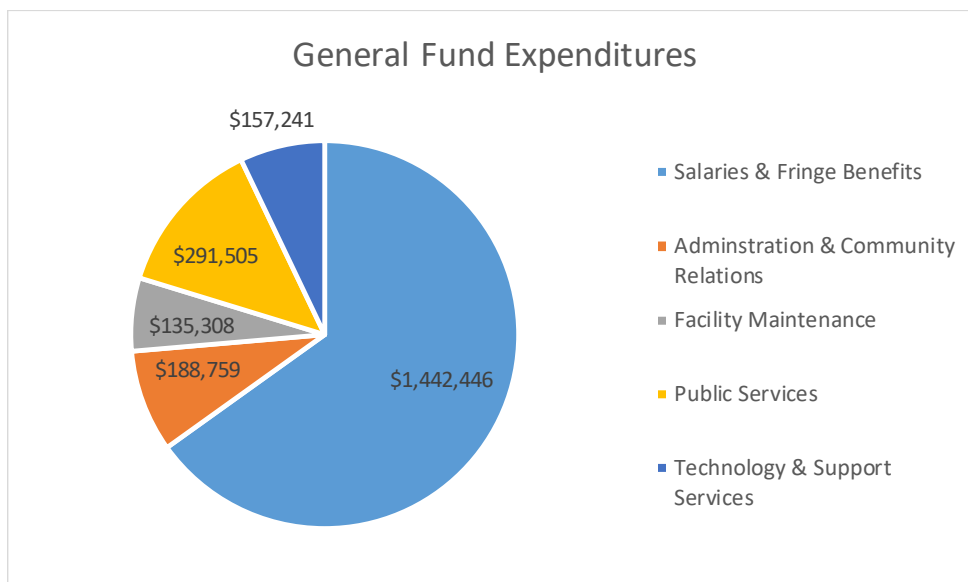
On December 31, 2016, the District reported a combined fund balance for its governmental funds of \$2,879,390. Of this amount, \$329,141 is the Debt Assistance Fund balance restricted for paying the General Obligation Bond debt as it comes due or for capital expenditures. The Capital Building Reserve Fund balance of \$1,107,808 is restricted for the capital expenditures. The Bond Fund balance of \$71,842 is restricted for paying the General Obligation Bond debt as it comes due.

The General Fund is the chief operating fund of the District. At the end of the calendar year 2016, the fund balance of the General Fund is \$1,370,599. Of that, \$69,000 is reserved for emergency under Tabor. The remaining fund balance of \$1,301,599 is available for future commitments and is unassigned fund balance.

The District receives 96 percent of its funding from property tax revenues. Salaries and benefits represent 66 percent of the District's total expenditures. Under the method of accounting used for the government-wide financial statements, library books and other collections are capitalized as assets and depreciated over their estimated useful lives. Consequently, most of the year's expenditures for books and collections are not included in the "library materials" expense.



The General Fund balance increased in 2016 by \$53,916 mainly due to reduced spending of \$103,522 compared to budget.



Capital Asset Discussion

The District's investment in capital assets as of December 31, 2016, totals \$7,166,357, net of accumulated depreciation. These assets include buildings, land, furniture, equipment, books, and audio visual equipment. Additional information on the District's capital assets can be found in Note 3 of the financial statements.

	<u>1/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/16</u>
Assets not being depreciated				
Land	\$ 1,792,407	\$ -	\$ -	\$ 1,792,407
Construction in Process		54,773		\$ 54,773
	<u>1,792,407</u>	<u>54,773</u>	<u>-</u>	<u>1,847,180</u>
Assets being depreciated				
Building and Infrastructure	8,288,973	53,096	-	8,342,069
Furniture and Equipments	711,239	45,874		757,113
Books and Magazines	698,518	82,706	78,268	702,956
Music	166,023	8,022	3,741	170,304
Audiobooks	120,544	12,728	2,802	130,470
Movies and Software	150,051	29,600	32,203	147,448
Other Collection	21,209	11,473	621	32,061
Total assets being depreciated	<u>10,156,557</u>	<u>243,499</u>	<u>117,635</u>	<u>10,282,421</u>
Less: Accumulated depreciation				
Building and Infrastructure	(3,168,974)	(212,150)		(3,381,124)
Furniture and Equipments	(648,081)	(21,473)		(669,554)
Books and Magazines	(571,466)	(49,553)	(78,268)	(542,751)
Music	(153,183)	(5,949)	(3,741)	(155,391)
Audiobooks	(84,563)	(16,602)	(2,802)	(98,363)
Movies and Software	(105,093)	(25,108)	(32,203)	(97,998)
Other Collection	(8,777)	(9,907)	(621)	(18,063)
Total accumulated depreciation	<u>(4,740,137)</u>	<u>(340,742)</u>	<u>(117,635)</u>	<u>(4,963,244)</u>
Net Capital Assets	\$ 7,208,827	\$ (42,470)	\$ -	\$ 7,166,357

Major capital asset transactions during the calendar year include purchasing books and audio visual materials of \$144,529 and weeding of the same in the amount of \$117,635 as well as purchasing building, furniture and equipment in the amount of \$98,970.

Long-Term Debt Discussion

As of December 31, 2016, the District's total long-term debt is \$2,638,481. Of this amount, \$6,456 represents the liability for the employees' compensated absences, \$52,534 represents bond premiums payable, \$695,000 is the San Miguel Public Library District's general obligation debt, and \$1,882,651 represents the liability for Net Pension Liability. Additional information regarding the District's long-term debt can be found in Note 6 of the financial statements.

	<u>Balance 12/31/15</u>	<u>Advances</u>	<u>Payments</u>	<u>Balance 12/31/16</u>	<u>Current Portion</u>	<u>Interest Expense</u>
2005 GO Refunding Bonds	1,365,000	-	670,000	695,000	635,000	59,221
2005 Bond Premiums	103,179	-	50,645	52,534	52,534	50,645
Net Pension Liability	1,682,283	200,368	-	1,882,651	-	-
Accrued Compensated Absences	14,752	-	6,456	8,296	-	-
Total Noncurrent Liabilities	3,165,214	200,368	727,101	2,638,481	687,534	109,866

Economic Factors and Next Year's Budget Outlook

Our 326-square-mile Library District is located in San Miguel County and serves an estimated population of 6,500. The District's service area is coterminous with San Miguel County School District No. R-1 (Telluride) and includes the communities of Telluride, Mountain Village, Ophir, and Sawpit, as well as certain unincorporated areas within the county. Tourism centered on the Telluride Ski Resort in the winter and numerous festivals in the summer drives the local economy. The Telluride Ski Resort continues to be one of the top skiing destinations in the state and nation. As is typical in tourism-driven economies, the county's unemployment rate is cyclical, peaking in April, May, October, and November. However, the county's annual average unemployment rate historically has been lower than the rates of the state and the nation. The county's annual unemployment rate in 2016 was 2.5%, similar to the state's 3.0% rate and below the nation's 4.7% average.

Since 1999, the District has levied the maximum operating mill levy of 2.8 mills approved by voters in 1990 for its operating funds. The District benefits from its exemption from the voter-approved Taxpayer's Bill of Rights. The District's estimated 2017 market value per capita, an indicator of wealth, was roughly \$1,163,062, which is extremely strong. The District's tax base is diverse with the 10 leading taxpayers accounting for 7.01% of the tax base. The District's assessed valuation (AV) totaled almost \$748 million in 2017, down 15% overall since 2011. The AV figures represent three years of intra-year AV declines and four years of increases with the most notable in 2016 of 10.8%. Management believes that the property market in the area is stabilizing. Based on the county assessor's estimates, the AV is expected to increase for 2017 values; however, the Gallagher Amendment calculation for Residential Assessment Rate will cause a decline on the residential assessed values.

The District has performed well financially in recent years by maintaining reserves above 30% of expenditures. The General Fund balance is very strong and in fiscal year 2016, the District had budgeted for a \$54,826 deficit, but ended 2016 with a \$52,475 net income and an ending available general fund balance of \$1.37 million, or 62% of operating expenditures. The District managed its expenditures, mainly through underspending in Technology & Support Services. Property taxes accounted for 96% of General Fund revenues in fiscal 2016. The available operating fund balance consists of the unassigned, assigned, and committed portions of the general fund. The District maintains a financial policy to hold 30% of operating expenditures as its minimum fund balance.

For fiscal year 2017, the District has budgeted to transfer \$440,000 to the Capital Fund and for a \$72,064 deficit, which, if realized, would reduce reserves to 35% of expenditures, which is within policy limits; however, given past performance, we believe these budgeted projections overestimate operating expenditures. In 2017, the District started a \$650,000 remodel to the existing facility to improve service areas.

The District's General Obligation debt outstanding to assessed property values is low at 0.09%; and due to the District's small population size, the per capita debt burden is moderate, at \$120. Amortization is rapid, with 100% of direct debt being repaid by 2017. Carrying charges are reflective of rapid amortization and the district's single-purpose nature.

The District's outlook is stable as reported by Standard and Poor's (S&P) report dated April 30, 2015, and reflects our anticipation that we will continue to maintain a very strong financial position. S&P's rating of AA- also reflects the District's limited revenue flexibility, tourism-driven local economy, and a lack of economic diversity.

Requests for Information

This report is designed to provide an overview of the District's finances. Questions concerning any of the information found in this report or requests for additional information should be directed to the San Miguel County Public Library District #1, P.O. Box 2189, Telluride, Colorado 81435.

FINANCIAL SECTION

Holscher, Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Directors
San Miguel County Public Library District #1
Telluride, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the San Miguel County Public Library District #1, as of and for the year ended December 31, 2016, and the related notes to the financial statements which collectively comprise the basic financial statements of the District, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the San Miguel County Public Library District #1, as of December 31, 2016, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the San Miguel County Public Library District #1, as of December 31, 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 10, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information – Management’s Discussion and Analysis and Pension Schedules (Unaudited)

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1-M6 and pension schedules on pages 28-29 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.

Required Supplementary Information – Budgetary Comparison Schedules and Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule on pages 30-31 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. In addition, the budgetary comparison schedules on pages 32-34 and listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



Englewood, Colorado
May 31, 2017

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Basic Financial Statements

San Miguel County Public Library District #1
Statement of Net Position
December 31, 2016

ASSETS

Current Assets

Cash and investments	\$ 2,993,125
Cash with fiscal agent	9,320
Taxes receivable	2,733,700
Other assets	1,600
Total Current Assets	<u>5,737,745</u>

Noncurrent Assets

Capital assets not being depreciated	1,847,407
Capital assets being depreciated	5,318,950
Total Noncurrent Assets	<u>7,166,357</u>

Total Assets

12,904,102

DEFERRED OUTFLOWS OF FINANCIAL RESOURCES

Deferred charge on bond refunding	26,749
Bond insurance	3,721
Contributions subsequent to measurement date	128,677
Pension contribution timing difference	362,424
Total Deferred Outflows of Financial Resources	<u>521,571</u>

LIABILITIES

Current Liabilities

Accounts payable	80,325
Accrued wages and benefits	44,330
Accrued interest payable	1,303
Current portion of long-term liabilities	747,534
Total Current Liabilities	<u>873,492</u>

Noncurrent Liabilities

Net pension liability	1,882,651
Accrued compensated absences	8,296
Total noncurrent liabilities	<u>1,890,947</u>

Total Liabilities

2,764,439

DEFERRED INFLOWS OF FINANCIAL RESOURCES

Deferred property taxes	2,733,700
Change in District proportion of Cost-Sharing Pension Plan Liability, net	91,081
Difference between projected and actual pension experience, net	65
Difference in assumptions	34,483
Total Deferred Inflows of Financial Resources	<u>2,859,329</u>

NET POSITION

Net investment in capital assets	6,418,823
Restricted net position	140,842
Unrestricted net position	1,242,240
Total Net Position	<u>\$ 7,801,905</u>

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

San Miguel County Public Library District #1
Statement of Activities
Year Ended December 31, 2016

Function	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Change in Net Position
				Governmental Activities
Governmental Activities:				
Library Services	\$ 2,446,614	\$ 34,042	\$ 28,853	\$ (2,383,719)
General Revenues				
Property Taxes				2,083,330
Debt Service Property Taxes				634,773
Specific Ownership Taxes				106,082
Investment earnings				23,630
Other Revenues				18,194
Total General Revenues				<u>2,866,009</u>
Change in Net Position				482,290
Net Position, Beginning				<u>7,319,615</u>
Net Position, Ending				<u>\$ 7,801,905</u>

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

San Miguel County Public Library District #1
 Balance Sheet - Governmental Funds
 December 31, 2016
 (With Comparative Totals for December 31, 2015)

	General Fund	Capital Building Reserve Fund	Bond Fund	Debt Assistance Fund
ASSETS				
Cash and investments	\$ 1,454,715	\$ 1,137,277	\$ 71,992	\$ 329,141
Cash with fiscal agent	9,320	-	-	-
Taxes receivable	2,106,355	-	627,345	-
Other receivables	-	-	-	-
Other assets	1,600	-	-	-
Total Assets	<u>3,571,990</u>	<u>1,137,277</u>	<u>699,337</u>	<u>329,141</u>
LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY				
Liabilities				
Accounts payable	50,706	29,469	150	-
Accrued wages and benefits	44,330	-	-	-
Total Liabilities	<u>95,036</u>	<u>29,469</u>	<u>150</u>	<u>-</u>
Deferred Inflows of Financial Resources				
Deferred Property Taxes	2,106,355	-	627,345	-
Fund Equity				
Restricted fund equity	69,000	-	71,842	-
Committed fund equity	-	1,107,808	-	329,141
Unassigned fund equity	1,301,599	-	-	-
Total Fund Equity	<u>1,370,599</u>	<u>1,107,808</u>	<u>71,842</u>	<u>329,141</u>
Total Liabilities, Deferred Inflows and Fund Equity	<u>\$ 3,571,990</u>	<u>\$ 1,137,277</u>	<u>\$ 699,337</u>	<u>\$ 329,141</u>

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

Total	
2016	2015
\$ 2,993,125	\$ 3,136,567
9,320	9,193
2,733,700	2,723,562
-	3,137
1,600	152
<u>5,737,745</u>	<u>5,872,611</u>
80,325	56,096
<u>44,330</u>	<u>31,692</u>
<u>124,655</u>	<u>87,788</u>
<u>2,733,700</u>	<u>2,723,562</u>
140,842	183,006
1,436,949	1,624,572
<u>1,301,599</u>	<u>1,253,683</u>
<u>2,879,390</u>	<u>3,061,261</u>
<u>\$ 5,737,745</u>	<u>\$ 5,872,611</u>

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San Miguel County Public Library District #1
Reconciliation of Governmental Fund Balance to Governmental Activities Net Postion
December 31, 2016

Fund Balance - Governmental Funds		\$ 2,879,390
Amounts reported for governmental activities in the statement of net position because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Capital assets	12,129,601	
Accumulated depreciation	<u>(4,963,244)</u>	7,166,357
Certain long-term pension related costs and adjustments are not available to pay or are not payable currently and are therefore no reported in the funds:		
Contributions subsequent to the measurement date	128,677	
Difference between projected and actual investment returns on the pension plan	478,991	
Amortization of the investment return difference	(116,567)	
Net pension liability	(1,882,651)	
Difference between projected and actual pension plan experience	(550)	
Amortization of the experience difference	485	
Change in District proportionate share of the net pension liability	(245,696)	
Amortization of the change in proportion	154,615	
Change in Assumptions	(62,293)	
Amortization of change in assumptions	<u>27,810</u>	(1,517,179)
Long-term liabilities, including capital leases and notes payable are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued interest on long-term debt	(1,303)	
General obligation bonds payable	(695,000)	
General obligation bond premiums	(52,534)	
Deferred charge on bond refunding	26,749	
General obligation bond insurance	3,721	
Accrued compensated absences	<u>(8,296)</u>	<u>(726,663)</u>
Net Position - Governmental Activities		<u>\$ 7,801,905</u>

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

San Miguel County Public Library District #1
Statement of Revenues, Expenditures and Change in Fund Balance
Year Ended December 31, 2016
(With Comparative Totals for the Year Ended December 31, 2015)

	<u>General Fund</u>	<u>Capital Building Reserve Fund</u>	<u>Bond Fund</u>	<u>Debt Assistance Fund</u>
REVENUES				
Taxes	\$ 2,189,412	\$ -	\$ 634,773	\$ -
Intergovernmenta	10,612	-	-	-
Charges for services	34,042	-	-	-
Other income	<u>35,109</u>	<u>19,465</u>	<u>2,995</u>	<u>2,496</u>
Total Revenues	<u>2,269,175</u>	<u>19,465</u>	<u>637,768</u>	<u>2,496</u>
EXPENDITURES				
Current:				
Personnel costs	1,093,238	-	-	-
Insurance benefits (inc Dist-wide HRA and Ins Cont)	186,663	-	-	-
Payroll taxes & pension (PERA - Soc Sec Equiv)	158,443	-	-	-
Workers comp insurance	4,102	-	-	-
Administration and Community Relations	188,759	220	19,215	-
Facility Maintenance	135,308	-	-	-
Public Services	291,505	-	-	-
Library Support Services	157,241	-	-	-
Materials Management	-	-	-	-
Capital Outlay	-	144,656	-	-
Debt Service	-	-	731,425	-
Total Expenditures	<u>2,215,259</u>	<u>144,876</u>	<u>750,640</u>	<u>-</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	53,916	(125,411)	(112,872)	2,496
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>64,708</u>	<u>(64,708)</u>
CHANGE IN FUND BALANCE	53,916	(125,411)	(48,164)	(62,212)
FUND BALANCE, BEGINNING	<u>1,316,683</u>	<u>1,233,219</u>	<u>120,006</u>	<u>391,353</u>
FUND BALANCE, ENDING	<u>\$ 1,370,599</u>	<u>\$ 1,107,808</u>	<u>\$ 71,842</u>	<u>\$ 329,141</u>

The accompanying notes are an integral part of these financial statements

Total	
2016	2015
\$ 2,824,185	\$ 2,555,167
10,612	16,651
34,042	32,443
60,065	37,140
<u>2,928,904</u>	<u>2,641,401</u>
1,093,238	1,038,319
186,663	164,209
158,443	150,118
4,102	5,376
208,194	175,278
135,308	139,857
291,505	233,505
157,241	167,085
-	491
144,656	45,998
731,425	728,175
<u>3,110,775</u>	<u>2,848,411</u>
(181,871)	(207,010)
-	-
<u>(181,871)</u>	<u>(207,010)</u>
<u>3,061,261</u>	<u>3,268,271</u>
<u>\$ 2,879,390</u>	<u>\$ 3,061,261</u>

San Miguel County Public Library District #1
Statement of Revenues, Expenditures and Change in Fund Balance
Year Ended December 31, 2016

Change in Fund Balance - Governmental Funds \$ (181,871)

Amounts reported for governmental activities in the statement of activities are different because:

Pension expense at the fund level represents cash contributions to the defined benefit plan.

For the activity level presentation, the amount represents the actuarial costs of the benefits for the fiscal year.

Change in contributions subsequent to the measurement date	5,604	
Current year projected to actual investment return difference	364,952	
Current year amortization of the overall investment returns difference	(93,759)	
Change in net pension liability	(200,368)	
Current year projected to actual pension plan experience difference	54	
Current year amortization of the overall experience difference	218	
Current year change in proportionate share of the cost-sharing plan liability	(142,322)	
Current year amortization of the overall proportionate share differences	109,076	
Current year change in assumptions	(62,293)	
Current year amortization of change in assumptions	<u>27,810</u>	8,972

Purchases of capital assets are expensed in the funds and depreciated for the statement of activities:

Purchase of capital assets	298,272	
Depreciation Expense	<u>(340,742)</u>	(42,470)

Principal payments are reported as expenses in the funds and reductions of liabilities on the statement of net position:

Principal Repayments		670,000
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Other long-term liabilities are expensed in the funds and recorded as liabilities on the statement of net position:

Change in Accrued Interest Payable	1,256	
Amortization of Bond Premiums	50,645	
Amortization of Deferred Charge	(26,949)	
Amortization of Bond Insurance	(3,749)	
Change in Accrued Compensated Absences	<u>6,456</u>	<u>27,659</u>

Change in Net Position - Governmental Activities \$ 482,290

The accompanying notes are an integral part of these financial statements

**San Miguel County Public Library District #1
Notes to the Financial Statements
December 31, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The San Miguel County Public Library District #1 is incorporated as a library under the laws of the State of Colorado and is governed by a five-person board appointed in accordance with CRS 24-90-108(2)(c). The financial statements of District have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following summary of significant accounting policies is presented to assist the reader in evaluating the District's financial statements.

Reporting Entity

As required by generally accepted accounting principles, these financial statements present the District (the primary government) and its component units. Component units are legally separate organizations for which the appointed officials of the primary government are financially accountable, or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the District's financial statements to be misleading or incomplete. Based upon the foregoing criteria, there are no component units included in the accompanying financial statements.

Nature of Operations

The District provides library services for the general public, primarily San Miguel County, Colorado and the surrounding area.

Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide financial statements report information about the reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or business-type activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business type activity. Taxes and other items not included among program revenues are reported instead as general revenues.

**San Miguel County Public Library District #1
Notes to the Financial Statements
December 31, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements (Continued)

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. All of the District's funds are classified as governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Non-major funds would be consolidated into a single column in the financial section of the basic financial statements. The District does not have any Non-major funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

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 current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, grant revenue, 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. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt which is recognized when due.

The District reports the following major governmental funds:

General Fund

This fund accounts for the financial resources of the District which are not accounted for in any other fund. Principal sources of revenue are property taxes, intergovernmental revenue and interest. Primary expenditures are for library services and general administration. The General Fund is the District's primary operating fund.

**San Miguel County Public Library District #1
Notes to the Financial Statements
December 31, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

Debt Assistance (Special Revenue) Fund

The Debt Assistance Fund is used to account for the proceeds of specific revenue sources, in the District's case a sale of a previous library facilities that were designated to assist with the repayment obligation on the debt incurred to obtain the current facility or to assist in the accumulation of resources for approved capital expenditures.

Capital Building Reserve (Capital Projects) Fund

The Capital Building Reserve Fund is used to account for the accumulation of resources for approved capital expenditures.

Bond (Debt Service) Fund

The Bond Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs, if any.

Budgets

The District adopts an annual budget for all funds which are all prepared on the modified accrual basis of accounting. The District may authorize supplemental appropriations during the budget year. All budgetary appropriations lapse at year-end.

Colorado statutes provide the following timetable which is followed in the adoption of budgets:

- (1) Submission of the proposed budget to the local governing body by October 15 of each year.
- (2) Certification of mill levies to the Board of County Commissioners by December 15.
- (3) Final adoption of budget and appropriations by December 31 of each year.

The District provides the proposed budget to the Board of Trustees in September of each year prior to adoption. The legal level of adoption is at the fund level. Expenditures may not legally exceed appropriations at the fund level.

Encumbrances

The District does not report encumbered balances as of December 31, 2016 as all encumbrances lapse at year end.

Cash and 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.

**San Miguel County Public Library District #1
Notes to the Financial Statements
December 31, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are stated at fair value based on quoted market values, with the exception of money market funds and external investment pools. These are stated at cost, which is equal to fair value.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. The District considers all accounts receivable to be collectible and, accordingly, provides no allowance for doubtful accounts.

Governmental funds report deferred inflows of resources, as further described below in connection with receivables for revenues that are not considered to be available to liquidate liabilities for the current period. At the end of the current year, these receivables consisted of property taxes levied in 2016 and due in 2017.

Capital Assets

Capital assets, which include land, buildings, and equipment, are reported in the governmental activities column of the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and a useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position. Depreciation on the remaining capital assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and Infrastructure	25-40 years
Furniture and Equipment	3-10 years
Books and other collection items	3-5 years

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statement of net position will sometimes report a separate section for deferred outflows and inflows of resources. These separate financial statement elements, deferred outflows of financial resources and deferred inflows of financial resources, represent a usage or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until a future period.

**San Miguel County Public Library District #1
Notes to the Financial Statements
December 31, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Inflows of Resources (Continued)

The government reports both deferred inflows, which arise under the full accrual and modified accrual basis of accounting, and deferred outflows which are reported under the full accrual basis. Deferred property taxes are reported as a deferred inflow for both the governmental activities presentation and governmental funds balance sheet. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced.

The deferred outflows are a deferred charge on the 2005 bond refunding as well as insurance paid as part of the refunding. The deferred outflow is reported in the governmental activities net position. The charge and prepaid insurance will be recognized proportionately as the outstanding principal is repaid.

Long-Term Obligations

Long-term debt is reported at face value, net of applicable discounts and deferred charge on refunding. Costs related to the issuance of debt are expensed when incurred. Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statements of net position.

Compensated Absences

The liability for compensated absences reported in the government-wide financial statements consists of unpaid accumulated vacation and sick leave balances. The liability has been calculated at 100% of the leave amounts for both employees who currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payment upon termination are included. As of December 31, 2012, any new accrued sick time will not be paid out upon termination. Sick time balances as of December 31, 2012 will continue to be eligible for payout on a vested schedule according to years of employment. Any accrued sick time used on or after January 1, 2013 is utilized on a first in, first out basis.

Net Position/Fund Balances Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

San Miguel County Public Library District #1
Notes to the Financial Statements
December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Balances

In the government-wide financial statements, net position is either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as “nonspendable” include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Amounts are reported as “restricted” when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors, reported and at their highest level of action are reported as “committed” fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as “assigned” fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

All remaining governmental balances or deficits in other governmental funds are presented as unassigned.

Program Revenues

Amounts reported as program revenues include 1) 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

Property taxes are levied on November 1 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the District on a monthly basis.

**San Miguel County Public Library District #1
Notes to the Financial Statements
December 31, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

NOTE 2: CASH AND INVESTMENTS

The District's cash investment balances as of the year ended December 31, 2016 are as follows:

	<u>Bank Balance</u>	<u>Book Balance</u>
FDIC Insured	\$ 321,825	\$ 318,054
PDPA Secured (Not in District's name)	2,674,771	2,674,770
Petty Cash	-	300
Total	<u>\$ 2,996,596</u>	<u>\$ 2,993,124</u>

DEPOSITS

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The District's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed 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 the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and December 31, 2016, all of the District's deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

At December 31, 2016 the District's deposits are categorized as follows:

Cash Deposits	\$ 68,054
Cash on Hand	300
Investments	<u>2,924,770</u>
Total Cash and Investments	<u>\$ 2,993,124</u>

**San Miguel County Public Library District #1
Notes to the Financial Statements
December 31, 2016**

NOTE 2: CASH AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

Information regarding the District’s investments as of December 31, 2016 is as following:

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the year ended December 31, 2016 using quoted market prices in active markets (Level 1), significant observable inputs for similar assets (Level 2) and significant unobservable inputs (Level 3):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Weighted Average Maturity</u>
Local Gov't Invest Pool - Unrestricted	\$ -	\$2,924,770	\$ -	\$2,924,770	-

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

- Investment Pools - Valued at the proportionate share of ownership of the quoted market prices of the underlying assets.

The District recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. During 2016, there were no changes in the methods or assumptions utilized to derive the fair value of the District’s assets and liabilities.

Credit Risk

Colorado statutes specify which instruments units of local government may invest, which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of the 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
- Guaranteed investment contracts

The District’s investment policy limits its investments to those allowed by Colorado Revised Statute 24-75-601.1 as described above.

During the year ended December 31, 2016, the District invested funds in Colotrust. As an investment pool, it operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. The pool invests in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pools operate similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days.

San Miguel County Public Library District #1
Notes to the Financial Statements
December 31, 2016

NOTE 2: CASH AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

Credit Risk(Continued)

The pool is rated AAAM by the Standard and Poor's Corporation. The balance of this investment as of December 31, 2016 was \$2,924,770.

Concentration of Credit Risk - Investments

The District places no limit on the amount that may be invested in any one issuer. As of December 31, 2016, the District did not hold any investments requiring additional disclosure.

Interest Rate Risk - Investments

Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase. The District has adopted a policy limiting maturities to three years.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2016, the District did not hold any investments requiring safekeeping.

**San Miguel County Public Library District #1
Notes to the Financial Statements
December 31, 2016**

NOTE 3: CAPITAL ASSETS

Changes in governmental activities capital assets for the year ended December 31, 2016 was as follows:

	<u>Balance 12/31/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/16</u>
Assets not being depreciated				
Land	\$ 1,792,407	\$ -	\$ -	\$ 1,792,407
Construction in Progress	<u>-</u>	<u>54,773</u>	<u>-</u>	<u>54,773</u>
Total assets being depreciated	<u>1,792,407</u>	<u>54,773</u>	<u>-</u>	<u>1,847,180</u>
Assets being depreciated				
Building and Infrastructure	8,288,973	53,096	-	8,342,069
Furniture and Equipment	711,239	45,874	-	757,113
Books and Magazines	698,518	82,706	78,268	702,956
Music	166,023	8,022	3,741	170,304
Audiobooks	120,544	12,728	2,802	130,470
Videos and Software	150,051	29,600	32,203	147,448
Other Collection	<u>21,209</u>	<u>11,473</u>	<u>621</u>	<u>32,061</u>
Total assets being depreciated	<u>10,156,557</u>	<u>243,499</u>	<u>117,635</u>	<u>10,282,421</u>
Less: Accumulated depreciation				
Building and Infrastructure	(3,168,974)	(212,150)	-	(3,381,124)
Furniture and Equipment	(648,081)	(21,473)	-	(669,554)
Books and Magazines	(571,466)	(49,553)	(78,268)	(542,751)
Music	(153,183)	(5,949)	(3,741)	(155,391)
Audiobooks	(84,563)	(16,602)	(2,802)	(98,363)
Videos and Software	(105,093)	(25,108)	(32,203)	(97,998)
Other Collection	<u>(8,777)</u>	<u>(9,907)</u>	<u>(621)</u>	<u>(18,063)</u>
Total accumulated depreciation	<u>(4,740,137)</u>	<u>(340,742)</u>	<u>(117,635)</u>	<u>(4,963,244)</u>
Net Capital Assets	<u>\$ 7,208,827</u>	<u>\$ (42,470)</u>	<u>\$ -</u>	<u>\$ 7,166,357</u>

**San Miguel County Public Library District #1
Notes to the Financial Statements
December 31, 2016**

NOTE 4: PENSION PLANS

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. The District 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.

Plan description. Eligible employees of the 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 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.

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.

**San Miguel County Public Library District #1
Notes to the Financial Statements
December 31, 2016**

NOTE 4: PENSION PLANS (Continued)

Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan (Continued)

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 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 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. 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 the 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:

January 1st through December 31st	2014¹	2015¹	2016¹
Employer contribution rate	10.00%	10.00%	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%	-1.02%	-1.02%
Amount apportioned to the LGDTF	8.98%	8.98%	8.98%
Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411	2.20%	2.20%	2.20%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	1.50%	1.50%	1.50%
Total employer contribution rate to the LGDTF	12.68%	12.68%	12.68%

**San Miguel County Public Library District #1
Notes to the Financial Statements
December 31, 2016**

NOTE 4: PENSION PLANS (Continued)

Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan (Continued)

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the District were \$123,073 for the year ended December 31, 2015 and \$81,184 for the year ended December 31, 2016.

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

At December 31, 2016, the District reported a liability of \$1,882,651 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 1, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The District proportion of the net pension liability was based on the 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 District proportion was .17090%, which was a decrease of .01679% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the District recognized pension expense of \$211,925. At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 14,125	\$ (66)
Changes of assumptions or other inputs	\$ -	\$ (34,484)
Net difference between projected and actual earnings on pension plan investments	\$ 362,425	\$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ (91,081)
Contributions subsequent to the measurement date	\$ 128,677	
Total	\$ 505,227	\$ (125,631)

**San Miguel County Public Library District #1
Notes to the Financial Statements
December 31, 2016**

NOTE 4: PENSION PLANS (Continued)

Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$81,184 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, 2016. 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 December 31:	Totals
2017	\$ (3,481)
2018	(76,609)
2019	(95,798)
2020	(75,031)
Total	\$ (250,919)

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

Actuarial cost method	Entry Age
Price inflation	2.80%
Real wage growth	1.10%
Wage inflation	3.90%
Salary increase, including wage inflation	3.90-10.85%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.50%
Post retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	2.00%
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

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.

**San Miguel County Public Library District #1
Notes to the Financial Statements
December 31, 2016**

NOTE 4: PENSION PLANS (Continued)

Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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.

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 most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 15, 2013, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	10 Year Expected Geometric Rate of Return
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%.

**San Miguel County Public Library District #1
Notes to the Financial Statements
December 31, 2016**

NOTE 4: PENSION PLANS (Continued)

Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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 assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Based on those 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 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 (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of the net pension asset (liability)	\$ 2,886,296	\$ 1,882,651	\$ 1,050,227

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.

Defined Contribution Pension Plans

Voluntary Investment Program

Plan Description – Employees of the District that are also members of the LGTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S, as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees have the option of contributing pre or post-tax dollars.

San Miguel County Public Library District #1
Notes to the Financial Statements
December 31, 2016

NOTE 5: POSTEMPLOYMENT HEALTHCARE BENEFITS

The District contributes to the Health Care Fund (HCF), a cost-sharing multiple-employer post-employment healthcare plan administered by PERA. The HCF provides a healthcare 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 HCF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCF. The report can be obtained by writing to PERA of Colorado, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at (303) 832-9550 or 1-800-759-PERA (7372).

The District is required to contribute 1.02% of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established by Title 24, Article 51, Part 4 of the CRS, as amended. For the years ended December 31, 2016, 2015, and 2014 the District contributed \$10,361, \$10,490, and \$13,173, respectively, equal to their required contributions.

NOTE 6: LONG-TERM OBLIGATIONS

The following is a schedule of changes in debt for the year ended December 31, 2016:

	<u>Balance</u> <u>1/1/16</u>	<u>Advances</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/16</u>	<u>Current</u> <u>Portion</u>	<u>Interest</u> <u>Expense</u>
2005 GO Refunding Bonds	\$ 1,365,000	\$ -	\$ 670,000	\$ 695,000	\$ 695,000	\$ 59,221
2005 Bond Premiums	103,179	-	50,645	52,534	52,534	50,645
Net Pension Liability	1,682,283	200,368	-	1,882,651	-	-
Accrued Compensated Absences	14,752	-	6,456	8,296	-	-
Total Noncurrent Liabilities	<u>\$ 3,165,214</u>	<u>\$ 200,368</u>	<u>\$ 727,101</u>	<u>\$ 2,638,481</u>	<u>\$ 747,534</u>	<u>\$ 109,866</u>

Deferred outflows related to the District's outstanding bonds are as follows:

<u>Deferred Outflows</u>	<u>Balance</u> <u>1/1/16</u>	<u>Advances</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/16</u>	<u>Current</u> <u>Portion</u>	<u>Interest</u> <u>Expense</u>
2005 Bond Deferred Charge	\$ 53,698	\$ -	\$ 26,949	\$ 26,749	\$ 26,749	\$ 26,949
2005 Bond Insurance	7,470	-	3,749	3,721	3,721	3,749
Total Deferred Outflows	<u>\$ 61,168</u>	<u>\$ -</u>	<u>\$ 30,698</u>	<u>\$ 30,470</u>	<u>\$ 30,470</u>	<u>\$ 30,698</u>

Bonds Payable

In 2005, the District refunded the original 1998 bonds that were issued to construct the District's current facilities. The bonds were issued in the amount of \$5,280,000. Bond principal payments are due annually on December 15 through 2017, and interest is due semi-annually on June 15 and December 15. Interest rates range from 3% to 5%. Bonds maturing on or after December 15, 2016 are subject to redemption prior to maturity.

**San Miguel County Public Library District #1
Notes to the Financial Statements
December 31, 2016**

NOTE 6: LONG-TERM OBLIGATIONS (Continued)

Bonds Payable (Continued)

Scheduled payments on the bonds are due as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 695,000	\$ 31,275	\$ 726,275
Total	\$ 695,000	\$ 31,275	\$ 726,275

NOTE 7: FUND BALANCE RESERVATIONS/APPROPRIATIONS

Emergency Reserve

On November 3, 1992, the voters of Colorado approved Amendment 1, commonly known as the TABOR Amendment, which added a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations, which apply to the State of Colorado, all local governments, and special districts.

The District's financial activity for the year ended December 31, 2016 will provide the basis for calculation of future limitations adjusted for allowable increases tied to inflation and local growth. Subsequent to December 31, 2016, revenue in excess of the District's "spending limit" must be refunded unless voters approve the retention of such excess revenue. TABOR generally requires voter approval for any new tax, tax increases, and new debt.

At a November 1999 election, the electors of the District authorized the District to collect, retain and expend the full amount of the revenues generated from a 2.80 mill.

TABOR is extremely complex and subject to interpretation. Ultimate implementation may depend upon litigation and legislative guidance. District management believes the District is in compliance with the requirements of TABOR, however the District has made certain interpretations of the TABOR amendment's language in order to determine it is in compliance.

The Article requires an emergency reserve be set aside for 2016 in the amount of 3% or more of its fiscal year spending. At December 31, 2016, the District has reserved the following for emergencies:

General Fund	<u>\$69,000</u>
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San Miguel County Public Library District #1
Notes to the Financial Statements
December 31, 2016

NOTE 8: 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 has joined together with other special districts in the State of Colorado to form the Colorado Special Districts Property and Liability Pool (CSDPLP), a public entity risk pool currently operating as a common risk management and insurance program for member special districts. The District pays an annual premium to CSDPLP for its general property and liability and workers' compensation coverage. The intergovernmental agreement of the CSDPLP provides that CSDPLP will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1 million for each insured event. The District has commercial insurance for other risks including employee health and accident insurance. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

NOTE 9: INTERFUND TRANSACTIONS

The District has recorded a routine transfer of \$64,708 from the Debt Assistance Fund to the Bond Fund for the fiscal year ended December 31, 2016.

NOTE 10: CONSTRUCTION COMMITMENTS

The District entered into the planning of construction for fiscal year 2017 and began construction during fiscal year 2017. During fiscal year 2016, the District had planning costs of \$54,773 for the new construction.

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**Required Supplementary Information
(Pension Schedules Unaudited)**

San Miguel County Public Library District #1

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY)
PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾**

	<u>6/30/16</u>	<u>6/30/15</u>	<u>6/30/14</u>
District's proportion of the net pension asset (liability)	0.170904%	0.187690%	0.200252%
District's proportionate share of the net pension asset (liability)	\$ (1,882,651)	\$ (1,682,283)	\$ (1,647,915)
District's covered-employee payroll	\$ 710,171	\$ 793,721	\$ 872,301
District's proportionate share of the net pension asset (liability) as a percentage of covered-employee payroll	265.10%	211.95%	188.92%
Plan fiduciary net position as a percentage of the total pension liability	76.87%	80.72%	81.00%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

San Miguel County Public Library District #1

SCHEDULE OF DISTRICT CONTRIBUTIONS

PERA Pension Plan

Last 10 Fiscal Years⁽¹⁾

	<u>6/30/16</u>	<u>6/30/15</u>	<u>6/30/14</u>
Contractually required contributions	\$ 123,073	\$ 130,408	\$ 135,468
Actual contributions	<u>(123,073)</u>	<u>(130,408)</u>	<u>(135,468)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 710,171	\$ 793,721	\$ 872,301
Contributions as a percentage of covered-employee payroll	17.33%	16.43%	15.53%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

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Required Supplementary Information

San Miguel County Public Library District #1
 Budgetary Comparison Schedule for the
 General Fund
 Year Ended December 31, 2016
 (With Comparative Totals for the Year Ended December 31, 2015)

	2016			
	Original &		Variance	2015
	Final Budget	Actual	with Final Budget	Actual
REVENUES				
Taxes				
Property	\$ 2,086,105	\$ 2,072,800	\$ (13,305)	\$ 1,875,684
Specific ownership	100,000	106,082	6,082	105,318
Interest and penalties on delinquents	3,500	6,377	2,877	4,058
Refunds and abatements	4,464	4,153	(311)	(3,036)
Total taxes	<u>2,194,069</u>	<u>2,189,412</u>	<u>(4,657)</u>	<u>1,982,024</u>
Intergovernmental	16,500	10,612	(5,888)	16,651
Charges for services				
Copier and fax charges	12,300	15,948	3,648	15,354
Fines and fees	15,750	18,094	2,344	17,089
Total charges for services	<u>28,050</u>	<u>34,042</u>	<u>5,992</u>	<u>32,443</u>
Other income				
Contributions	18,750	18,241	(509)	14,392
Investment earnings	2,500	10,674	8,174	3,928
Other miscellaneous	5,525	6,194	669	7,206
Total other income	<u>26,775</u>	<u>35,109</u>	<u>8,334</u>	<u>25,526</u>
Total Revenues	<u>2,265,394</u>	<u>2,269,175</u>	<u>3,781</u>	<u>2,056,644</u>
EXPENDITURES				
Current:				
Administration and Community Relations				
Personnel costs	243,166	234,939	8,227	232,480
Insurance benefits (inc Dist-wide HRA and Ins Cont)	52,003	60,908	(8,905)	46,696
Payroll taxes & pension (PERA - Soc Sec Equiv)	36,024	33,717	2,307	29,612
Workers comp insurance (District-wide)	4,500	4,102	398	5,376
Community relations	24,150	20,576	3,574	19,699
Fundraising	-	-	-	3,419
Human resources	36,500	31,080	5,420	35,742
Professional services	46,300	44,192	2,108	15,540
Supplies	6,325	8,542	(2,217)	5,775
Treasurer's fees	62,625	62,503	122	56,327
Other	28,350	21,866	6,484	19,173
Total administration and community relations	<u>539,943</u>	<u>522,425</u>	<u>17,518</u>	<u>469,839</u>
Facility Maintenance				
Personnel costs	58,578	59,102	(524)	56,085
Insurance benefits	5,130	4,976	154	4,843
Payroll taxes & pension (PERA - Soc Sec Equiv)	9,050	8,808	242	8,570
Repairs and maintenance	89,000	79,373	9,627	82,665
Utilities	66,100	55,935	10,165	57,191
Total facility maintenance	<u>227,858</u>	<u>208,194</u>	<u>19,664</u>	<u>209,354</u>

See accompanying Independent Auditor's Report.

San Miguel County Public Library District #1
 Budgetary Comparison Schedule for the
 General Fund
 Year Ended December 31, 2016
 (With Comparative Totals for the Year Ended December 31, 2015)
 (Continued)

	2016			
	Original &		Variance	2015
	Final Budget	Actual	with Final Budget	Actual
Public Services				
Personnel costs	490,198	492,397	(2,199)	462,484
Insurance benefits	74,506	65,918	8,588	57,226
Payroll taxes & pension (PERA - Soc Sec Equiv)	75,197	72,301	2,896	71,195
Adult materials	175,750	167,465	8,285	153,563
Teen materials	7,400	6,264	1,136	7,292
Youth materials	25,050	25,015	35	24,481
Library programs	58,000	57,108	892	46,763
Other expenses	<u>40,750</u>	<u>35,653</u>	<u>5,097</u>	<u>1,406</u>
Total public services	<u>946,851</u>	<u>922,121</u>	<u>24,730</u>	<u>824,410</u>
Library Support Services				
Personnel costs	318,025	306,800	11,225	287,271
Insurance benefits	60,007	54,861	5,146	55,445
Payroll taxes & pension (PERA - Soc Sec Equiv)	49,136	43,617	5,519	40,741
Innovations Projects	10,000	8,033	1,967	-
Materials Management	15,650	14,517	1,133	14,247
Technical Services	<u>152,750</u>	<u>134,691</u>	<u>18,059</u>	<u>153,329</u>
Total library support services	<u>605,568</u>	<u>562,519</u>	<u>43,049</u>	<u>551,033</u>
Contingency	<u>170,000</u>	-	<u>170,000</u>	-
Total Expenditures	<u>2,490,220</u>	<u>2,215,259</u>	<u>274,961</u>	<u>2,054,636</u>
CHANGE IN FUND BALANCE	(224,826)	53,916	278,742	2,008
FUND BALANCE, BEGINNING	<u>1,291,142</u>	<u>1,316,683</u>	<u>25,541</u>	<u>1,314,675</u>
FUND BALANCE, ENDING	<u>\$ 1,066,316</u>	<u>\$ 1,370,599</u>	<u>\$ 304,283</u>	<u>\$ 1,316,683</u>

See accompanying Independent Auditor's Report.

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Other Supplementary Information

San Miguel County Public Library District #1
 Budgetary Comparison Schedule for the
 Debt Assistance Fund
 Year Ended December 31, 2016
 (With Comparative Totals for the Year Ended December 31, 2015)

	2016			
	Original & Final Budget	Actual	Variance with Final Budget	2015 Actual
REVENUES				
Other income				
Investment earnings	\$ 783	\$ 2,496	\$ 1,713	\$ 794
EXPENDITURES				
Contingency	48,000	-	48,000	-
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(47,217)	2,496	49,713	794
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(64,708)	(64,708)	-	(64,708)
CHANGE IN FUND BALANCE	(111,925)	(62,212)	49,713	(63,914)
FUND BALANCE, BEGINNING	391,309	391,353	44	455,267
FUND BALANCE, ENDING	<u>\$ 279,384</u>	<u>\$ 329,141</u>	<u>\$ 49,757</u>	<u>\$ 391,353</u>

See accompanying Independent Auditor's Report.

San Miguel County Public Library District #1
 Budgetary Comparison Schedule for the
 Capital Building Reserve Fund
 Year Ended December 31, 2016
 (With Comparative Totals for the Year Ended December 31, 2015)

	2016			2015 Actual
	Original & Final Budget	Actual	Variance with Final Budget	
REVENUES				
Other income				
Investment earnings	\$ 2,400	\$ 7,465	\$ 5,065	\$ 3,282
Other miscellaneous	-	12,000	12,000	6,628
Total Revenues	<u>2,400</u>	<u>19,465</u>	<u>17,065</u>	<u>9,910</u>
EXPENDITURES				
Current:				
Administration and Community Relations				
Other	-	220	(220)	-
Capital Outlay	252,800	144,656	108,144	45,998
Total Expenditures	<u>252,800</u>	<u>144,876</u>	<u>107,924</u>	<u>45,998</u>
CHANGE IN FUND BALANCE	(250,400)	(125,411)	124,989	(36,088)
FUND BALANCE, BEGINNING	<u>250,400</u>	<u>1,233,219</u>	<u>982,819</u>	<u>1,269,307</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ 1,107,808</u>	<u>\$ 1,107,808</u>	<u>\$ 1,233,219</u>

See accompanying Independent Auditor's Report.

San Miguel County Public Library District #1
Budgetary Comparison Schedule for the
Bond Fund
Year Ended December 31, 2016
(With Comparative Totals for the Year Ended December 31, 2015)

	2016		Variance with Final Budget	2015 Actual
	Original & Final Budget	Actual		
REVENUES				
Taxes				
Property	\$ 636,068	\$ 633,897	\$ (2,171)	\$ 572,730
Interest and penalties on delinquents	650	1,943	1,293	1,266
Refunds and abatements	-	(1,067)	(1,067)	(853)
Total taxes	636,718	634,773	(1,945)	573,143
Other income				
Investment earnings	240	2,995	910	910
Total Revenues	636,958	637,768	(1,035)	574,053
EXPENDITURES				
Current:				
Administration and Community Relations				
Treasurer's fees	19,082	19,045	37	17,202
Other	150	170	(20)	2,400
Total administration and community relations	19,232	19,215	17	19,602
Debt Service				
Principal	670,000	670,000	-	635,000
Interest	61,425	61,425	-	93,175
Total debt service	731,425	731,425	-	728,175
Contingency	15,000	-	15,000	-
Total Expenditures	765,657	750,640	15,017	747,777
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(128,699)	(112,872)	(16,052)	(173,724)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	64,708	64,708	-	64,708
CHANGE IN FUND BALANCE	(63,991)	(48,164)	(16,052)	(109,016)
FUND BALANCE, BEGINNING	120,060	120,006	(54)	229,022
FUND BALANCE, ENDING	\$ 56,069	\$ 71,842	\$ (16,106)	\$ 120,006

See accompanying Independent Auditor's Report.