

**NEDERLAND COMMUNITY
LIBRARY DISTRICT**

BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2017

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Office of the State Auditor

July 30, 2018

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FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

Board of Directors
Nederland Community Library District
Nederland, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Nederland Community 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 expression an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Nederland Community Library District, as of December 31, 2017, and the respective changes in financial position, and, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has not presented the management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule on page 15 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.

John Luthr & Associates, LLC

July 24, 2018

BASIC FINANCIAL STATEMENTS

NEDERLAND COMMUNITY LIBRARY DISTRICT

STATEMENT OF NET POSITION

As of December 31, 2017

	GOVERNMENTAL ACTIVITIES	
	2017	2016
ASSETS		
Cash and Investments	\$ 205,951	\$ 200,688
Restricted Cash and Investments	-	50,114
Property Taxes Receivable	429,603	413,492
Inventory	80,000	80,000
Capital Assets, Not Depreciated	100,000	100,000
Capital Assets, Depreciated, Net of Accumulated Depreciation	1,543,748	1,525,821
TOTAL ASSETS	2,359,302	2,370,115
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Accrued Expenses	3,300	3,921
Noncurrent Liabilities		
Due within One Year	34,000	55,000
Due in More Than One Year	1,523,400	1,542,083
TOTAL LIABILITIES	1,560,700	1,601,004
DEFERRED INFLOWS OF RESOURCES		
Deferred Revenue - Property Taxes	429,603	413,492
Gain on Refunding	70,379	-
TOTAL DEFERRED INFLOWS OF RESOURCES	499,982	413,492
NET POSITION		
Net Investment in Capital Assets	86,348	78,852
Restricted for Emergencies	13,100	13,000
Unrestricted	199,172	263,767
TOTAL NET POSITION	\$ 298,620	\$ 355,619

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

NEDERLAND COMMUNITY LIBRARY DISTRICT

STATEMENT OF ACTIVITIES
Year Ended December 31, 2017

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES			Net (Expense) Revenue and Change in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
PRIMARY GOVERNMENT					2017	2016
Governmental Activities						
General Government	\$ 103,905	\$ -		\$ -	\$ (103,905)	\$ (85,812)
Library	288,137	2,966	7,700	-	(277,471)	(204,677)
Interest and Other Fiscal Charges	107,808	-	-	-	(107,808)	(80,163)
 Total Governmental Activities	 <u>\$ 392,042</u>	 <u>\$ 2,966</u>	 <u>\$ 7,700</u>	 <u>\$ -</u>	 (489,184)	 (370,652)
GENERAL REVENUES						
Property Taxes					407,864	407,750
Specific Ownership Taxes					24,146	21,732
Interest					175	152
 TOTAL GENERAL REVENUES					 <u>432,185</u>	 <u>429,634</u>
 CHANGE IN NET POSITION					 (56,999)	 58,982
 NET POSITION, Beginning					 <u>355,619</u>	 <u>296,637</u>
 NET POSITION, Ending					 <u>\$ 298,620</u>	 <u>\$ 355,619</u>

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

NEDERLAND COMMUNITY LIBRARY DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017

	<u>GENERAL FUND</u>	
	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and Investments	\$ 205,951	\$ 200,688
Restricted Cash and Investments	-	50,114
Property Taxes Receivable	429,603	413,492
Inventory	<u>80,000</u>	<u>80,000</u>
TOTAL ASSETS	<u>\$ 715,554</u>	<u>\$ 744,294</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES		
LIABILITIES		
Accrued Expenses	<u>\$ 3,300</u>	<u>\$ 3,921</u>
TOTAL LIABILITIES	<u>3,300</u>	<u>3,921</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Property Tax Revenue	<u>429,603</u>	<u>413,492</u>
FUND BALANCES		
Nonspendable	80,000	80,000
Restricted for Emergencies	13,100	13,000
Unassigned	<u>189,551</u>	<u>233,881</u>
TOTAL FUND BALANCES	282,651	326,881
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	1,643,748	1,625,821
Long-term liabilities are not due and payable in the current period and are not reported in the funds. This includes the bonds payable (\$1,557,400) and deferred gain on refunding (\$70,379).	<u>(1,627,779)</u>	<u>(1,597,083)</u>
Net position of governmental activities	<u>\$ 298,620</u>	<u>\$ 355,619</u>

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

NEDERLAND COMMUNITY LIBRARY DISTRICT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2017

	GENERAL FUND	
	2017	2016
REVENUES		
Taxes	\$ 432,010	\$ 429,482
Charges for Services	2,966	2,858
Interest	175	152
Other	7,700	4,000
TOTAL REVENUES	<u>442,851</u>	<u>436,492</u>
EXPENDITURES		
Current		
General Government	103,905	85,812
Library	197,196	176,889
Capital Outlay	52,573	-
Bond Issuance Costs	56,295	-
Debt Service		
Principal	25,600	55,000
Interest	89,008	81,945
TOTAL EXPENDITURES	<u>524,577</u>	<u>399,646</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(81,726)</u>	<u>36,846</u>
OTHER FINANCING SOURCES (USES)		
Proceeds from the Issuance of Debt	1,583,000	-
Payment to Escrow Agent	(1,545,504)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>37,496</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(44,230)	36,846
FUND BALANCE, Beginning	<u>326,881</u>	<u>290,035</u>
FUND BALANCE, Ending	<u>\$ 282,651</u>	<u>\$ 326,881</u>

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

NEDERLAND COMMUNITY LIBRARY DISTRICT

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

Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because:

Net Changes in Fund Balances - Total Governmental Funds	\$ (44,230)
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 capital outlay \$52,573 exceeded depreciation (\$34,646), in the current period.	17,927
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. These include payments on bonds payable \$25,600, proceeds from the issuance of debt (\$1,583,000) and payment to escrow agent \$1,526,704.	<u>(30,696)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (56,999)</u></u>

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

NEDERLAND COMMUNITY LIBRARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Nederland Community Library District (the “District”) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. Following is a summary of the more significant policies:

Reporting Entity

The financial reporting entity consists of the District and organizations for which the District is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the District. In addition, any legally separate organizations for which the District is financially accountable are considered part of the reporting entity. Financial accountability exists if the District appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provided benefits to, or imposes financial burdens on the District.

Based upon the application of these criteria, no organizations are includable within the District’s reporting entity.

Government-Wide and Fund Financial Statements

The District financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. Governmental activities, which normally are supported by intergovernmental revenues, are reported in a single column.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segments 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 patrons or others 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. Unrestricted intergovernmental revenues not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported in separate columns in the fund financial statements.

NEDERLAND COMMUNITY LIBRARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The District's government-wide financial statements include a statement of net position and a statement of activities. These statements present summaries of governmental activities for the District. Governmental activities normally are supported by taxes and intergovernmental revenues.

The government-wide financial statements are presented on an *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities, including capital assets, and infrastructure assets, are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Available means collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority 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. Property taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The District reports the following major governmental fund:

General Fund – This is the District's operating fund. It accounts for all activities of the government.

Assets, Liabilities and Fund Equity

Cash – Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the District's cash.

Accounts Receivable – Receivables consist of amounts due from other governments. An allowance for doubtful accounts is not necessary as they have been fully collected in the succeeding year.

NEDERLAND COMMUNITY LIBRARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Equity (Continued)

Inventories – Inventories consist of books and magazines and are carried at cost using the first-in, first-out method.

Capital Assets – Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date of donation.

Long Term Obligations - In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

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

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position and balance sheets 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 and fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Net Position

The government-wide financial statements, utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets includes the District's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

NEDERLAND COMMUNITY LIBRARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position (Continued)

Unrestricted Net Position typically includes unrestricted liquid assets. The Board has the authority to revisit or alter this designation.

Net Position/Fund Balance Classification

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

- Nonspendable – This classification includes amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of December 31, 2017.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned.

NEDERLAND COMMUNITY LIBRARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

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

Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred revenue are recorded at December 31. As the tax is collected in the succeeding year, the deferred revenue is recognized as revenue and the receivable is reduced.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the General Fund. All annual appropriations lapse at fiscal year-end.

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year end.
- Public hearings are conducted by the Board of Directors to obtain citizen comments.
- Prior to December 31, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level.

NEDERLAND COMMUNITY LIBRARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

- Revisions that alter the total expenditures of any fund must be approved by the Board of Directors. Budgeted amounts reported in the accompanying financial statements are as originally adopted and amended by the Board of Directors.

NOTE 3: CASH AND INVESTMENTS

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations.

At December 31, 2017, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The District has a formal policy that limits their exposure to custodial credit risk. This policy limits deposits only to accounts managed in accordance with the Colorado Public Deposit Protection Act (PDPA).

At December 31, 2017, the District had deposits with financial institutions with a carrying amount of \$205,951. The bank balances with the financial institutions were \$201,033. All of these balances were covered by federal depository insurance.

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NEDERLAND COMMUNITY LIBRARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 3: CASH AND INVESTMENTS (Continued)

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

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

The District had no investments requiring categorization as of December 31, 2017.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2017 is summarized below:

	Balances <u>12/31/16</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/17</u>
Governmental Activities				
Capital Assets, not depreciated				
Land	\$ 100,000	\$ -	\$ -	\$ 100,000
Capital Assets, depreciated				
Buildings	1,732,311	-	-	1,732,311
Building Improvements	<u>-</u>	<u>52,573</u>	<u>-</u>	<u>52,573</u>
Total Capital Assets, depreciated	<u>1,732,311</u>	<u>52,573</u>	<u>-</u>	<u>1,784,884</u>
Less Accumulated Depreciation				
Buildings	<u>206,490</u>	<u>34,646</u>	<u>-</u>	<u>241,136</u>
Total Capital Assets, depreciated, net	<u>1,525,821</u>	<u>17,927</u>	<u>-</u>	<u>1,543,748</u>
Governmental Activities, Capital Assets, Net	<u>\$ 1,625,821</u>	<u>\$ 17,927</u>	<u>\$ -</u>	<u>\$ 1,643,748</u>

Depreciation expense was charged to the Library activity.

NEDERLAND COMMUNITY LIBRARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 5: LONG-TERM DEBT

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2017.

	Balance <u>12/31/16</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/17</u>	Due In <u>One Year</u>
Series 2009 G.O. Bonds	\$ 1,565,000	\$ -	\$ 1,565,000	\$ -	\$ -
Bond Premium	32,083	-	32,083	-	-
2017 G.O. Refunding Notes	-	<u>1,583,000</u>	<u>25,600</u>	<u>1,557,400</u>	<u>34,000</u>
 Total	 <u>\$ 1,597,083</u>	 <u>\$ 1,583,000</u>	 <u>\$ 1,622,683</u>	 <u>\$ 1,557,400</u>	 <u>\$ 34,000</u>

Series 2009 G.O. Bonds

The District issued 2009 General Obligation (G.O.) Bonds, dated December 28, 2009, with principal and interest payments due semi-annually on June 1 and December 1, through 2034. Interest accrues at rates ranging from 2.75% to 5.50%. Bonds maturing on and before December 1, 2019 are not subject to redemption prior to their respective maturity dates. Bonds maturing on or after December 1, 2020 are subject to redemption at the option of the District, in whole or in part in integral multiples of \$5,000, with no redemption premium. Bonds maturing on or after December 1, 2014 are subject to mandatory sinking fund redemption without any redemption premium. These Bonds were advanced refunded in 2017 by the issuance of the Series 2017 G.O. Refunding Notes. Under terms of the 2017 Escrow Agreement, the District is required to make annual payments to the 2017 Refunding Note Escrow Account in the amount of \$64,980 and \$62,490, for the years ended December 31, 2018 and 2019, respectively.

2017 G.O. Refunding Notes

The District issued 2017 General Obligation (G.O.) Refunding Notes, dated August 21, 2017, with principal and interest payments due semi-annually on June 1 and December 1, through 2032. Interest accrues at a rate of 2.31%. The Notes were issued for the purpose of refunding the outstanding 2009 G.O. Bonds. The Notes are subject to redemption prior to maturity at the option of the District, in whole or in part, on any date after December 1, 2017, at a redemption price of 100%, plus accrued interest to the date of redemption.

NEDERLAND COMMUNITY LIBRARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 5: LONG-TERM DEBT (Continued)

Annual debt service requirements for the bonds at December 31, 2017 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 34,000	\$ 100,956	\$ 134,956
2019	34,800	97,681	132,481
2020	99,400	34,387	133,787
2021	101,700	32,091	133,791
2022	104,100	29,741	133,841
2023-2027	557,600	111,511	669,111
2028-2032	<u>625,800</u>	<u>43,277</u>	<u>669,077</u>
Totals	<u>\$ 1,557,400</u>	<u>\$ 449,664</u>	<u>\$ 2,007,044</u>

Defeased Bonds

Proceeds of the General Obligation Refunding Notes, Series 2017, in the amount of \$1,545,504 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the General Obligation Bonds, Series 2009. This transaction resulted in a net gain of \$70,379. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements.

As of December 31, 2017 the outstanding balance of defeased bonds was \$1,390,000.

NOTE 6: COMMITMENTS AND CONTINGENCIES

Tabor Amendment – In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and growth. On November 2005, voters within the District approved the collection, retention and expenditure of property taxes, specific ownership taxes, interest income and any other income of the District. The District has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2017, the emergency reserve of \$13,100 was recorded in the General Fund.

NEDERLAND COMMUNITY LIBRARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 7: RISK MANAGEMENT

The District is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carried commercial insurance for these risks of loss. Settled claims have not exceeded insured amounts in the last three years.

NOTE 8: RETIREMENT COMMITMENTS

Employee Pension Plan

The District contributes to a multiple employer defined contribution retirement plan administered by the TIAA/CREF. This plan is for all full-time salaried (exempt) employees, the Director of the District is the only employee who is qualified to participate in the plan. The District contributes 3% of the employee's base salary. Employees may make additional voluntary contributions not to exceed \$14,000. Plan provisions are established and may be amended by the Board of Directors. During the year ended December 31, 2017 and 2016, employer and employee contributions were \$0 and \$138, respectively.

NOTE 9: SUBSEQUENT EVENTS

The District has evaluated subsequent events through the date which the financial statements were issued. There were no material subsequent events that required recognition or additional disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

NEDERLAND COMMUNITY LIBRARY DISTRICT

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2017

	2017			VARIANCE	2016 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Local Sources					
Property Taxes	\$ 413,492	\$ 405,567	\$ 407,864	\$ 2,297	\$ 407,750
Specific Ownership Taxes	15,000	24,146	24,146	-	21,732
Grants and Donations	7,000	7,700	7,700	-	4,000
Charges for Services	2,000	2,966	2,966	-	2,858
Interest	-	175	175	-	152
TOTAL REVENUES	<u>437,492</u>	<u>440,554</u>	<u>442,851</u>	<u>2,297</u>	<u>436,492</u>
EXPENDITURES					
General Government					
Salaries and Benefits	57,700	54,315	61,072	(6,757)	59,315
Rent	1	2	2	-	1
Supplies	4,500	4,064	4,064	-	4,795
Insurance	7,350	6,995	6,995	-	6,112
Advertising	11,500	6,374	1,296	5,078	2,030
Professional Fees	12,400	10,314	15,391	(5,077)	6,916
Small Equipment	15,500	15,996	12,355	3,641	3,623
Miscellaneous	1,675	1,868	2,730	(862)	3,020
Capital Outlay	20,000	52,573	52,573	-	-
Bond Issuance Costs	-	56,295	56,295	-	-
Debt Service					
Principal	55,000	55,000	25,600	29,400	55,000
Interest and Other Charges	79,663	78,407	89,008	(10,601)	81,945
Total General Government	<u>265,289</u>	<u>342,203</u>	<u>327,381</u>	<u>14,822</u>	<u>222,757</u>
Library					
Salaries and Benefits	103,680	91,572	84,836	6,736	80,201
Books and Materials	42,200	38,548	38,514	34	37,293
Computer System	1,600	3,450	7,091	(3,641)	5,238
Program Development	18,500	12,579	12,579	-	11,082
Maintenance	40,700	39,939	39,939	-	31,489
Utilities	13,400	12,350	12,350	-	10,911
Reserves	(58,765)	3,600	-	3,600	-
Miscellaneous	5,888	2,711	1,887	824	675
Total Library	<u>167,203</u>	<u>204,749</u>	<u>197,196</u>	<u>7,553</u>	<u>176,889</u>
TOTAL EXPENDITURES	<u>432,492</u>	<u>546,952</u>	<u>524,577</u>	<u>22,375</u>	<u>399,646</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,000</u>	<u>(106,398)</u>	<u>(81,726)</u>	<u>24,672</u>	<u>36,846</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from the Issuance of Debt	-	1,583,000	1,583,000	-	-
Payment to Escrow Agent	-	(1,545,504)	(1,545,504)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>37,496</u>	<u>37,496</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	5,000	(68,902)	(44,230)	24,672	36,846
FUND BALANCE, Beginning	<u>326,881</u>	<u>326,881</u>	<u>326,881</u>	<u>-</u>	<u>290,035</u>
FUND BALANCE, Ending	<u>\$ 331,881</u>	<u>\$ 257,979</u>	<u>\$ 282,651</u>	<u>\$ 24,672</u>	<u>\$ 326,881</u>

See the accompanying independent auditors' report.