

CLEAR CREEK COUNTY LIBRARY DISTRICT  
COLORADO

FINANCIAL STATEMENTS  
DECEMBER 31, 2017

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September 26, 2018

CLEAR CREEK COUNTY LIBRARY DISTRICT  
FINANCIAL REPORT  
December 31, 2017

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Clear Creek County Library District

I have audited the accompanying financial statements of the Clear Creek County Library District (the "District"), as of and for the year ended December 31, 2017, as listed in the table of contents, and the related notes to the financial statements.

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

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### **Opinions**

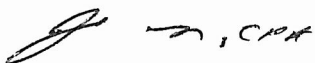
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clear Creek County Library District as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles 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 in Section B to 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. I have applied certain limited procedures to the Management's Discussion and Analysis in Section B in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

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



Jack Salewski, CPA  
September 4, 2018

CLEAR CREEK COUNTY LIBRARY DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS

## Clear Creek County Library District

### Management's Discussion and Analysis December 31, 2017

As management of Clear Creek County Library District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2017.

#### **Financial Highlights**

- The assets and deferred outflow of resources of the District exceeded its liabilities and deferred inflow of resources by \$3,346,724 at the close of the most recent fiscal year end. Of this amount, \$2,019,226 may be used to meet the District's ongoing obligations to patrons.
- The District's total net position increased by \$131,321. This was due to significant property tax revenue and a reduction in expenses.
- At the end of the current fiscal year, total fund balance for the General Fund was \$2,050,494 or 218% of total General Fund expenditures.

#### **Overview of the Financial Statements**

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

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

The Statement of Net Position presents information on all the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

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

The governmental activity of the District is library services. There are currently no business-type activities of the District.

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

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

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

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

**Notes to the Financial Statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the financial Statements can be found on pages D1 through D19 of this report.

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

Almost all of the District's revenue was from property taxes. Most of the District's assets are reflected in the investment in capital assets (i.e. buildings, furniture, fixtures, and equipment). Capital assets account for 30% of the total assets. The District will use these assets to provide services to its citizens. Accordingly, these assets are not an available source for payment of future spending. Of the remaining assets, 3% of the governmental activities annual budget is restricted for use in the event of an emergency.

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

**Clear Creek County Library District's Net Position**

	<u>2017</u>	<u>2016</u>
<b>Assets:</b>		
Current and Other Assets	\$3,023,992	\$2,972,469
Capital Assets	1,296,230	1,341,915
Total Assets	<u>4,320,222</u>	<u>4,314,384</u>
<b>Liabilities:</b>		
Other Liabilities	46,170	60,612
Long-Term Liabilities	-0-	-0-
Total Liabilities	<u>46,170</u>	<u>60,612</u>
<b>Deferred Inflows of Resources:</b>		
Unavailable Property Tax Revenue	927,328	1,038,369
Total Deferred Inflows of Resources	<u>927,328</u>	<u>1,038,369</u>
<b>Net Position:</b>		
Net Investment in Capital Assets	1,296,230	1,341,915
Restricted	31,268	36,940
Unrestricted	2,019,226	1,836,548
Total Net Position	<u>\$3,346,724</u>	<u>\$3,215,403</u>

Approximately 39% of the District's net position reflects its investment in capital assets, which includes buildings, equipment, improvements, and furniture.

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

**Clear Creek County Library District's Change in Net Position**

	<u>2017</u>	<u>2016</u>
<b>Revenues:</b>		
General Revenues:		
Property Taxes	\$1,036,002	\$1,174,565
Specific Ownership Taxes	53,975	48,212
Interest on Taxes	595	763
Grant Revenues	4,500	15,500
Earnings on Investments	17,936	7,721
Donations	2,470	-0-
Other Income	1,731	2,061
Total Revenues	<u>1,117,209</u>	<u>1,248,822</u>
<b>Expenses:</b>		
Personnel Services	630,763	536,252
Supplies	9,713	9,631
Library Materials	64,618	73,842
Technology	50,483	72,714
Communications	7,065	6,994
Facilities and Maintenance	72,335	72,727
Professional Services	85,595	67,100
Other Expenses	6,736	12,899
Depreciation	58,580	58,966
Total Expenses	<u>985,888</u>	<u>911,125</u>
<b>Changes in Net Position</b>	131,321	337,697
<b>Net Position – Beginning of Year</b>	<u>3,215,403</u>	<u>2,877,706</u>
<b>Net Position – End of Year</b>	<u>\$3,346,724</u>	<u>\$3,215,403</u>

The District's net position increased due to a significant amount of property tax revenue.

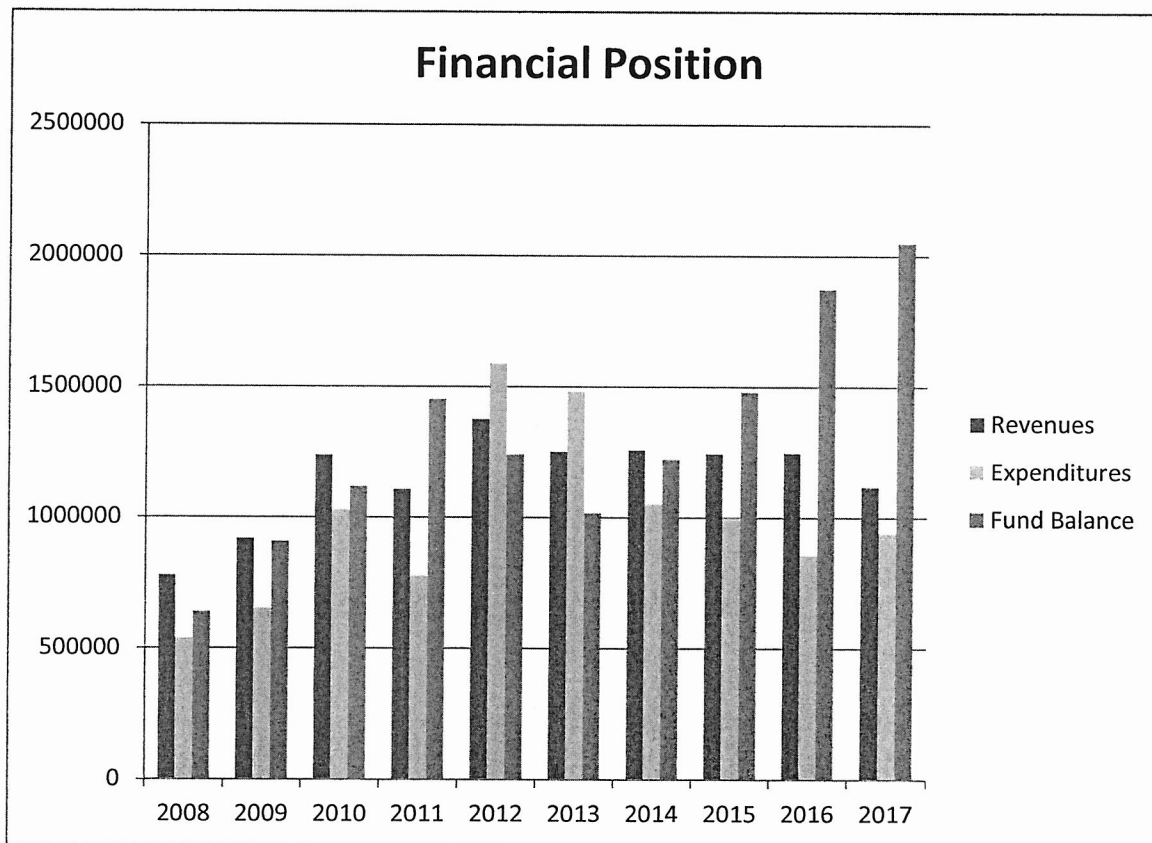
Property taxes were the most significant source of general revenues for the District. Property taxes accounted for 93% of revenues. Specific ownership taxes, which consist of vehicle taxes collected at the County, were also a significant source of revenue accounting for 5% of total revenues.

### Government-wide financial analysis (continued)

When compared with 2016, total District expenses increased by \$84,036 or 9%. This increase is due to increase in personal service and professional services incurred during the year.

### Financial Analysis of the District's Funds

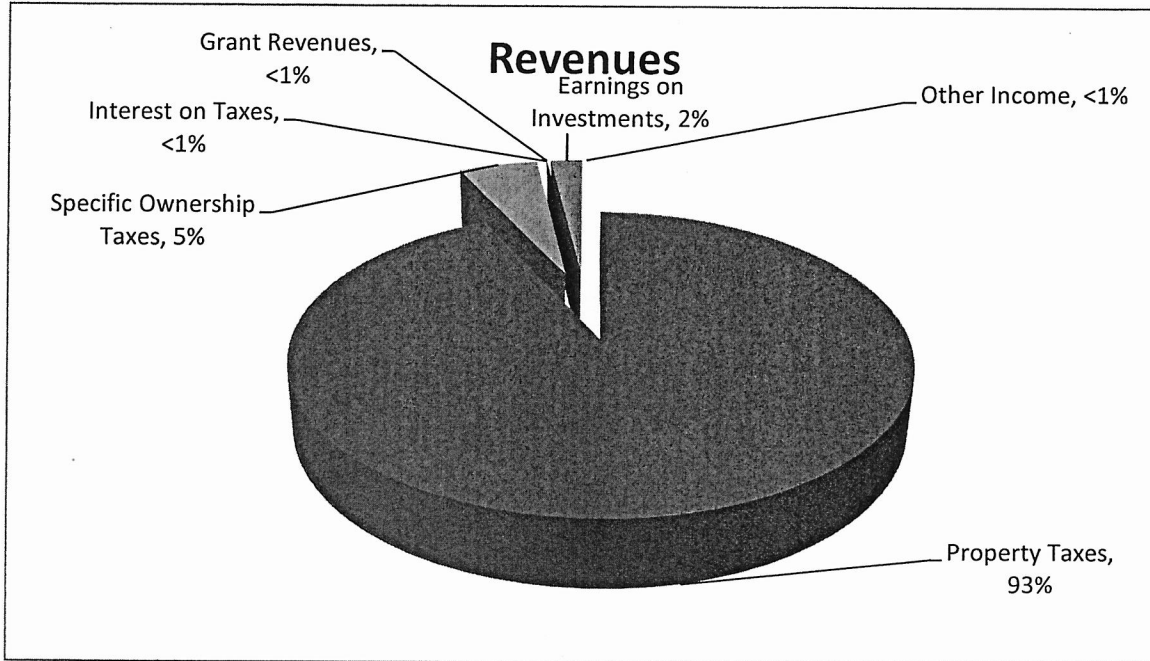
As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District had the following changes in its General Fund for the years 2008 through 2017:



The District's General Fund had a change in fund balance of \$177,006 and an ending fund balance of \$2,050,494. Revenue decreased \$131,613 or less than 11% from 2016. During the year, fund balance increased due to greater income than expenditures.

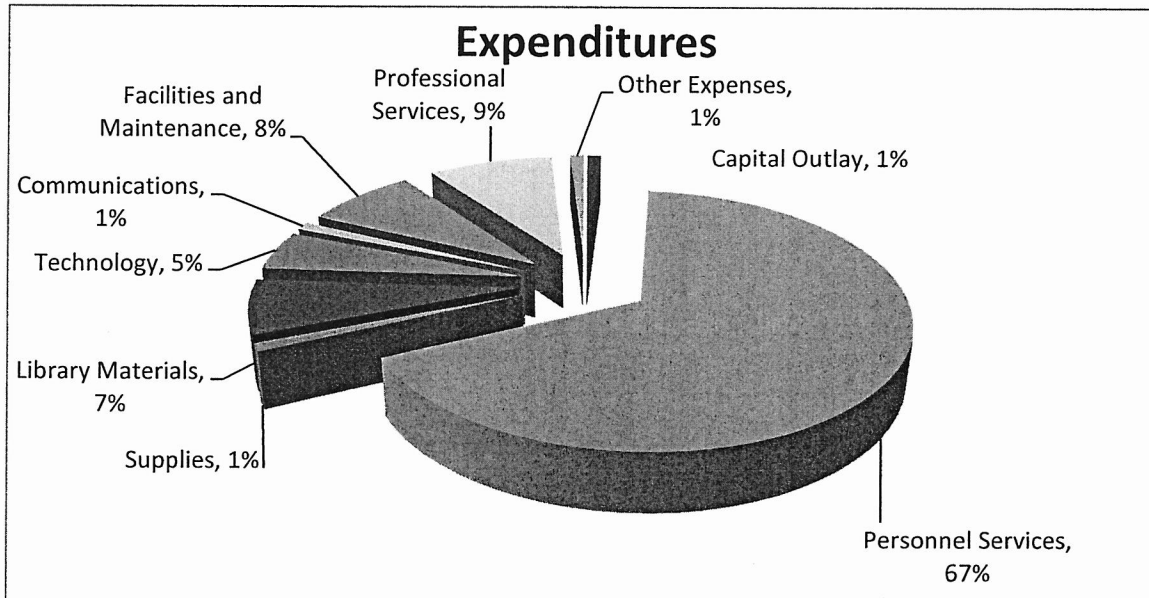
**Government-wide financial analysis (continued)**

The following chart represents the District's revenues:



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

The District's General Fund expenditures consist primarily of personnel services (wages, retirement, health insurance, etc.), capital outlay, and debt service.



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

**Budget variances in the General Fund:** The District's 2017 budget was approved at the end of 2016. Significant budget variances were as follows:

<b>Account</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>	<b>Reason</b>
<b>Revenues:</b>				
Earnings on Investments	4,000	17,936	13,936	More interest received than expected
Specific Ownership Tax	41,500	53,975	12,475	More specific ownership tax collected
<b>Expenditures/Expenses:</b>				
Personnel Services	685,000	630,763	54,237	Conservative budgeting
Library Material	89,240	64,618	24,622	Conservative budgeting
Professional Services	119,500	85,595	33,905	Conservative budgeting
Capital Outlay	130,681	12,895	117,786	Anticipated expense at the time of budget that are deferred
Technology	81,000	50,483	30,517	Conservative budgeting

**Next year's budget and rates:** The District had \$2,050,494 of fund balance at the end of the current fiscal year. The District's 2018 budget anticipates a beginning balance of \$1,864,233.

**Request for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Clear Creek County Library District, P.O. Box 666, Georgetown, CO 80444 or you may call 303-569-2620.

CLEAR CREEK COUNTY LIBRARY DISTRICT

BASIC FINANCIAL STATEMENTS

CLEAR CREEK COUNTY LIBRARY DISTRICT  
GOVERNMENTAL FUND BALANCE SHEET / STATEMENT OF NET POSITION

	December 31, 2017		
	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>Assets:</b>			
Cash and Cash Equivalents	\$2,080,478	\$ -0-	\$2,080,478
Prepaid Expenses	16,186	-0-	16,186
Property Taxes Receivable	927,328	-0-	927,328
<b>Non-Current Assets:</b>			
Capital Assets, Net of Depreciation	-0-	1,296,230	1,296,230
<b>Total Assets</b>	<u>3,023,992</u>	<u>1,296,230</u>	<u>4,320,222</u>
<b>Liabilities:</b>			
Accounts Payable	9,975	-0-	9,975
Accrued Expenses	36,195	-0-	36,195
<b>Total Liabilities</b>	<u>46,170</u>	<u>-0-</u>	<u>46,170</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable Property Tax Revenue	927,328	-0-	927,328
<b>Total Deferred Inflows of Resources</b>	<u>927,328</u>	<u>-0-</u>	<u>927,328</u>
<b>Fund Balance / Net Position:</b>			
<b>Fund Balance:</b>			
Restricted for			
Non Spendable	16,186		
Restricted for Emergencies	31,268		
Committed	-0-		
Assigned	58,322		
Unassigned (Deficit)	1,944,718		
<b>Total Fund Balance</b>	<u>2,050,494</u>		
<b>Total Liabilities, Deferred Inflow of Resources, and Fund Balance</b>	<u>\$3,023,992</u>		
<b>Net Position:</b>			
Net Investment in Capital Assets		1,296,230	1,296,230
Restricted for			
Emergencies		31,268	31,268
Unrestricted		(31,268)	2,019,226
<b>Total Net Position</b>		<u>\$1,296,230</u>	<u>\$3,346,724</u>

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

CLEAR CREEK COUNTY LIBRARY DISTRICT  
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES / STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues:</b>			
Property Taxes	\$1,036,002	\$ -0-	\$1,036,002
Specific Ownership Taxes	53,975	-0-	53,975
Interest on Taxes	595	-0-	595
Grant Revenues	4,500	-0-	4,500
Earnings on Investments	17,936	-0-	17,936
Other Income	4,201	-0-	4,201
Total Revenues	<u>1,117,209</u>	<u>-0-</u>	<u>1,117,209</u>
<b>Expenditures / Expenses:</b>			
Personnel Services	630,763	-0-	630,763
Supplies	9,713	-0-	9,713
Library Materials	64,618	-0-	64,618
Technology	50,483	-0-	50,483
Communications	7,065	-0-	7,065
Facilities and Maintenance	72,335	-0-	72,335
Professional Services	85,595	-0-	85,595
Other Expenses	6,736	-0-	6,736
Capital Outlay	12,895	(12,895)	-0-
Depreciation and Amortization	-0-	58,580	58,580
Total Expenditures / Expenses	<u>940,203</u>	<u>45,685</u>	<u>985,888</u>
<b>Excess of Revenues Over Expenditures</b>	<u>177,006</u>	<u>(45,685)</u>	<u>131,321</u>
<b>Change in Net Position</b>	177,006	(45,685)	131,321
<b>Fund Balances / Net Position –</b>			
<b>Beginning of Year</b>	<u>1,873,488</u>	<u>1,341,915</u>	<u>3,215,403</u>
<b>Fund Balances / Net Position – End of</b>			
<b>Year</b>	<u>\$2,050,494</u>	<u>\$1,296,230</u>	<u>\$3,346,724</u>

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

CLEAR CREEK COUNTY LIBRARY DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS

CLEAR CREEK COUNTY LIBRARY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

**1. Summary of Significant Accounting Policies**

Clear Creek County Library District (the "District") was established in 1980. The District operates under the laws of the State of Colorado and is governed by a Board of Directors elected by the Clear Creek electorate. The District was formed to provide for the selection, organization, and distribution of books and other materials to residents and visitors to the District. The District operates two libraries in Colorado: John Tomay Memorial Library and Idaho Springs Library.

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

**A. Reporting Entity**

The reporting entity is comprised of the primary government. The primary government of the Library District consists of all funds, departments, boards, and agencies that are not legally separate from the Library District.

Component units are legally separate organizations for which the Library District is financially accountable. The Library District is financially accountable for an organization if the Library District appoints a voting majority of the organization's governing board and (1) the Library District is able to significantly influence the programs or services performed or provided by the organizations; or (2) the Library District is legally entitled to or can otherwise access the organization's resources; (3) the Library District is legally obligated to or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Library District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Library District in that the Library District approves the budget, levies their taxes or issues their debt.

The Library District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations, and functions should be included

CLEAR CREEK COUNTY LIBRARY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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

**A. Reporting Entity (continued)**

within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criteria for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The Library District does not exercise any financial responsibility over any other entity nor does any other entity exercise financial responsibility over the Library District. Therefore, the Library District is not a component unit of any other entity nor has any component units.

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

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

**1) Government-wide Financial Statements**

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

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

CLEAR CREEK COUNTY LIBRARY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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

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

**2) Fund Financial Statements**

The financial transaction of the District are reported in the General Fund which is a set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures / expenses.

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

The General Fund accounts for resources devoted to financing the general services that the District performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund.

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

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

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

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

CLEAR CREEK COUNTY LIBRARY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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

**C. Measurement Focus and Basis of Accounting (continued)**

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

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

**D. Financial Statement Accounts**

**1) Cash and Cash Equivalents**

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

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

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds or U.S. local government entities

CLEAR CREEK COUNTY LIBRARY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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

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

**1) Cash and Cash Equivalents (continued)**

- Banker's acceptances of certain Banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market mutual funds
- Guaranteed investment contract
- Local government investment pools

**2) Categories and Classification of Fund Balance**

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

CLEAR CREEK COUNTY LIBRARY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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

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

**3) Capital Assets**

Capital assets, which include buildings, improvements, and equipment, are reported in the government-wide financial statements. Capital assets include assets with an individual cost of \$1,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Construction in progress is not depreciated until the construction is complete. Buildings and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Furniture and Fixtures	7 – 10
Equipment	5 – 10
Buildings and Improvements	7 - 40

**4) Compensated Absences**

The District allows its employees to accumulate sick and vacation leave based on the employee's length and hours of service. The District does not pay accrued sick leave upon termination. However, vacation leave is paid out upon termination. At year end, the estimated value of accumulated vacation leave is \$36,195.

CLEAR CREEK COUNTY LIBRARY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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

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

**5) Deferred Outflows / Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The District does not have any items that qualify for reporting in this category at December 31, 2017.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental fund reports unavailable revenues from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**E. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

CLEAR CREEK COUNTY LIBRARY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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

**F. Subsequent Events**

The District has evaluated events subsequent to the year ended December 31, 2017 through September 4, 2018, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

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

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

The governmental fund Balance Sheet includes adjustments between *fund balance – governmental funds* and *net position of governmental activities* as reported in the government-wide Statement of Net Position.

**B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities**

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes adjustments between *net change in fund balance of governmental funds* and *changes in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation includes depreciation. This amount includes depreciation on fixed assets of \$58,580.

The other element of the reconciliation is governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the costs of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation line. This capital outlay is \$12,895.

CLEAR CREEK COUNTY LIBRARY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

**3. Stewardship, Compliance, and Accountability**

**A. Budgetary information**

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

1. Prior to August 25, the County Assessor sent to the District a certified assessed valuation of all taxable property within the District's boundaries.
2. On or before October 15, the Director submitted to the District's Board of Directors a recommended budget that detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
3. Prior to December 15, the District computed and certified to the County Commissioners a rate of levy that will derive the necessary property taxes as computed in the proposed budget.
4. After a required public hearing, the District adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year. For the 2018 budget, this final step was enacted prior to December 15.
5. After adoption of the budget resolution, the District may make the following changes: (a) supplemental appropriations to the extent of revenues in excess of the estimated in the budget; (b) emergency appropriations; and (c) reduction of appropriations for which originally estimated revenues are insufficient.

CLEAR CREEK COUNTY LIBRARY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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

**A. Budgetary information (continued)**

Taxes levied in one year are collected in the succeeding year. Thus taxes certified in 2016 were collected in 2017 and taxes certified in 2017 will be collected in 2018. Taxes are due on January 1<sup>st</sup> in the year of collection; however, they may be paid in either one installment (no later than April 30<sup>th</sup>) or two equal installments (not later than February 28<sup>th</sup> and June 15<sup>th</sup>) without interest of penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15<sup>th</sup>.

**B. TABOR Amendment**

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 District believes it is in compliance with the requirements of the amendment.

One of the requirements of TABOR is for emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year revenue (excluding bonded debt service). The District has reserved a portion of its December 31, 2017 year end fund balance in the General Fund for emergencies as required under TABOR in the amount of \$31,268, which is the approximate required reserve at December 31, 2017.

CLEAR CREEK COUNTY LIBRARY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

**4. Detailed Notes on All Funds**

**A. Deposits and Investments**

The District's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held under Colorado's Public Deposit Protection Act (PDPA). The FDIC insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. As of the year end, the carrying amount of the District's demand deposits was \$123,642.

At year end, the District had the following investments and maturities:

	Rating	Carrying Amount	Maturities	
			Less Than One Year	Less Than Five Years
Deposits:				
Checking	Not Rated	\$ 104,837	\$ 104,837	\$ -0-
Held by Trustee	Not Rated	1,975,641	1,975,641	-0-
		<u>\$2,080,478</u>	<u>\$2,080,478</u>	<u>\$ -0-</u>

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

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

At December 31, 2017, the District does not have any investments.

CLEAR CREEK COUNTY LIBRARY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

4. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

**Interest Rate Risk.** As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holding in any one type of investment with any one issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date. As a result of the limited length of maturities the District has limited its interest rate risk.

**Credit Risk.** State law and District policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The District's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

**Concentration of Credit Risk.** The District diversifies its investments by security type and institution. Investments may only be made in those financial institutions which are insured by the Federal Deposit Insurance Corporation, the Federal Home Mortgage Association, the Federal Savings and Loan Insurance Corporation, Congressionally authorized mortgage lenders and investments that are federally guaranteed. Financial institutions holding District funds must provide the District with a statement of collateral in the form of a listing of securities pledged, and a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

CLEAR CREEK COUNTY LIBRARY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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

**B. Capital Assets**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated				
Construction in progress	\$ -0-	\$ 9,697	\$ -0-	\$ 9,697
Capital assets, being depreciated:				
Building Improvements	1,440,257	-0-	-0-	1,440,257
Furniture and Equipment	353,499	3,198	-0-	356,697
Total capital assets, being depreciated	<u>1,793,756</u>	<u>3,198</u>	<u>-0-</u>	<u>1,796,954</u>
Less accumulated depreciation for:				
Building Improvements	(202,364)	(36,891)	-0-	(239,255)
Furniture and Equipment	(249,477)	(21,689)	-0-	(271,166)
Total accumulated depreciation	<u>(451,841)</u>	<u>(58,580)</u>	<u>-0-</u>	<u>(510,421)</u>
Capital assets being depreciated, net	<u>1,341,915</u>	<u>(55,382)</u>	<u>-0-</u>	<u>1,286,533</u>
Governmental Activities, Capital Assets, Net	<u>\$1,341,915</u>	<u>\$(45,685)</u>	<u>\$ -0-</u>	<u>\$1,296,230</u>

**C. Receivables**

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

Property Tax Receivable	<u>\$927,328</u>
Total Receivable	<u>\$927,328</u>

Governmental funds report *deferred inflows of resources* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The \$927,328 of property taxes receivable is unavailable revenue from property tax levied in 2017 but not available until 2018.

CLEAR CREEK COUNTY LIBRARY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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

**D. Fund Balance Disclosure**

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.

Spendable Fund Balance:

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. This includes amounts required by the Colorado Constitution to be set aside for Emergencies and required to be held for debt service.

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 Library Board of Directors.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board or its management designee.

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.

CLEAR CREEK COUNTY LIBRARY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

4. Detailed Notes on All Funds (continued)

D. Fund Balance Disclosure (continued)

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

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

Fund Balance At Year End are as Follows:

Non-spendable	
Prepaid Expenses	\$ 16,186
Total Non-spendable	<u>\$ 16,186</u>
Restricted	
Tabor Reserve	\$ 31,268
Total Restricted	<u>\$ 31,268</u>
Assigned	
2018 Expenditures	\$ 58,322
Total Committed	<u>\$ 58,322</u>
Unassigned	<u>\$ 1,944,718</u>
Total Fund Balance	<u>\$ 1,944,718</u>

CLEAR CREEK COUNTY LIBRARY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

**5. Other Information**

**A. Risk Management**

**1) Colorado Special Districts Property and Liability Pool**

The District is a member of the Colorado Special District Property and Liability Pool ("Pool") for property and liability insurance.

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, with a maximum \$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.

**2) Other Risks**

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

**B. Employee Benefit Plans**

**1) Retirement Savings Plan – IRC 401(a)**

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

CLEAR CREEK COUNTY LIBRARY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

**5. Other Information (continued)**

**B. Employee Benefit Plans (continued)**

**1) Retirement Savings Plan – IRC 401(a) (continued)**

The plan requires all district employees who work on a continuous basis to defer a portion of their salary until future years. The plan is administered and invested by CCOERA. All continuous employees are required to make contributions equal to 4% of gross wages. The District also contributes 4% of the employee gross wages. Employees are 100% vested in their retirement contributions immediately and become vested in the employer's share of the contribution at the following vesting schedule:

<b>Years of Service Completed</b>	<b>Specified Percent Vesting</b>
1	20%
2	40%
3	60%
4	80%
5 or more	100%

The Districts current year covered payroll and total payroll was \$293,875 and \$420,415, respectively. During the year, the District's required and actual contributions amounted to \$11,755 which was 4% of its current year covered payroll. Employees' required and actual contributions amounted to \$11,755. At year end December 31, 2017 there are \$-0- payables to CCOERA.

**2) Deferred Compensation Plan – IRC 457**

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

CLEAR CREEK COUNTY LIBRARY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

**5. Other Information (continued)**

**B. Employee Benefit Plans (continued)**

**2) Deferred Compensation Plan – IRC 457 (continued)**

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

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

**3) Cafeteria Plan – IRS Section 125 Plan**

The District also provides its employees the opportunity to contribute to an IRS section 125 Plan (commonly known as a cafeteria plan.) The plan allows for the pretax payment for specific medical expenses.

**C. Operating Leases**

The District has two perpetual leases for the library in the amount of \$1.00 per year each.

The District leases office and storage space. The lease term is for ten years commencing August 1, 2015. The District can extend the lease for successive periods of five years. The lease rate is \$1,500 per month.

CLEAR CREEK COUNTY LIBRARY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

**5. Other Information (continued)**

**C. Operating Leases (continued)**

Future rent commitments are as follows:

	<u>Buildings</u>	<u>Office and Storage</u>	<u>Total</u>
2018	\$ 2.00	\$18,000.00	\$18,002.00
2019	2.00	18,000.00	18,002.00
2020	2.00	18,000.00	18,002.00
2021	2.00	18,000.00	18,002.00
2022	2.00	18,000.00	18,002.00
	<u>\$ 10.00</u>	<u>\$90,000.00</u>	<u>\$90,010.00</u>

**6. Concentration of Credit, Risk**

Approximately 70% of the property taxes are received from one taxpaying entity – The Henderson Mine – Climax Molybdenum Company.

**7. Subsequent Events**

Management has evaluated events through September 4, 2018, the date these financial statements were available to be issued.

CLEAR CREEK COUNTY LIBRARY DISTRICT  
REQUIRED SUPPLEMENTAL INFORMATION

CLEAR CREEK COUNTY LIBRARY DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET TO ACTUAL  
GENERAL FUND

For the Year Ended December 31, 2017  
(With Comparative Totals for the Year Ended 2016)

	2017			2016	
	Original Budget	Final Budget	Actual	Variance From Final Budget	Actual
<b>Revenues:</b>					
Property Taxes	\$1,038,369	\$1,038,369	\$1,036,002	\$ (2,367)	\$1,174,565
Specific Ownership Taxes	41,500	41,500	53,975	12,475	48,212
Interest on Taxes	600	600	595	(5)	763
Grant Revenues	3,500	3,500	4,500	1,000	15,500
Earnings on Investments	4,000	4,000	17,936	13,936	7,721
Donations	-0-	-0-	2,470	2,470	-0-
Other Income	200	200	1,731	1,531	2,061
<b>Total Revenues</b>	<u>1,088,169</u>	<u>1,088,169</u>	<u>1,117,209</u>	<u>29,040</u>	<u>1,248,822</u>
<b>Expenditures / Expenses:</b>					
Personnel Services	622,681	685,000	630,763	54,237	536,252
Supplies	24,200	24,200	9,713	14,487	9,631
Library Materials	89,240	89,240	64,618	24,622	73,842
Technology	81,000	81,000	50,483	30,517	72,714
Communications	7,200	7,200	7,065	135	6,994
Facilities & Maintenance	81,250	81,250	72,335	8,915	72,727
Professional Services	112,500	119,500	85,595	33,905	67,100
Other Expenses	63,275	13,275	6,736	6,539	12,899
Capital Outlay	150,000	130,681	12,895	117,786	3,057
<b>Total Expenditures / Expenses</b>	<u>1,231,346</u>	<u>1,231,346</u>	<u>940,203</u>	<u>291,143</u>	<u>855,216</u>
<b>Excess of Revenues Over Expenditures</b>	<u>(143,177)</u>	<u>(143,177)</u>	<u>177,006</u>	<u>320,183</u>	<u>393,606</u>
<b>Change in Fund Balance</b>	<u>\$ (143,177)</u>	<u>\$ (143,177)</u>	<u>177,006</u>	<u>\$320,183</u>	<u>393,606</u>
<b>Fund Balances – Beginning of Year</b>			<u>1,873,488</u>		<u>1,479,882</u>
<b>Fund Balances – End of Year</b>			<u>\$2,050,494</u>		<u>\$1,873,488</u>

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

CLEAR CREEK COUNTY LIBRARY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

**1. Notes to the Required Supplementary Information**

**A. Budgetary Information**

The District adopts an annual budget consistent with CRS Title 29, Article 1, Part 1. The budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds and all appropriations lapse at fiscal year-end. Consistent with 29-1-105, C.R.S., the Executive Director annually submits a proposed budget to the Board of Directors no later than October 15. Prior to budget adoption, the Board must advertise and hold a public hearing on the proposed budget. Per Colorado State Statute on or before December 15 of each year, the Board must approve resolutions for budget adoption appropriation and tax mill levies.

The appropriated budget is prepared by fund, function, and division. The District's division heads may make transfers of appropriations within a division, the Executive Director may make transfers between divisions. The legal level of final control is at the fund level which is the amount appropriated by resolution.

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