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**REPORT OF**  
**THE BASALT REGIONAL LIBRARY DISTRICT**  
**DECEMBER 31, 2017**

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Office of the State Auditor

July 19, 2018

## BASALT REGIONAL LIBRARY DISTRICT

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### TABLE OF CONTENTS

	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-Wide:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	15
Notes to the Financial Statements	16
Required Supplemental Information	
Budgetary Comparison Schedule - General Fund	28
Supplementary Information	
Budgetary Comparison Schedule – Debt Service Fund	30
Budgetary Comparison Schedule – Capital Reserve Fund	31

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Basalt Regional Library District  
Basalt, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Basalt Regional Library District as of and for the year ended December 31, 2017, 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 the Basalt Regional Library District, as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information for the General Fund on pages 3 through 9 and page 28 through 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Budgetary Comparison Schedules for budget to actual for the Debt Service and Capital Reserve Funds are not a required part of the basic financial statements.

The Budgetary Comparison Schedules for budget to actual for the Debt Service and Capital Reserve Funds are the responsibility of management and were derived from and relate 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 Budgetary Comparison Schedules for budget to actual for the Debt Service and Capital Reserve Funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Blair and Associates, P.C.*

Cedaredge, Colorado

May 15, 2018

## Management's Discussion and Analysis

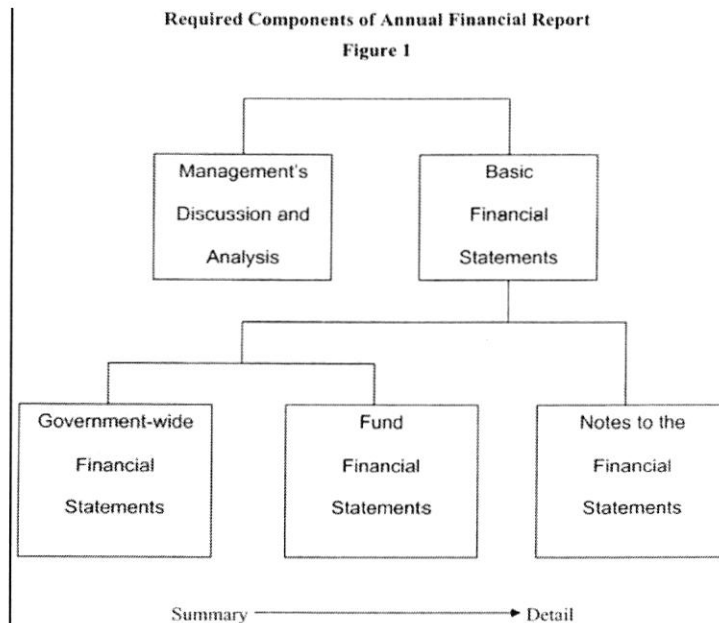
As management of the Basalt Regional Library District (the "District"), we offer this narrative overview and analysis of the financial activities of the Basalt Regional Library District for the year ended December 31, 2017. We encourage the readers to consider this Management's Discussion and Analysis (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, 2017 by \$6,449,948 (Exhibit 1). This represented an increase of \$772,676 from net position at December 31, 2016 (see Exhibit 2). This perspective on net position includes spendable resources as well as the investment in buildings, collections and other capital assets of \$4,352,622 and emergency reserve of \$43,600.
- The District's total liabilities decreased by \$701,938 from the prior year as shown in Figure 2.
- As of December 31, 2017, the District's governmental funds reported combined ending fund balances of \$2,151,954, increase of \$314,672 in comparison to the prior year (see Exhibits 3 and 4). The portion of the total fund balance for the General Fund that is unassigned and available for spending at the District's discretion is \$1,163,341.
- Within the District's general operating fund, total actual revenues were \$58,994 more than the 2017 final budget, while total actual expenditures were \$115,256 less than the 2017 final budget (see Exhibit 5).

### 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*. Figure 1 illustrates the components of a typical annual financial report.



## **Basic Financial Statements**

### ***Government-wide Financial Statements:***

The *government-wide financial statements* (Exhibits 1 and 2) 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 (Exhibit 2) 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" (Exhibits 3 and 4) and the "budgetary basis statements" (Exhibits 5 thru 7).

Exhibits 3 and 4 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 differences in accounting for financial information in the *government-wide statements* (Exhibits 1 and 2) and the fund statements are illustrated by the reconciliations on Exhibits 2 through 4.

The annual budgets shown in the "budgetary basis statements" (Exhibits 5 thru 7) are prepared as described in Note 1. These budgets are presented using the modified accrual basis of accounting.

The "budgetary basis statements" for the General Fund, Debt Service Fund and Capital 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.

## **Financial Analysis**

The Statement of Net Position and the Statement of Activities (Exhibits 1 and 2) present the District's financial information as a whole. Figures 2 and 3 provide summaries of these statements for 2017 and 2016.

**The District's Net Position**  
**Figure 2**

	Governmental Activities	
	2017	2016
Current and other assets	\$ 4,508,888	\$ 4,173,028
Capital assets, net of depreciation	11,342,622	11,585,672
Total assets	<u>15,851,510</u>	<u>15,758,700</u>
Short-term liabilities	785,895	765,320
Long-term liabilities	6,293,956	7,016,469
Total liabilities	<u>7,079,851</u>	<u>7,781,789</u>
Deferred inflows of resources	<u>2,321,711</u>	<u>2,299,639</u>
Net position:		
Invested in capital assets, net of related debt	4,352,622	3,895,672
Restricted for emergency	43,600	42,500
Unrestricted	<u>2,053,726</u>	<u>1,739,100</u>
Total net position	<u><u>\$ 6,449,948</u></u>	<u><u>\$ 5,677,272</u></u>

***Net Position:***

The District's assets exceeded its liabilities by \$6,449,948 as of December 31, 2017, an increase in the District's net position of \$772,676 during 2017 (see Figures 2 and 3). Of the net position, \$4,352,622 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 is classified as either restricted or unrestricted. The restricted asset is for emergency reserve of \$43,600. The remaining assets are unrestricted assets of \$2,053,726 which can be used for future operations.

### The District's Changes in Net Position

Figure 3

	Governmental Activities	
	2017	2016
Revenues:		
Program revenues:		
Charges for services	\$ 41,718	\$ 41,833
Operating grants and contributions	16,954	32,861
General revenues:		
Property taxes	2,400,033	1,973,154
Investment income	31,614	17,281
Other	3,878	2,570
Total revenues	<u>2,494,197</u>	<u>2,067,699</u>
Expenses:		
Salaries and benefits	749,977	717,377
Special events and programs	33,974	35,509
General operating and library materials	298,320	308,528
Building operations and maintenance	38,342	55,444
Depreciation expense	346,134	329,288
Treasurer's fees	90,284	74,806
Debt service	164,490	186,893
Total expenses	<u>1,721,521</u>	<u>1,707,845</u>
Increase in net assets	772,676	359,854
Net assets, January 1	<u>5,677,272</u>	<u>5,317,418</u>
Net assets, December 31	<u>\$ 6,449,948</u>	<u>\$ 5,677,272</u>

The District receives 96 percent of its funding from property tax revenues. Salaries and benefits represent 44 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 shown in Figure 3.

## Fund Financial Analysis

### *“Modified Accrual Basis Statement” Analysis (Exhibits 3 and 4):*

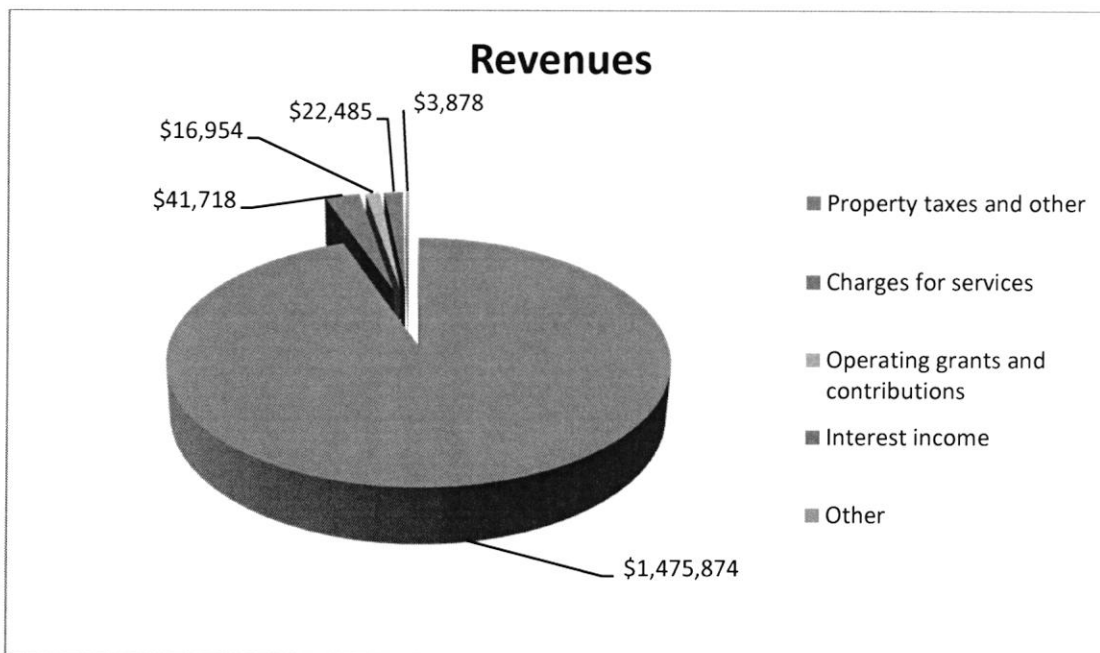
The General Fund is the chief operating fund of the District. At the end of the calendar year 2017, the fund balance of the General Fund is \$1,206,941. Of this amount, \$43,600 is reserved for emergency under Tabor. The remaining unassigned fund balance of \$1,163,341 is available for future spending.

On December 31, 2017, the District reported a combined fund balance for its governmental funds of \$2,151,954 (see Exhibit 3). Of this amount, \$543,037 is the Debt Service Fund balance restricted for paying the General Obligation Bond debt as it comes due. The Capital Reserve Fund balance of \$401,976 is restricted for capital expenditures.

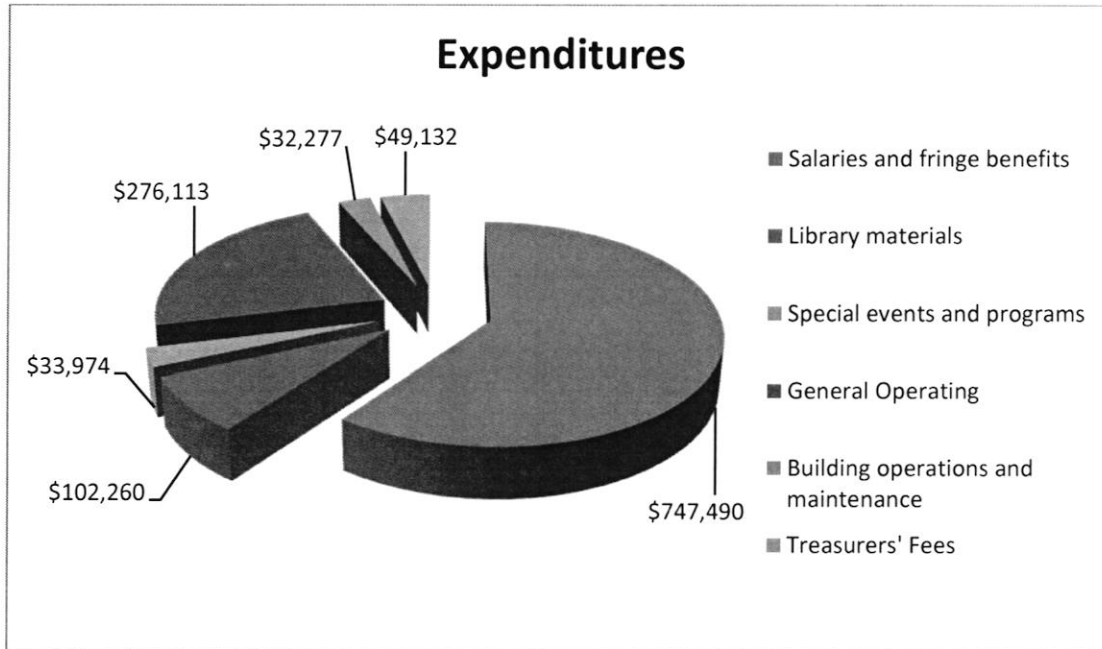
The General Fund balance increased in 2017 mainly due to increased taxes and other revenues. (See Exhibit 4).

The charts in Figures 4 and 5 represent only the General Fund’s revenues and expenditures.

**General Fund 2017 Revenues**  
**Figure 4**



**General Fund 2017 Expenditures**  
**Figure 5**



**Capital Asset Discussion**

The District's investment in capital assets as of December 31, 2017, totals \$11,342,622, net of accumulated depreciation (see Figure 6). 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 4 of the financial statements.

Major capital asset transactions during the calendar year include the following:

Books and audio visual devices	\$	80,054
Furniture and equipment	\$	8,486
Building improvements	\$	14,544

**Capital Assets**  
**Figure 6**

	2017	2016
Land	\$ 1,319,613	\$ 1,319,613
Building	8,552,572	8,809,110
Furniture and equipment	44,707	48,918
Books and audio visual devices	1,425,730	1,408,031
Total capital assets	\$ 11,342,622	\$ 11,585,672

**Debt Discussion 11**

As of December 31, 2017, the District’s total debt is \$7,079,851. Of this amount, \$28,956 represents the liability for the employees’ compensated absences and \$7,050,895 is the Basalt Regional Library District’s general obligation debt, including accrued interest payable. The remainder is the District’s accounts payable. Additional information regarding the District’s long-term debt can be found in Note 5 of the financial statements.

**Economic Factors and Next Year’s Budget**

The Library District enjoyed several years of favorable economic conditions which resulted in the growth of fund reserves. While the library has grown by providing core services and innovation for its patrons, it is reliant on property taxes for its funding and hence is impacted by real estate development and property values. The pace of local development and real estate sales has slowed as the national economy has suffered a severe economic recession and only recently begun to show signs of recovery. In 2016, the voters authorized the increase of \$350,000 an additional property taxes per year. This increase is for a seven year period and will end after 2023. Financial planning continues for adjustments to operations for 2018 and beyond that may be necessary as the economic uncertainty continues.

**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 Basalt Regional Library District, 14 Midland Avenue, Basalt, CO 81621.

**Basalt Regional Library District**  
**Statement of Net Position**  
**December 31, 2017**

<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 2,168,468
Property taxes receivable	2,317,058
<b>Total current assets</b>	<u>4,508,888</u>
 <b>Capital assets (net of accumulated depreciation)</b>	
Land	1,319,613
Building	8,552,571
Furniture and equipment	44,708
Books and audio visual devices	1,425,730
<b>Total capital assets</b>	<u>11,342,622</u>
<b>Total assets</b>	<u>15,851,510</u>
 <b>Liabilities</b>	
<b>Current liabilities</b>	
Accounts payable	22,360
Accrued liabilities	12,863
Interest payable	25,672
Bonds payable	725,000
<b>Total current liabilities</b>	<u>785,895</u>
 <b>Deferred inflows of resources</b>	
Deferred property taxes	2,317,058
Deferred grants	4,653
<b>Total deferred inflows of resources</b>	<u>2,321,711</u>
 <b>Non-current liabilities</b>	
Compensated absences	28,956
Bonds payable	6,265,000
<b>Total non-current liabilities</b>	<u>6,293,956</u>
<b>Total liabilities and deferred inflows of resources</b>	<u>9,401,562</u>
 <b>Net position</b>	
Invested in capital assets, net of related debt	4,352,622
Restricted for:	
Emergency	43,600
Unrestricted	2,053,726
<b>Total net position</b>	<u>\$ 6,449,948</u>

See the accompanying notes to the basic financial statements.



**Basalt Regional Library District  
Balance Sheet - Governmental Funds  
December 31, 2017**

	<u>Major Funds</u>				
	<u>General</u>	<u>Debt Service</u>	<u>Capital</u>	<u>Total Governmental Funds</u>	
	<u>Fund</u>	<u>Fund</u>	<u>Reserve Fund</u>	<u>2017</u>	<u>2016</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 1,102,191	\$ 595,257	\$ 471,020	\$ 2,168,468	\$ 1,868,420
Property taxes receivable	1,380,338	936,720	-	2,317,058	2,297,524
Prepaid expenses	23,362	-	-	23,362	7,084
Internal balances	121,264	(52,220)	(69,044)	-	-
<b>Total assets</b>	<u>\$ 2,627,155</u>	<u>\$ 1,479,757</u>	<u>\$ 401,976</u>	<u>\$ 4,508,888</u>	<u>\$ 4,173,028</u>
<b>Liabilities</b>					
Liabilities					
Accounts payable	\$ 22,360	\$ -	\$ -	\$ 22,360	\$ 20,560
Accrued liabilities	12,863	-	-	12,863	15,547
<b>Total liabilities</b>	<u>35,223</u>	<u>-</u>	<u>-</u>	<u>35,223</u>	<u>36,107</u>
<b>Deferred inflows of resources</b>					
Deferred property taxes and other	1,384,991	936,720	-	2,321,711	2,299,639
<b>Fund balance:</b>					
Fund balance:					
Reserve for emergency	43,600	-	-	43,600	42,500
Assigned	-	543,037	401,976	945,013	846,126
Unassigned	1,163,341	-	-	1,163,341	948,656
<b>Total fund balance</b>	<u>1,206,941</u>	<u>543,037</u>	<u>401,976</u>	<u>2,151,954</u>	<u>1,837,282</u>
<b>Total liabilities, deferred inflows of resources and fund equity</b>	<u>\$ 2,627,155</u>	<u>\$ 1,479,757</u>	<u>\$ 401,976</u>	<u>\$ 4,508,888</u>	<u>\$ 4,173,028</u>

See the accompanying notes to the basic financial statements.

**Basalt Regional Library District  
Reconciliation of the Governmental Funds - Balance Sheet  
to the Statement of Net Position  
December 31, 2017**

<b>Total fund balance for governmental funds</b>	\$ 2,151,954
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Total net position reported for governmental activities in the Statement of Net Position is different because:

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

Land	\$ 1,319,613	
Building	10,756,710	
Furniture and equipment	278,555	
Books and audio-visual devices	1,596,948	
Less accumulated depreciation	<u>(2,609,204)</u>	
<b>Total capital assets</b>		<u>11,342,622</u>

Long-term liabilities are not due and payable in the current period and accordingly are not reported in the funds. Other related amounts include debt issuance costs, bond interest payable, unamortized bond premium and unamortized deferred amount of refunding.

Accrued interest on long-term debt	(25,672)	
General obligation bonds payable	(6,990,000)	
Compensated absences	<u>(28,956)</u>	
<b>Total long-term liabilities</b>		<u>(7,044,628)</u>

<b>Total net position of governmental activities</b>	<u><u>\$ 6,449,948</u></u>
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See the accompanying notes to the basic financial statements.

**Basalt Regional Library District**  
**Statement of Revenues, Expenditures**  
**Changes in Fund Balance - Governmental Funds**  
**For the year ended December 31, 2017 and 2016**

	General Fund	Debt Service Fund	Capital Reserve Fund	Total Governmental Funds	
				2017	2016
<b>Revenues</b>					
Taxes					
Property	\$ 1,371,621	\$ 924,159	\$ -	\$ 2,295,780	\$ 1,895,851
Specific ownership	104,253	-	-	104,253	77,303
Miscellaneous:					
Fines and fees	41,718	-	-	41,718	41,833
Contributions	16,954	-	-	16,954	32,861
Interest income	22,485	5,087	4,042	31,614	17,281
Other	-	-	3,878	3,878	2,570
<b>Total revenues</b>	<u>1,557,031</u>	<u>929,246</u>	<u>7,920</u>	<u>2,494,197</u>	<u>2,067,699</u>
<b>Expenditures</b>					
Operating expenses					
Salaries and fringe benefits	747,490	-	-	747,490	717,564
Supplies	103,120	-	-	103,120	98,370
General operating expenses	64,621	-	-	64,621	78,583
Contracted services	108,372	-	-	108,372	109,689
Repairs and maintenance	32,277	-	-	32,277	52,741
Library programs	33,974	-	-	33,974	35,509
Treasurer's fees	49,132	41,152	-	90,284	74,806
Capital expenditures:					
Collections	102,260	-	-	102,260	101,944
Capital outlay	-	-	29,096	29,096	17,544
Debt service					
Principal	-	700,000	-	700,000	670,000
Interest	-	168,031	-	168,031	190,693
<b>Total expenditures</b>	<u>1,241,246</u>	<u>909,183</u>	<u>29,096</u>	<u>2,179,525</u>	<u>2,147,443</u>
<b>Other financing sources (uses)</b>					
Transfers in (out)	(100,000)	-	100,000	-	-
<b>Total other financing sources (uses)</b>	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	215,785	20,063	78,824	314,672	(79,744)
<b>Fund balance, January 1</b>	991,156	522,974	323,152	1,837,282	1,917,026
<b>Fund Balance, December 31</b>	<u>\$ 1,206,941</u>	<u>\$ 543,037</u>	<u>\$ 401,976</u>	<u>\$ 2,151,954</u>	<u>\$ 1,837,282</u>

See the accompanying notes to the basic financial statements.

**Basalt Regional Library District**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balance to the Statement of Activities of Governmental Funds**  
**For the year ended December 31, 2017**

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**Net change in fund balance for governmental funds** \$ 314,672

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

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

Depreciation expense	\$ (346,134)	
Capital outlay	<u>103,084</u>	
		(243,050)

Repayment of principal on long-term debt is an expenditure in the governmental		
Principal repayments		700,000

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

Compensated absences	(2,487)	
Accrued interest on long-term debt	<u>3,541</u>	
		<u>1,054</u>

<b>Change in net assets of governmental activities</b>		<u><u>\$ 772,676</u></u>
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**Basalt Regional Library District**  
**Notes to the Financial Statements**  
**December 31, 2017**

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**1 Summary of Significant Accounting Policies**

**A. The Financial Reporting Entity**

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

**B. Basis of Presentation, Basis of Accounting**

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

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

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

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

**Basalt Regional Library District**  
**Notes to the Financial Statements**  
**December 31, 2017**

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

**B. Basis of Presentation, Basis of Accounting-(continued)**

The District reports the following major governmental funds:

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

*Debt Service 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, if any.

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

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

*Government-wide Financial Statements*

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

*Governmental Fund Financial Statements*

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

**Basalt Regional Library District**  
**Notes to the Financial Statements**  
**December 31, 2017**

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

**C. Measurement Focus, Basis of Accounting-(continued)**

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

**Deferred Outflows / Inflows of Resources**

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

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

**D. Assets, Liabilities, and Equity**

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

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

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

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

**Basalt Regional Library District**  
**Notes to the Financial Statements**  
**December 31, 2017**

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

**D. Assets, Liabilities, and Equity-(continued)**

Capital Assets

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

Furniture and Fixtures	7 -10 years
Equipment	5-7 years
Buildings and Improvements	40 years

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

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

- *Non-spendable-* includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.
- *Restricted-*includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- *Committed-*includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Board of Directors.
- *Assigned-*includes spendable fund balance amounts that are intended to be used for specific purposes that are neither consider restricted or committed. Fund balance may be assigned by the Board of Directors or its management designee.
- *Unassigned-*includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

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

**Basalt Regional Library District  
Notes to the Financial Statements  
December 31, 2017**

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

**D. Assets, Liabilities, and Equity-(continued)**

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

**E. Budget and Budgetary Accounting**

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

1. Budgets are required by state law for all governmental funds.
2. During September the proposed budget is submitted to the Board of Trustees for the fiscal year commencing the following January 1.
3. Prior to December 31, the budget is adopted and appropriations are authorized by resolution at the fund level for all funds. The legal level of budgeting control is at the individual fund level for all funds
4. Budgets are adopted on a basis consistent with the accounting basis of all funds, except that book donations and advance refunding are not budgeted.
5. Expenditures may not legally exceed appropriations at the fund level. The Board of Trustees may increase or decrease the budget and appropriations during the year within restrictions imposed by the District and laws of the State of Colorado. Budget amounts included in the financial statements are based on the final, legally amended budget.
6. Appropriations lapse at the end of the year, and the Board of Trustees may adopt supplemental appropriations during the year. For 2017, no supplemental appropriations were adopted.

**2 Deposits with Financial Institutions and Investments**

**Deposits**

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

**Basalt Regional Library District  
Notes to the Financial Statements  
December 31, 2017**

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

**Custodial Credit: Risks -Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2017 none of the District's bank balances of \$87,267 were exposed to custodial credit.

**Investments**

At December 31, 2017 the District had the following investments:

	<u>Maturities</u>	<u>Fair Value</u>
ColoTrust Plus	N/A	\$ 2,101,531

**Interest rate risk** - The District's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Investments may not exceed a maturity date from purchase in excess of five years. The District has not experienced fair value losses.

**Credit risk**- Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest including obligations of the United States and certain U.S. government agency securities; certain international agency securities; general obligation and revenue bonds of U.S. local government entities; bankers' acceptances of certain banks; commercial paper; local government investment pools; written repurchase agreements collateralized by certain authorized securities; certain money market funds; and guaranteed investment contracts. The District's general investment policy is to apply the prudent-person rule: Prudence and protection of District funds are the primary criteria. All investments and bid requests for investments are predicated on liquidity, yield, safety and interest of the local economy. As of December 31, 2014, the District's investment in ColoTrust Plus, a 2a7-like investment pool, was rated AAA/V by Standard & Poor's, Aaa by Moody's Investors Service and AAA/V-1 by Fitch Ratings.

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

**Basalt Regional Library District  
Notes to the Financial Statements  
December 31, 2017**

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**3 Capital Assets**

Capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,319,613	\$ -	\$ -	\$ 1,319,613
Capital assets being depreciated:				
Building	10,742,166	14,544	-	10,756,710
Furniture and equipment	270,069	8,486	-	278,555
Books and audio visual devices	1,516,894	80,054	-	1,596,948
Total capital assets being depreciated	<u>12,529,129</u>	<u>103,084</u>	<u>-</u>	<u>12,632,213</u>
Less accumulated depreciation for:				
Building	(1,933,055)	(271,083)	-	(2,204,138)
Furniture and equipment	(221,151)	(12,697)	-	(233,848)
Books and audio visual devices	(108,864)	(62,354)	-	(171,218)
Total accumulated depreciation	<u>(2,263,070)</u>	<u>(346,134)</u>	<u>-</u>	<u>(2,609,204)</u>
Total Capital assets being depreciated	<u>10,266,059</u>	<u>(243,050)</u>	<u>-</u>	<u>10,023,009</u>
Governmental activity capital assets	<u>\$ 11,585,672</u>	<u>\$ (243,050)</u>	<u>\$ -</u>	<u>\$ 11,342,622</u>

**4 Short-term Debt**

The District had no short-term debt during the year ended December 31, 2017.

**5 Long-term Debt**

**General Obligation Bonds - Series 2006 and 2012**

On November 7, 2006, the District's electorate approved the issuance of \$11,000,000 in general obligation bonds, and an increase in the mill levy, for payment of the principal and interest on the bonds. The general obligation bonds are direct obligations and pledge the full faith and credit of the District.

In December of 2006, the District issued \$9,000,000 of General Obligation Bonds, Series 2006 for the acquisition and construction of a new library building. Additionally, the District issued \$485,000 in interest certificates. The interest rate for Series 2006 debt ranges from 3.625% to 4%.

The following are the schedules of required debt payments as of December 31, 2017 for the Series 2012 bonds:

**Basalt Regional Library District  
Notes to the Financial Statements  
December 31, 2017**

**5 Long-term Debt-(continued)**

**General Obligation Bonds - Series 2012**

In October of 2012, the District issued \$7,790,000 of General Obligation Bonds, Series 2012 for the advance refunding of the Series 2006 bonds on November 1, 2016. The interest rate for Series 2012 debt ranges from 2% to 2.5%.

**Series 2012**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 725,000	\$ 154,031	\$ 879,031
2019	725,000	139,531	864,531
2020	750,000	125,031	875,031
2021	760,000	110,031	870,031
2022-2026	4,030,000	294,163	4,324,163
	<u>\$ 6,990,000</u>	<u>\$ 822,787</u>	<u>\$ 7,812,787</u>

Changes in General Long-Term Debt for the year ended December 31, 2017 are as follows:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance End of Year</u>	<u>Due Within One Year</u>
General Obligation Bonds Series 2012	\$ 7,690,000	\$ -	\$ (700,000)	\$ 6,990,000	\$ 725,000
Total	<u>\$ 7,690,000</u>	<u>\$ -</u>	<u>\$ (700,000)</u>	<u>\$ 6,990,000</u>	<u>\$ 725,000</u>

**6 Tax, Spending and Debt Limitations**

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

**Basalt Regional Library District  
Notes to the Financial Statements  
December 31, 2017**

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**6 Tax, Spending and Debt Limitations-(continued)**

One of the requirements of TABOR is for emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefits increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has reserved a portion of its December 31, 2017, year-end fund balance in the General Fund for emergencies as required under TABOR in the amount of \$43,600, which is the approximate required reserve at December 31, 2017.

On November 2, 2004, the District's electorate approved the following ballot question:

"Shall Basalt Regional Library District taxes be increased up to \$394,000 annually (for collection in calendar year 2005) and by such additional amounts raised annually thereafter by an ad valorem property tax mill levy imposed for District operations and maintenance at a rate of 1.14 mills (making the District's total mill levy for operations and maintenance 2.06 mills) to pay the costs of District operations and maintenance; and shall the revenue from such taxes constitute permanent voter-approved revenue changes within the meaning of Article X, Section 20 of the Colorado Constitution and an exception to the limitations set forth in Section 29-1-301 of the Colorado Revised Statutes?"

On November 7, 2006, the District's electorate approved the following ballot questions:

"Shall Basalt Library District taxes be increased up to \$175,000, annually (for collection in calendar year 2008) and by such additional amounts raised annually thereafter by an ad valorem property tax mill levy imposed at a rate of up to .55 mills for the costs associated with the operation of the new regional library facility including but not limited to replacement and upkeep of library furnishings and equipment, utilities, books and other library materials and support of library programs and services for the patrons, which increase shall be in addition to the mill levy currently imposed by the District; and shall the revenue from such taxes constitute permanent voter-approved revenue changes within the meaning of Article X, Section 20 of the Colorado Constitution and an exception to the limitations set forth in Section 29-1-3-01 of the Colorado Revised Statues.

"Shall Basalt Regional Library District debt be increased up to \$11,000,000 with a maximum repayment cost of up to \$17,943,600 and shall District taxes be increased up to \$931,000 annually for the purpose of: Purchasing Land within the town of Basalt and the constructing and equipping a new regional library facility.

**Basalt Regional Library District  
Notes to the Financial Statements  
December 31, 2017**

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**6 Tax, Spending and Debt Limitations-(continued)**

Such Debt to consist of the issuance and payment of general obligation bonds, which shall bear interest at a maximum net effective interest rate not to exceed 5.50% per annum and be issued dated and sold at such time or times, at such prices (at, above or below par) and in such manner and containing such terms, not inconsistent here within, as the board of trustees may determine; shall ad valorem property taxes be levied in any year, without limitation as to rate or amount, to pay the principal of, premium if any, and interest on such bonds as the same become due, which property tax levy shall not extend beyond the year in which the bonds are paid in full; and shall any earnings on the investment of the revenues from such taxes and on any proceeds of such bonds (regardless of amount) constitute a voter-approved revenue change within the meaning of Article X, Section 20 of the Colorado Constitution?"

On November 2016, the District electorate approved the following ballot question:

“SHALL BASALT REGIONAL LIBRARY DISTRICT TAXES BE INCREASED \$350,000 ANNUALLY FOR A LIMITED SEVEN-YEAR PERIOD (WITH SUCH VOTER AUTHORIZATION TO EXPIRE AFTER TAX COLLECTION YEAR 2023), THROUGH A TAX LEVY IMPOSED AT A RATE SUFFICIENT TO PRODUCE THE AMOUNT STATED ABOVE, WHICH TAXES SHALL BE USED FOR THE PURPOSE OF SUSTAINING AND MAINTAINING DISTRICT OPERATIONS AND SERVICES, AND BUILDING RESERVES FOR SCHEDULED CAPITAL MAINTENANCE?”

**7 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 maintained membership with the following pool and obtained commercial coverage for the above risks.

**Colorado Special Districts Property and Liability Pool**

The District participates in the Colorado Special Districts Property and Liability Pool. The Pool was formed by an intergovernmental agreement to provide public officials, property, general, and automobile liability coverage for claims up to \$1,000,000, except if the claim falls within the governmental immunity statute, then the coverage is \$150,000 per person and a \$600,000 aggregate claim. The Pool is reinsured for 80% of the first \$250,000 of all claims and 100% for claims in excess of \$250,000. The District may be required to make additional contributions in the event aggregate losses incurred by the Pool exceed amounts recoverable from reinsurance contracts. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. Any settled claims are not expected to exceed coverage.

**Basalt Regional Library District  
Notes to the Financial Statements  
December 31, 2017**

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**8 Retirement Plan**

Effective June of 2005, the employees of the District were eligible to enter into a defined contribution plan through TIAA CREFF, a retirement fund administrator. The district will match up to 5% of the employee's contributions under the plan.

**9 Commitments and Contingencies**

If the District does not meet certain safe harbor expenditure rules set forth by the IRS they may be subject to a rebate payment to the IRS equal to the difference between the actual and the allowable yield on the investment of the tax exempt bond issue proceeds.

**10 Internal Balances and transfers**

Internal balances between fund types for the year ended December 31, 2017, were as follows:

	Balances In	Balances Out
Internal balances		
General Fund	\$ 121,264	\$ -
Debt Service Fund	-	(52,220)
Capital Reserve Fund	-	(69,044)
	<u>\$ 121,264</u>	<u>\$ (121,264)</u>

Budgeted transfer was made of \$100,000 from the General Fund to the Capital Reserve Fund for future capital outlays.

Required Supplemental Information

**Basalt Regional Library District**  
**Budgetary Comparison Schedule - General Fund**  
**For the year ended December 31, 2017 and 2016**

	2017		Variance Favorable (Unfavorable)	2016
	Original and Final Budget	Actual		Actual
<b>Revenues</b>				
Property taxes	\$ 1,372,787	\$ 1,371,621	\$ (1,166)	\$ 987,858
Specific ownership taxes	65,000	104,253	39,253	77,303
Fines and fees	40,750	41,718	968	41,833
Grants and contributions	13,500	16,954	3,454	32,861
Interest income	6,000	22,485	16,485	11,247
Other	-	-	-	2,570
<b>Total revenues</b>	1,498,037	1,557,031	58,994	1,153,672
<b>Expenditures</b>				
Payroll:				
Salaries and wages	700,005	630,396	69,609	614,622
Retirement	22,400	25,166	(2,766)	19,844
Health insurance	33,677	36,509	(2,832)	32,058
Payroll taxes	53,000	48,592	4,408	47,438
Payroll service	4,000	4,146	(146)	3,602
Director Search	-	2,681	(2,681)	-
<b>Total Payroll</b>	813,082	747,490	65,592	717,564
Supplies:				
Operating expenses	12,000	9,190	2,810	10,914
Marmot	87,000	85,224	1,776	79,612
Postage and courier	8,000	8,706	(706)	7,844
<b>Total Supplies</b>	107,000	103,120	3,880	98,370
Operating expenses:				
Technology and cataloging	25,110	15,938	9,172	26,524
Travel	1,500	3,349	(1,849)	474
Board expenses	1,100	279	821	983
Staff expenses	6,000	6,059	(59)	4,359
Utilities	44,100	29,535	14,565	34,524
Advertising	9,000	9,461	(461)	11,719
<b>Total Operating Expenses</b>	86,810	64,621	22,189	78,583
Contracted Services:				
Accounting fees	23,200	20,266	2,934	20,177
Legal fees	5,000	404	4,596	4,698
Dues and membership fees	5,500	3,006	2,494	4,247
Insurance and bonding	20,000	20,195	(195)	17,038
Worker's compensation	2,500	1,371	1,129	1,600
Janitorial services	49,750	49,740	10	49,740
Cleaning and maintenance supplies	7,000	3,962	3,038	4,714
Landscaping	7,000	9,428	(2,428)	7,475
<b>Total Contracted Services</b>	119,950	108,372	11,578	109,689

**Basalt Regional Library District**  
**Budgetary Comparison Schedule - General Fund (continued)**  
**For the year ended December 31, 2017 and 2016**

	2017		Variance Favorable (Unfavorable)	2016
	Original and Final Budget	Actual		Actual
<b>Expenditures (continued)</b>				
Repairs and maintenance:				
Building	33,720	17,178	16,542	34,786
Equipment repairs	14,000	10,620	3,380	11,320
Snow removal	5,000	4,479	521	6,635
Total Maintenance	<u>52,720</u>	<u>32,277</u>	<u>20,443</u>	<u>52,741</u>
Library Programs				
Youth services programs	4,455	4,712	(257)	4,743
Adult services programs	3,000	2,814	186	2,637
Young adult programs	9,550	5,943	3,607	10,985
Music programs	11,080	9,945	1,135	8,868
Community programs	11,700	10,560	1,140	8,276
Total Library Programs	<u>39,785</u>	<u>33,974</u>	<u>5,811</u>	<u>35,509</u>
Treasurer's fees	53,662	49,132	4,530	38,810
Books, audios and videos	103,493	102,260	1,233	101,944
<b>Total expenditures</b>	<u>1,376,502</u>	<u>1,241,246</u>	<u>135,256</u>	<u>1,233,210</u>
<b>Other financing sources (uses)</b>				
Operating transfers (out)	(80,000)	(100,000)	20,000	(40,000)
<b>Total other financing sources (uses)</b>	<u>(80,000)</u>	<u>(100,000)</u>	<u>20,000</u>	<u>(40,000)</u>
<b>Net change in fund balance</b>	41,535	215,785	214,250	(119,538)
<b>Fund balance, January 1</b>	1,008,485	991,156	(17,329)	1,110,694
<b>Fund balance, December 31</b>	<u>\$ 1,050,020</u>	<u>\$ 1,206,941</u>	<u>\$ 196,921</u>	<u>\$ 991,156</u>

**Basalt Regional Library District**  
**Budgetary Comparison Schedule - Debt Service Fund**  
**For the year ended December 31, 2017 and 2016**

	2017		Variance Favorable (Unfavorable)	2016
	Original and Final Budget	Actual		Actual
<b>Revenues</b>				
Property taxes	\$ 924,736	\$ 924,159	\$ (577)	\$ 907,993
Interest income	-	5,087	5,087	2,058
<b>Total revenues</b>	924,736	929,246	4,510	910,051
<b>Expenditures</b>				
<b>Debt Service:</b>				
Principal	700,000	700,000	-	670,000
Interest	168,031	168,031	-	190,693
Treasurers fees	36,319	41,152	(4,833)	35,996
<b>Total expenditures</b>	904,350	909,183	(4,833)	896,689
<b>Net change in fund balance</b>	20,386	20,063	(323)	13,362
<b>Fund balance, January 1</b>	526,579	522,974	(3,605)	509,612
<b>Fund balance, December 31</b>	\$ 546,965	\$ 543,037	\$ (3,928)	\$ 522,974

**Basalt Regional Library District**  
**Budgetary Comparison Schedule - Capital Reserve Fund**  
**For the year ended December 31, 2017 and 2016**

	2017			2016
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Interest income	\$ -	\$ 4,042	\$ 4,042	\$ 3,976
Other	-	3,878	3,878	-
<b>Total revenues</b>	<u>-</u>	<u>7,920</u>	<u>7,920</u>	<u>3,976</u>
<b>Expenditures</b>				
Capital outlay	40,300	29,096	11,204	17,544
<b>Total expenditures</b>	<u>40,300</u>	<u>29,096</u>	<u>11,204</u>	<u>17,544</u>
<b>Other financing sources (uses)</b>				
Operating transfers in	80,000	100,000	20,000	40,000
<b>Total other financing sources (uses)</b>	<u>80,000</u>	<u>100,000</u>	<u>20,000</u>	<u>40,000</u>
<b>Net change in fund balance</b>	39,700	78,824	39,124	26,432
<b>Fund balance, January 1</b>	336,720	323,152	(13,568)	296,720
<b>Fund balance, December 31</b>	<u>\$ 376,420</u>	<u>\$ 401,976</u>	<u>\$ 25,556</u>	<u>\$ 323,152</u>