

MEEKER REGIONAL LIBRARY DISTRICT

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2017

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Office of the State Auditor

July 31, 2018

FINANCIAL STATEMENTS - 2017

MEEKER REGIONAL LIBRARY DISTRICT

2017 BOARD OF DIRECTORS

Mandy Mobley, President

Patricia Daggett, Secretary

Laurel Haney

Cassie Denney

Rhonna Waldref

ADMINISTRATIVE STAFF

Lester Bartlett, Librarian

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Meeker Regional Library District

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Meeker 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, the major fund, and the aggregate remaining fund information of the Meeker 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.

Meeker Office

685 Main St, Suite 2, PO Box 1109, Meeker, CO 81641

☎ : 970-878-5219

✉ : 970-878-3210 ✉ : rangely@colocpa.com

Rangely Office

118 W Main St, PO Box 770, Rangely, CO 81648

☎ : 970-675-2222

☎ : 970-675-2220 ✉ : rangely@colocpa.com

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-6 and 35-38 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.

Calcepa Servicios, PC

Rangely, Colorado
July 25, 2018

MANAGEMENT DISCUSSION AND ANALYSIS

The discussion and analysis of the Meeker Regional Library District's (the "District") financial performance provides readers with an overall review of the financial activities of the District for the year ended December 31, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows exceeded liabilities and deferred inflows by \$11,434,127 at December 31, 2017.
- Total District's cash and investments increased by \$1,040,907 or 13 percent from 2016.
- The December 31, 2017 General Fund balance is \$1,061,851 more than the previous year. The total fund balance is 2,773 percent of 2017 General Fund operating expenditures.

USING THIS ANNUAL REPORT

This Annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the District as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at our specific financial conditions.

The Statement of Net Position and Statement of Activities provides information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those assets. The Statement of Activities shows a net (expense) revenue and changes to net position related to each department of the District. Fund financial statements tell how services were financed in the short-term as well as what dollars remain for future spending.

OVERVIEW OF THE DISTRICTS 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. The Statement of Net Position and Statement of Activities include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into account all of the year's revenues and expenses regardless of when the cash was received or paid.

These two statements report the District's net position and the changes in those positions. This change in position is important because it tells the reader whether, for the District as a whole, the financial position of the District has improved or diminished. However, in evaluating the overall position of the District, non-financial information such as changes in the District's tax base and the condition of District capital assets will also need to be evaluated.

In the Statement of Net Position and Statement of Activities, all of the District's activities are reported as Governmental Activities.

Fund Financial Statements

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 governmental fund balance sheet and the governmental fund statement of revenues, 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 19 through 32 of this report.

Budgetary Comparisons. The District adopts an annual appropriated budget for the General Fund. A budgetary comparison schedule has been provided for the General Fund on pages 35 and 36 of this report.

REPORTING THE DISTRICT AS A WHOLE

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

The following table provides a summary of the District's net position for 2016 and 2017.

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2017</u>
Assets		
Current and other assets	\$ 9,129,690	\$ 10,094,048
Capital assets	2,798,900	2,746,830
Total assets	<u>11,928,590</u>	<u>12,840,878</u>
Deferred Outflows	<u>62,348</u>	<u>78,475</u>
Liabilities		
Current and other liabilities	28,104	7,160
Noncurrent liabilities	235,569	287,681
Total Liabilities	<u>263,673</u>	<u>294,841</u>
Deferred Inflows	<u>1,270,123</u>	<u>1,190,385</u>
Net Position		
Net investment in capital assets	2,798,900	2,746,830
Restricted	51,337	43,584
Unrestricted	7,606,905	8,643,713
Total net position	<u>\$ 10,457,142</u>	<u>\$ 11,434,127</u>

A significant portion of the District's position represents unrestricted net position of \$8,643,713 which may be used to meet the ongoing obligations to patrons and creditors.

Another significant portion of the District's net position reflects its investment in capital assets. These assets include land, buildings, and equipment. These capital assets are used to provide services to patrons; consequently, they are not available for future spending.

An additional \$43,584 of the District's net position represents resources that are subject to external restrictions on how they may be used. Included in this category is the TABOR emergency reserve of \$43,584.

The following table indicates the changes in net position.

	Governmental Activities	
	2016	2017
Revenues:		
Program revenues:		
Charge for services	\$ 4,537	\$ 5,452
Operating grants and contributions	-	7,990
General revenues:		
General property taxes	1,602,558	1,287,793
Specific ownership tax	43,368	46,206
Other income	60,768	105,357
Total revenues	1,711,231	1,452,798
Expenses:		
General administration	254,282	288,795
Treasurers Fees	80,304	64,819
Depreciation	117,260	122,199
Total expenses	451,846	475,813
Increase in net position	\$ 1,259,385	\$ 976,985

Governmental Activities. Governmental activities increased the District's net position by \$876,985 in 2017. Key elements of this increase are as follows:

Several revenue sources fund the District. Property tax is the biggest contributor, accounting for 89 percent of gross revenue. This comes from a 2.032 Mill Levy for the General Fund. Total Property taxes were \$1,287,793, down 20 percent from the prior year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUND

Information about the District's governmental fund begins on page 13. This fund is accounted for using the modified accrual basis of accounting.

As of December 31, 2017, the total fund balance of the District's governmental fund was \$8,897,335. Approximately 99 percent of this consists of unassigned fund balance, which is available as working capital and for current spending in accordance with the purposes of the District. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is restricted for the following purposes: a state-Constitution mandated emergency reserve of \$43,584. The District had Governmental revenues of \$1,444,808, other financing sources of \$7,990, and expenditures of \$390,947.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to Colorado statutes.

2017 General Fund Budget

	<u>Original Budget</u>	<u>Amend- ments</u>	<u>Final Budget</u>	<u>Actual</u>
Beginning Fund Balance	\$ 7,835,484	\$ -	\$ 7,835,484	\$ 7,835,484
Revenue and other financing sources	1,317,102	-	1,317,102	1,452,798
Expenditures and other financing uses	<u>(1,266,102)</u>	-	<u>(1,266,102)</u>	<u>(390,947)</u>
Ending Fund Balance	<u>\$ 7,886,484</u>	<u>\$ -</u>	<u>\$ 7,886,484</u>	<u>\$ 8,897,335</u>

A detailed budget comparison schedule is provided on pages 34 and 35 of the audit.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets for its governmental type activities as of December 31, 2017 totaled \$2,746,830 (net of accumulated depreciation). This investment includes all land, buildings, and equipment. The total decrease in investment in capital assets for the current year was \$52,070.

Major capital purchases for the year include expenditures of \$27,068 for the building expansion project and \$43,061 for books and publications.

The District uses the straight-line depreciation method under GASB 34 for its capital assets, except for land which is not depreciated.

Long-term Debt. As of December 31, 2017, the District had no long-term debt.

ECONOMIC FACTORS AND OTHER MATTERS

Other Matters. The following factors are expected to have a significant effect on the District's financial position and results of operations and were taken into account in developing the 2018 budget:

- A decrease in anticipated general property tax collection for 2018 of 6 percent.

REQUESTS 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 District's finances. Questions concerning any of the information provided or for additional financial information should be addressed to the Meeker Regional Library District, 490 Main Street, Meeker, Colorado 81641.

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FINANCIAL STATEMENTS

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MEEKER REGIONAL LIBRARY DISTRICT

STATEMENT OF NET POSITION
December 31, 2017

ASSETS	
Cash and cash equivalents	\$ 1,058,335
Investments	7,846,160
Property Taxes Receivable	1,189,553
Capital Assets, Non-depreciable	107,166
Capital Assets, Net	<u>2,639,664</u>
TOTAL ASSETS	<u>12,840,878</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pension	<u>78,475</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>78,475</u>
LIABILITIES	
Accounts Payable	6,139
Accrued Liabilities	1,021
Noncurrent Liabilities	
Net Pension Liability	<u>287,681</u>
TOTAL LIABILITIES	<u>294,841</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned Revenue - Property Taxes	1,189,553
Deferred inflows related to pension	<u>832</u>
TOTAL DEFERRED INFLOWS	<u>1,190,385</u>
NET POSITION	
Net investment in capital assets	2,746,830
Restricted for TABOR emergencies	43,584
Unrestricted	<u>8,643,713</u>
TOTAL NET POSITION	<u><u>\$ 11,434,127</u></u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

MEEKER REGIONAL LIBRARY DISTRICT

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
Governmental activities			
Library activities	<u>\$ 475,813</u>	<u>\$ 5,452</u>	<u>\$ 7,990</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u><u>\$ 475,813</u></u>	<u><u>\$ 5,452</u></u>	<u><u>\$ 7,990</u></u>
GENERAL REVENUES			
			Property taxes
			Specific ownership taxes
			Investment earnings
			Other income
			TOTAL GENERAL REVENUES
			CHANGE IN NET POSITION
			NET POSITION - BEGINNING OF YEAR
			NET POSITION - END OF YEAR

<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u> <u>Governmental Activities</u>
<u>\$ -</u>	<u>\$ (462,371)</u>
<u><u>\$ -</u></u>	<u>(462,371)</u>
	1,287,793
	46,206
	88,544
	<u>16,813</u>
	<u>1,439,356</u>
	976,985
	<u>10,457,142</u>
	<u><u>\$ 11,434,127</u></u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

MEEKER REGIONAL LIBRARY DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017

ASSETS

Cash and cash equivalents	\$ 1,058,335
Investments	7,846,160
Property taxes receivable	<u>1,189,553</u>
TOTAL ASSETS	<u>\$ 10,094,048</u>

LIABILITIES AND FUND BALANCE

LIABILITIES	
Accounts payable	\$ 6,139
Accrued liabilities	<u>1,021</u>
TOTAL LIABILITIES	<u>7,160</u>
DEFERRED INFLOWS	
Unearned revenue - property taxes	<u>1,189,553</u>
TOTAL DEFERRED INFLOWS	<u>1,189,553</u>
FUND BALANCE	
Fund Balance	
Restricted for TABOR emergencies	43,584
Unassigned	<u>8,853,751</u>
TOTAL FUND BALANCE	<u>8,897,335</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 10,094,048</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

MEEKER REGIONAL LIBRARY DISTRICT

RECONCILIATION OF BALANCE SHEET TO THE STATEMENT OF NET POSITION
December 31, 2017

TOTAL GOVERNMENTAL FUND BALANCE		\$ 8,897,335
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and therefore are not reported in the funds.		2,746,830
Long-term liabilities, including net pension liabilities, are not due or payable in the current period and, therefore, are not reported in the funds.		(287,681)
Deferred outflows and inflows of resources related to pension are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pension	78,475	
Deferred inflows of resources related to pension	<u>(832)</u>	
Net deferred outflows (inflows)		<u>77,643</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 11,434,127</u></u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

MEEKER REGIONAL LIBRARY DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017**

REVENUES	
Taxes	\$ 1,264,449
Delinquent Property Taxes	23,344
Specific Ownership Taxes	46,206
Interest on Taxes	8,263
Interest	88,544
Copy Machine Income	5,452
Used Book Sales	6,708
Other	<u>1,842</u>
TOTAL REVENUES	<u>1,444,808</u>
EXPENDITURES	
General government	
Salaries	142,520
Payroll taxes	1,638
Employee benefits	41,725
Utilities	14,598
Dues & Subscriptions	1,125
Communications	2,886
Legal & Accounting	5,295
Insurance & Bonding	4,206
Supplies, Library & Office	23,886
Public Relations	574
Magazine & Periodicals	9,187
Repairs & Maintenance	7,232
Other Services	1,126
Treasurer Fee	64,819
Capital Outlay	<u>70,130</u>
TOTAL EXPENDITURES	<u>390,947</u>
EXCESS OF REVENUES OVER (UNDER) OPERATING EXPENDITURES	<u>1,053,861</u>
OTHER FINANCING SOURCES (USES)	
Grants & Donations	<u>7,990</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>7,990</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	1,061,851
FUND BALANCE, BEGINNING OF YEAR	<u>7,835,484</u>
FUND BALANCE, END OF YEAR	<u>\$ 8,897,335</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

MEEKER REGIONAL LIBRARY DISTRICT

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND	\$ 1,061,851
<i>Amounts reported for governmental activities in the statement of net activities are different because:</i>	
Governmental funds report capital outlays 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 (\$122,199) was more than capital outlay (\$70,129) in the current period.	(52,069)
Governmental funds report District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.	<u>(32,797)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 976,985</u></u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

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NOTES TO FINANCIAL STATEMENTS

MEEKER REGIONAL LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Meeker Library District (the District) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies consistently used in the preparation of the financial statements.

A. Reporting Entity

An elected five member Board of Directors governs the District. No additional separate government units, agencies, or nonprofit corporations are included in the financial statements of the District as component units. Component units are legally separate entities for which the District is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the District's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on the District.

The District's major operation is managing and maintaining the Library.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately for business-type activities, which rely to a significant extent on fees and charges for support.

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

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Governmental Funds

General Fund

The General Fund is the District's general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund. The major revenue sources are local property taxes and charges for services. Expenditures include all costs associated with the daily operations of the District.

MEEKER REGIONAL LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Measurement focus, basis of accounting, and financial statement presentation, continued

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

D. Budgets and Budgetary Accounting

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

1. Prior to the first Board meeting in October, the Director submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain the taxpayers' comments.
3. Prior to December 15, the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year.
5. Budgets are adopted for the General Fund. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse at the end of each calendar year.
7. The District's directors may authorize supplemental appropriations during the year. There was no supplemental appropriation made during the year ended December 31, 2017.
8. Actual expenditures did not exceed budget amounts in the General Fund for the year ended December 31, 2017.

E. Use of Estimates

The preparation of the governmental funds financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Capital Assets and Infrastructure

Capital assets, which include property, plant and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated market value at the date of donation. The District does not have infrastructure.

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.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and building Improvements	20-39
Books and Equipment	7-10

MEEKER REGIONAL LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

- A. There are certain differences between the governmental fund balance sheet and the government-wide statement net position. A reconciliation of the differences can be found on page 14 of the financial statements.
- B. There are certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities. A reconciliation of the differences can be found on page 16 of the financial statements.

NOTE 3 - CASH AND INVESTMENTS

The District's bank accounts and certificates of deposit at year-end were entirely covered by federal depository insurance or by collateral held by the Authority's custodial banks under provisions of the Colorado Public Deposit Protection Act.

The Colorado Public Deposit Protection Act requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral included municipal bonds, U.S. government securities, mortgage, and deeds of trust.

State statutes authorize the Authority to invest in obligations of the U.S. Treasury and U.S. agencies, obligation of the State of Colorado or of any county, school, authority, and certain town and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, and certain repurchase agreements.

The District's investment policy is not more restrictive than State statutes. The District's investments are concentrated in local government investment pools, U.S. government and agency securities, and bank CDs.

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value arising from increasing interest rates.

Investments for the District are reported at market value. Investments held are as follows:

	<u>Fair Value</u>	<u>Cost</u>
December 31, 2017		
COLOTRUST	\$ 7,846,160	\$ 7,846,160
Total	<u>\$ 7,846,160</u>	<u>\$ 7,846,160</u>

The District has invested \$7,846,160 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operated similarly to a money market fund and each share is equal in value to \$1.00. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. At December 31, 2017 the District's investment in the COLOTRUST was rated AAAM by Standard & Poor's.

MEEKER REGIONAL LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3 - CASH AND INVESTMENTS, Continued

A summary of cash and investments on the balance sheet is as follows:

Cash and Cash Equivalents		
Cash on hand, County Treasurer	\$	3,581
Cash deposits		<u>1,054,754</u>
Total Cash and Cash Equivalents		1,058,335
Investments		
Colostrust		<u>7,846,160</u>
Total Cash, Cash Equivalents and Investments		<u>\$8,904,495</u>

NOTE 4 - PROPERTY TAX

Property taxes for 2017, collectible in 2018, were levied by the County Commissioners on December 15, 2017. Property taxes attached as an enforceable lien on January 1, 2018, are due in total April 30, 2018, or in equal installments February 28, 2018, and June 15, 2018, at the option of the taxpayer. The County Treasurer remits taxes collected to the District by the 10th day of the month following collection.

Property taxes for 2017, collectible in 2018, are shown as property taxes receivable and unearned revenue on the balance sheet in the amount of the assessed taxes less estimated uncollectible amounts.

	<u>Assessed Valuation</u>	<u>Mill Levy</u>	<u>Estimated Percent Collectible</u>	<u>Taxes Receivable</u>	<u>Unearned Revenue</u>
General Fund	\$585,410,040	2.032	100.00%	\$1,189,553	\$1,189,553

Revenue Recognized in 2017

Local property taxes levied for 2016 and collected in 2017 are recognized as revenue in these financial statements as shown below:

	<u>Assessed Valuation</u>	<u>Mill Levy</u>	<u>Amount of Taxes</u>		<u>Percent Collected</u>
			<u>Levied</u>	<u>Collected</u>	
General Fund	\$623,081,770	2.032	\$ 1,266,102	\$ 1,264,449	99.87%

NOTE 5 - CAPITAL ASSETS

A summary of changes in capital assets during 2016 follows:

	<u>Balance January 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2017</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 107,166	\$ -	\$ -	\$ 107,166
Total capital assets, not being depreciated	<u>107,166</u>	<u>-</u>	<u>-</u>	<u>107,166</u>

MEEKER REGIONAL LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 5 – CAPITAL ASSETS, Continued

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
Capital asset, being depreciated:				
Building	\$ 2,706,446	\$ 27,068	\$ -	\$ 2,733,514
Books and Publications	958,425	43,061	-	1,001,486
Furniture and Equipment	282,101	-	-	282,101
Total capital assets, being depreciated	<u>3,946,972</u>	<u>70,129</u>	<u>-</u>	<u>4,017,101</u>
Less accumulated depreciation				
Building	(242,379)	(69,581)	-	(311,960)
Books and Publications	(802,131)	(31,502)	-	(833,633)
Furniture and Equipment	(210,728)	(21,116)	-	(231,844)
Total accumulated depreciation	<u>(1,255,238)</u>	<u>(122,199)</u>	<u>-</u>	<u>(1,377,437)</u>
Total capital assets, being depreciated, net	<u>2,691,734</u>	<u>(52,070)</u>	<u>-</u>	<u>2,639,664</u>
Total capital assets, net	<u>\$ 2,798,900</u>	<u>\$ (52,070)</u>	<u>\$ -</u>	<u>\$ 2,746,830</u>

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:	
Total depreciation expense – general government	<u>\$ 122,199</u>

NOTE 6 - DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

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

MEEKER REGIONAL LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 6 - DEFINED BENEFIT PENSION PLAN, Continued

General Information about the Pension Plan, continued

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

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

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

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

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

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

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

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

MEEKER REGIONAL LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 6 - DEFINED BENEFIT PENSION PLAN, Continued

General Information about the Pension Plan, continued

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

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

¹Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Meeker Regional Library District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from Meeker Regional Library District were \$18,120 for the year ended December 31, 2017.

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

At December 31, 2017, the Meeker Regional Library District reported a liability of \$287,681 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The Meeker Regional Library District proportion of the net pension liability was based on Meeker Regional Library District contributions to the LGDTF for the calendar year 2016 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2016, the Meeker Regional Library District proportion was 0.021304 percent, which was a decrease of 0.000081 from its proportion measured as of December 31, 2015.

MEEKER REGIONAL LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 6 - DEFINED BENEFIT PENSION PLAN, Continued

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

For the year ended December 31, 2017, the Meeker Regional Library District recognized pension expense of \$32,795. At December 31, 2017, the Meeker Regional Library District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	5,119	-
Changes of assumptions or other inputs	20,406	832
Net difference between projected and actual earnings on pension plan investments	34,549	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	282	-
Contributions subsequent to the measurement date	18,119	N/A
Total	78,475	832

\$78,475 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2018	52,291
2019	15,342
2020	9,681
2021	329
2022	-
Thereafter	-

MEEKER REGIONAL LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 6 - DEFINED BENEFIT PENSION PLAN, Continued

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

Actuarial assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions and other inputs:

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

Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumption were adopted by PERA's Board on November 18, 2016 and effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 10.45 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates used in the December 31, 2015 valuation were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disability Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

MEEKER REGIONAL LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS December 31, 2017

NOTE 6 - DEFINED BENEFIT PENSION PLAN, Continued

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

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

Healthy mortality assumptions for active members reflect the RP-214 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriated margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 Health Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates of ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentation to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.
- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expense, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

Several factors were considered in evaluating the long-term rate of return assumptions for the LGDTF, including long-term historical data, estimates inherent in current market data, and long-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

MEEKER REGIONAL LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 6 - DEFINED BENEFIT PENSION PLAN, Continued

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

As of the November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non US Fixed Income - Developed	1.84%	0.60%
Emerging Market Bonds	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Private Equity	6.00%	3.80%
Cash	8.50%	6.60%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated economic and demographic actuarial assumptions adopted by PERA’s Board on November 18, 2016.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

MEEKER REGIONAL LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 6 - DEFINED BENEFIT PENSION PLAN, Continued

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

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payment of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate, and therefore, the discount rate is 7.25 percent.

As of the prior measurement date, the long-term expected rate of return of 7.50 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use the municipal bond index rate, and therefore, the discount rate was 7.50 percent, 0.25 percent higher compared to the current measurement date.

Sensitivity of the Meeker Regional Library District proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	424,172	287,681	174,651

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

NOTE 7 - DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

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

MEEKER REGIONAL LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS December 31, 2017

NOTE 7 – DEFINED CONTRIBUTION PENSION PLAN, Continued

Voluntary Investment Program, continued

Funding Policy - The Volunteer Investment Program is funded by voluntary member contributions of up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the CRS, as amended. In addition, the Meeker Regional Library District has agreed to match employee contributions up to 1 percent of covered salary as determined by the Internal Revenue Service. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended December 31, 2017, program members contributed \$11,650 and the Meeker Regional Library District recognized pension expense of \$1,429 for the Voluntary Investment Program.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS

Health Care Trust Fund

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

Funding Policy - The Meeker Regional Library District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Meeker Regional Library District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending December 31, 2015, 2016, and 2017, the District's employer contributions to the HCTF were \$1,239, \$1,317, and \$1,458, respectively, equal to their required contributions for each year.

NOTE 9 - CONTINGENCIES

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations, which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue. The amendment also requires that reserves be established for declared emergencies, with 3% of fiscal year spending required.

In 1997, the registered voters of the Meeker Regional Library District voted to allow the District to collect, retain and expand all revenues and other funds collected in 1997 and each subsequent years thereafter, for general operations expenses without limiting in any year the amount of the other revenues that may be collected and expended by the District in excess of the limits of Article X, Section 20 of the Colorado Constitution.

The District has no authorized but unissued debt subject to the amendment's limitations. Based on fiscal year spending for 2017, \$43,584 of the year-end fund balance in the General Fund has been reserved for emergencies.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

MEEKER REGIONAL LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS December 31, 2017

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. There have been no significant reductions in insurance coverage in the current year and settlement amounts, if any, have not exceeded insurance coverage in any of the three preceding years.

NOTE 11 – FUND BALANCE

Beginning with the fiscal year 2010, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on governments' fund balances more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, or higher levels of government), through constitutional provision or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

Restricted funds are considered to be spent first, followed by assigned and unassigned, for an expenditure for which any could be used.

NOTE 12 – REPORTING FOR PENSION

Beginning in 2015, financial reporting information pertaining to the District's participation in Public Employees' Retirement Association of Colorado (PERA) is prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition of Contributions Made Subsequent to the Measurement Date*.

NOTE 13 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through July 25, 2018, the date at which the financial statements were available to be issued, and determined that no events have occurred that require disclosure.

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REQUIRED SUPPLEMENTARY INFORMATION

MEEKER REGIONAL LIBRARY DISTRICT

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2017

	<u>Budget</u>	
	<u>Original</u>	<u>Final</u>
REVENUES		
Taxes	\$ 1,266,102	\$ 1,266,102
Delinquent Prop. Tax	2,500	2,500
Specific Ownership Tax	15,000	15,000
Interest on Taxes	2,400	2,400
Interest Income	20,000	20,000
Copier Income	5,000	5,000
Used Book Sales	100	100
Grants & Contributions	-	-
Miscellaneous Income	6,000	6,000
	<u>1,317,102</u>	<u>1,317,102</u>
TOTAL REVENUES		
EXPENDITURES		
General government		
Salaries and Benefits	170,000	170,000
Payroll Taxes	-	-
Employee Benefits	50,000	50,000
Utilities	20,000	20,000
Dues & Subscriptions	10,000	10,000
Communications	6,500	6,500
Legal & Accounting	7,000	7,000
Insurance & Bonding	7,000	7,000
Supplies, Library & Office	15,000	15,000
Public Relations	3,000	3,000
Magazine & Periodicals	-	-
Repairs & Maintenance	24,602	24,602
Other Services	75,000	75,000
Treasurer Fee	98,000	98,000
Capital Outlay	780,000	780,000
	<u>1,266,102</u>	<u>1,266,102</u>
TOTAL EXPENDITURES		
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 51,000</u>	<u>\$ 51,000</u>
FUND BALANCE, BEGINNING OF YEAR		
FUND BALANCE, END OF YEAR		

<u>Actual Amounts</u>	<u>Variance from final budget</u>
\$ 1,264,449	\$ (1,653)
23,344	20,844
46,206	31,206
8,263	5,863
88,544	68,544
5,452	452
6,708	6,608
7,990	7,990
1,842	(4,158)
<u>1,452,798</u>	<u>135,696</u>
142,520	27,480
1,638	(1,638)
41,725	8,275
14,598	5,402
1,125	8,875
2,886	3,614
5,295	1,705
4,206	2,794
23,886	(8,886)
574	2,426
9,187	(9,187)
7,232	17,370
1,126	73,874
64,819	33,181
70,130	709,870
<u>390,947</u>	<u>875,155</u>
1,061,851	<u><u>\$ 1,010,851</u></u>
<u>7,835,484</u>	
<u><u>\$ 8,897,335</u></u>	

See the accompanying independent auditors' report

MEEKER REGIONAL LIBRARY DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERA PENSION PLAN
Last 10 Fiscal Years

Year Ended*	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as Percentage of Total Pension Liability
12/31/2014	0.020%	\$ 160,902	\$ 104,315	154%	81.8%
12/31/2015	0.022%	199,990	122,259	164%	80.7%
12/31/2016	0.021%	235,569	129,131	182%	76.9%
12/31/2017	0.021%	287,681	142,896	201%	73.6%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

* The data provided in the schedule is based as of the measurement date of PERA's net pension liability, which is as of the calendar year end that occurred before the District's fiscal year end.

See the accompanying independent auditors' report

MEEKER REGIONAL LIBRARY DISTRICT

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PERA PENSION PLAN
Last 10 Fiscal Years**

<u>FY Ending December 31</u>	<u>Statutorily Required Contributions</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2013	\$ 13,227	\$ 13,227	\$ -	\$ 104,315	12.68%
2014	15,502	15,502	-	122,259	12.68%
2015	15,401	15,401	-	121,456	12.68%
2016	16,374	16,374	-	129,131	12.68%
2017	18,119	18,119	-	142,896	12.68%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See the accompanying independent auditors' report

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