

**MONTROSE REGIONAL LIBRARY DISTRICT**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

December 31, 2018

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**INDEPENDENT AUDITOR'S REPORT**

# **DONALD R. MORELAND & ASSOCIATES, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Montrose Regional Library District  
320 South Second  
Montrose, Colorado 81401

We have audited the accompanying financial statements of the governmental activities and the major fund of the Montrose Regional Library District, as of and for the year ended December 31, 2018, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

### **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 an opinion on these financial statements based on our audits. We conducted our audits 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 District'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 District'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 opinion.

# DONALD R. MORELAND & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors  
Montrose Regional Library District  
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## Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund of the Montrose Regional Library District, as of December 31, 2018, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Report on Summarized Comparative Information

We have previously audited the Montrose Regional Library District's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 19, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

## Other-Matters

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 through 7 and pages 25 through 26 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.

*Donald R. Moreland & Associates, P.C.*

Montrose, Colorado  
May 20, 2019

**MANAGEMENT' S DISCUSSION AND ANALYSIS**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Montrose Regional Library District (the "District"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2018.

### Financial highlights:

- The assets of the District exceeded its liabilities and deferred inflows of resources at the close of its most recent year by \$5,863,668 (net position). Of this amount, \$1,139,391 (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors. At the close of the prior year, the District's net position and unrestricted net position were \$5,739,433 and \$1,049,315, respectively.
- As of the close of the current fiscal year, the District's governmental funds reported an ending fund balance of \$1,311,671, an increase of \$134,521 from the prior year. As of the close of the prior fiscal year, the District's governmental funds reported an ending fund balance of \$1,177,150.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,127,671, or 46% of total general fund expenditures. At the end of the prior year, the unassigned fund balance for the general fund was \$953,150 or 49% of total general fund expenditures.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### Government-Wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the District that are principally supported by general property and specific ownership taxes, operation revenue, contributions and intergovernmental revenues. The governmental activities of the District include library and supporting services.

The government-wide financial statements can be found on pages 8 and 9 of this report.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District only has one governmental fund.

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

The District adopts an annual budget for all funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 10 through 13 of this report.

### **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 14 through 24 of the report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budgetary comparisons for the general fund. Required supplementary information can be found on page 25 through 26 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$5,863,668 at the close of the most recent fiscal year.

A large portion of the District's net position (80 percent) reflects its investment in capital assets (e.g., buildings, equipment and books). The District uses these capital assets to provide library services; consequently, these assets are not available for future spending.

**MONTROSE REGIONAL LIBRARY DISTRICT NET POSITION**

|  | CURRENT<br>YEAR    | PRIOR<br>YEAR    |
|--|--------------------|------------------|
| Current and other assets               | \$3,478,880        | 3,229,904        |
| Capital assets                         | 4,614,277          | 4,616,118        |
| Total assets                           | <u>8,093,157</u>   | <u>7,846,022</u> |
| Accounts payable and other liabilities | 210,930            | 91,442           |
| Total liabilities                      | <u>210,930</u>     | <u>91,442</u>    |
| Deferred inflows of resources          | 2,018,559          | 2,015,147        |
| Total deferred inflows of resources    | <u>2,018,559</u>   | <u>2,015,147</u> |
| Net position:                          |                    |                  |
| Net investment in capital assets       | 4,614,277          | 4,616,118        |
| Restricted                             | 74,000             | 74,000           |
| Unrestricted                           | 1,175,391          | 1,049,315        |
| Total net position                     | <u>\$5,863,668</u> | <u>5,739,433</u> |

At the end of the current fiscal year, the District reported positive balances in all three categories of net position for the government as a whole. In its separate governmental activities, the General Fund reported positive balances in all three categories. For the prior fiscal year, the District reported positive balances in all three categories of net position, both for the government as a whole, as well as its separate governmental activities.

Under the GASB 34 reporting model the audit shows the District's net position increased by \$124,235 during the current fiscal year. This increase was mainly due to increased property and specific ownership taxes. The District's net position decreased by \$105,072 during the prior fiscal year.

**MONTROSE REGIONAL LIBRARY DISTRICT CHANGES IN NET POSITION**

|                                       | CURRENT<br>YEAR    | PRIOR<br>YEAR    |
|---------------------------------------|--------------------|------------------|
| Revenues:                             |                    |                  |
| Program revenues                      |                    |                  |
| Fines, fees and charges for services  | \$ 116,640         | 110,857          |
| Operating grants and contributions    | 136,742            | 313,912          |
| General revenues                      |                    |                  |
| Property and specific ownership taxes | 2,302,723          | 1,754,162        |
| Other                                 | 22,563             | 3,735            |
| Total revenues                        | <u>2,578,668</u>   | <u>2,182,666</u> |
| Expenses:                             |                    |                  |
| Culture and recreation                | 2,454,433          | 2,077,594        |
| Total expenses                        | <u>2,454,433</u>   | <u>2,077,594</u> |
| Increase (decrease) in net position   | 124,235            | 105,072          |
| Net position, January 1               | 5,739,433          | 5,634,361        |
| Net position, December 31             | <u>\$5,863,668</u> | <u>5,739,433</u> |

Increase in expenses are the result of expanding services due to voter approval of a mill levy increase on property and resulting increased revenues.

**Financial Analysis of the District's Funds**

As noted earlier, the Montrose Regional Library District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$1,311,671 an increase of \$134,521 from the prior fiscal year. Approximately 86% of the governmental fund balances constitute unassigned fund balances which are available for spending at the District's discretion. The remainder of the fund balances are restricted or assigned to indicate that they are not available for new spending because they have already been committed to emergency reserves or subsequent year's expenditures.

The general fund is the main operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,127,671, while total fund balance was \$1,311,671. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 46% of total general fund expenditures, while total fund balance represents 54% of that same amount.

#### **General Fund Budgetary Highlights**

The District prepares its budget on the modified accrual basis of accounting to recognize the fiscal impact of debt issuance, sale of assets and debt repayments, as well as capital outlay in addition to program and general revenue.

The original and final General Fund budget for the fiscal year 2018 was \$2,496,000. This was an increase of \$420,000 from the previous fiscal year. The actual expenditures and transfers were \$2,419,569.

Changes between actual revenues and budgeted amounts were primarily due to increased property and specific ownership taxes and contributions. Total actual revenue of the District was \$58,090 greater than budgeted revenue.

Changes between actual expenditures and budgeted amounts were primarily due to increased employee expenses and increased costs of expanding services due to voter approval of a mill levy increase on property and resulting increased revenues. Total actual expenditures were \$76,431 less than budgeted.

#### **Capital Asset and Debt Administration**

**Capital assets.** The District's investment in capital assets for its governmental activities as of December 31, 2018 and 2017, amounted to \$4,614,277 and \$4,616,118, respectively, (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, books and audio-visual devices. The total decrease in the District's investment in capital assets for the current fiscal year was 0.04 percent, mainly the result of depreciation. The prior year investment in capital assets decreased 3 percent.

**MONTROSE REGIONAL LIBRARY DISTRICT CAPITAL ASSETS**  
(net of depreciation)

|                                | Governmental Activities |           |
|--------------------------------|-------------------------|-----------|
|                                | Current                 | Prior     |
|                                | Year                    | Year      |
| Land                           | \$ 464,143              | 464,143   |
| Building                       | 3,550,158               | 3,716,165 |
| Furniture and equipment        | 291,067                 | 138,069   |
| Books and audio-visual devices | 308,909                 | 297,741   |
| Total                          | \$4,614,277             | 4,616,118 |

Additional information of the District's capital assets can be found in note 5 on page 23 of this report.

**Long-term debt.** At the end of the current fiscal year, the District had no debt outstanding other than the accrued cost of employees' future compensated absences.

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

The economic condition and outlook for the District in the upcoming year is more optimistic than in prior years. The District's anticipated collection of property and specific ownership taxes in 2019 is expected to be approximately \$11,000 more than the 2018 collection. In 2017, the District obtained voter approval to collect and retain all property tax revenues derived from a 3.85 mill levy. Anticipated property tax collections for the general fund for 2019 is \$2,019,000, which is available for general operating expenses. The District will continue its efforts to obtain additional funding from governmental and private grants and contributions and continue to closely monitor the expenses. These plus other factors were considered in preparing the District's budget for the 2019 fiscal year.

**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 in the report or requests for additional financial information should be addressed to Paul Paladino, 320 South Second Street, Montrose, Colorado, 81401.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

MONTROSE REGIONAL LIBRARY DISTRICT  
STATEMENT OF NET POSITION  
December 31, 2018

|                                      | <u>GOVERNMENTAL<br/>ACTIVITIES</u> |
|--------------------------------------|------------------------------------|
| <u>ASSETS</u>                        |                                    |
| Cash and cash equivalents            | \$ 27,707                          |
| Investments                          | 1,408,442                          |
| Due from other governments           | 24,172                             |
| Receivables:                         |                                    |
| Taxes                                | 2,018,559                          |
| Capital assets:                      |                                    |
| (net of accumulated depreciation)    |                                    |
| Land                                 | 464,143                            |
| Building                             | 3,550,158                          |
| Furniture and equipment              | 291,067                            |
| Books and audio-visual devices       | 308,909                            |
| TOTAL ASSETS                         | <u>8,093,157</u>                   |
| <u>LIABILITIES</u>                   |                                    |
| <u>CURRENT LIABILITIES:</u>          |                                    |
| Accounts payable                     | 131,666                            |
| Accrued payroll taxes and benefits   | 3,726                              |
| Unearned revenue - rent and other    | 13,258                             |
| Compensated absences                 | 62,280                             |
| TOTAL LIABILITIES                    | <u>210,930</u>                     |
| <u>DEFERRED INFLOWS OF RESOURCES</u> |                                    |
| Deferred revenue - property taxes    | <u>2,018,559</u>                   |
| TOTAL DEFERRED INFLOWS OF RESOURCES  | <u>2,018,559</u>                   |
| <u>NET POSITION</u>                  |                                    |
| Net investment in capital assets     | 4,614,277                          |
| Restricted for:                      |                                    |
| Emergency                            | 74,000                             |
| Unrestricted                         | <u>1,175,391</u>                   |
| TOTAL NET POSITION                   | <u>\$ 5,863,668</u>                |

See Notes to Financial Statements.



**FUND FINANCIAL STATEMENTS**

MONTROSE REGIONAL LIBRARY DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUND - GENERAL FUND  
December 31, 2018  
(With comparative totals for December 31, 2017)

|                                      | <u>CURRENT<br/>YEAR</u> | <u>PRIOR<br/>YEAR</u> |
|--------------------------------------|-------------------------|-----------------------|
| <u>ASSETS</u>                        |                         |                       |
| Cash and cash equivalents            | \$ 27,707               | 675,004               |
| Certificates of deposit              |                         | 120,879               |
| Investments                          | 1,408,442               | 286,114               |
| Due from other governments           | 24,172                  | 110,048               |
| Receivables                          |                         |                       |
| Taxes                                | 2,018,559               | 2,015,147             |
| Prepaid expense                      |                         | 22,712                |
|                                      | <u>\$ 3,478,880</u>     | <u>3,229,904</u>      |
| <u>LIABILITIES</u>                   |                         |                       |
| Accounts payable                     | \$ 131,666              | 30,141                |
| Accrued payroll taxes and benefits   | 3,726                   | 4,966                 |
| Unearned revenue - rent and other    | 13,258                  | 2,500                 |
|                                      | <u>148,650</u>          | <u>37,607</u>         |
| <u>DEFERRED INFLOWS OF RESOURCES</u> |                         |                       |
| Deferred revenue - property taxes    | <u>2,018,559</u>        | <u>2,015,147</u>      |
| <u>FUND BALANCES</u>                 |                         |                       |
| Restricted                           | 74,000                  | 74,000                |
| Assigned                             | 110,000                 | 150,000               |
| Unassigned                           | 1,127,671               | 953,150               |
|                                      | <u>1,311,671</u>        | <u>1,177,150</u>      |
|                                      | <u>\$ 3,478,880</u>     | <u>3,229,904</u>      |

See Notes to Financial Statements.

MONTROSE REGIONAL LIBRARY DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
 December 31, 2018

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TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS \$ 1,311,671

Total net position reported for governmental activities  
 in the statement of net position is different because:

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

|  |                |           |
|--|----------------|-----------|
| Land   | 464,143        |           |
| Building, net of \$2,977,847 accumulated depreciation                          | 3,550,158      |           |
| Furniture and equipment, net of \$1,097,842<br>accumulated depreciation        | 291,067        |           |
| Books and audio-visual devices, net of \$1,446,575<br>accumulated depreciation | <u>308,909</u> |           |
| TOTAL CAPITAL ASSETS   |                | 4,614,277 |

Long-term liabilities are not due and payable  
 in the current period and accordingly, are  
 not reported as fund liabilities. All  
 liabilities, both current and long-term  
 are reported in the statement of net assets.  
 Compensated absences

(62,280)

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 5,863,668

See Notes to Financial Statements.

MONTROSE REGIONAL LIBRARY DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUND - GENERAL FUND

For the year ended December 31, 2018

(With comparative actual amounts for the year ended December 31, 2017)

|  | <u>CURRENT<br/>YEAR</u> | <u>PRIOR<br/>YEAR</u> |
|--|-------------------------|-----------------------|
| <u>REVENUES</u>  |                         |                       |
| <u>TAXES</u>   |                         |                       |
| Property and<br>specific ownership taxes                     | \$ 2,302,723            | 1,754,162             |
| <u>INTERGOVERNMENTAL REVENUE</u>                             |                         |                       |
| E-rate   | 23,451                  | 68,693                |
| Intergovernmental  | 289                     | 11,540                |
| Rent   | 88,536                  | 88,536                |
| <u>CHARGES FOR SERVICES</u>                                  |                         |                       |
| Fines and fees   | 28,104                  | 22,321                |
| <u>MISCELLANEOUS</u>   |                         |                       |
| Donated books and<br>audio/video                             | 24,578                  | 20,683                |
| Contributions  | 88,424                  | 212,996               |
| Income from investments                                      | 22,334                  | 3,230                 |
| Miscellaneous  | 229                     | 505                   |
| TOTAL REVENUES   | <u>2,578,668</u>        | <u>2,182,666</u>      |
| <u>EXPENDITURES</u>  |                         |                       |
| Current  | 2,050,488               | 1,725,956             |
| Capital outlay   | 393,659                 | 201,641               |
| TOTAL EXPENDITURES   | <u>2,444,147</u>        | <u>1,927,597</u>      |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER (UNDER) EXPENDITURES | 134,521                 | 255,069               |
| FUND BALANCE, JANUARY 1                                      | <u>1,177,150</u>        | <u>922,081</u>        |
| FUND BALANCE, DECEMBER 31                                    | <u>\$ 1,311,671</u>     | <u>1,177,150</u>      |

See Notes to Financial Statements.

MONTROSE REGIONAL LIBRARY DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 For the year ended December 31, 2018

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NET CHANGE IN FUND BALANCE FOR GOVERNMENTAL FUNDS \$ 134,521

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

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 exceeds capital outlay in the current period.

|                      |                  |         |
|----------------------|------------------|---------|
| Capital outlay       | 352,468          |         |
| Depreciation expense | <u>(354,309)</u> |         |
|                      |                  | (1,841) |

The net effect of various transactions involving capital assets (i.e., sales, trade-ins and abandonments) is to decrease net assets

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources and revenues are not recognized until they become both measurable and available. In the statement of activities however, which is presented on the accrual basis, revenues are recognized when earned and expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net change of these balances.

|                      |  |                |
|----------------------|--|----------------|
| Compensated absences |  | <u>(8,445)</u> |
|----------------------|--|----------------|

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 124,235

See Notes to Financial Statements.

**NOTES TO FINANCIAL STATEMENTS**

MONTROSE REGIONAL LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Financial Reporting Entity

The Montrose Regional Library District is incorporated as a library district under the laws of the State of Colorado and is governed by a seven person board appointed in accordance with CRS 24-90-108(2)(c). The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As required by generally accepted accounting principles, these financial statements present the District, a stand-alone government. Based on criteria set forth by GASB, there are no component units for which District is financially accountable.

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

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

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

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

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

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING (continued)

The District reports the following major governmental fund:

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING

Government-wide Financial Statements. 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchanges, include property and specific ownership taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the period for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITES, AND EQUITY

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

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

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

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

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

|                                |               |
|--------------------------------|---------------|
| Furniture and equipment        | 5 - 10 years  |
| Books and audio-visual devices | 5 years       |
| Buildings                      | 15 - 40 years |

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

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITES, AND EQUITY (continued)

Fund balance classification. (continued)

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 (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District did not have any nonspendable resources as of December 31, 2018.
- 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 required by the State Constitution, Article X, Section 20 as being restricted because their use is restricted by State Statute.
- 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 (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, 2018.
- Assigned: This classification includes amounts that are contained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to the Executive Director through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District has assigned funds for the General Fund to reflect the use of fund balances to fund 2019 budgeted expenditures.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITES, AND EQUITY (continued)

Fund balance classification. (continued)

- Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other government 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 fund resources first to defer the use of these other classified funds.

Comparative data/reclassifications. Comparative total data for the prior year have been presented for the governmental fund financial statements in order to provide an understanding of the changes in financial position and operations of these funds. Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

E. BUDGET AND BUDGETARY ACCOUNTING

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

1. Budgets are required by state law for all governmental funds.
2. By October 15 the proposed budget is submitted to the Board of Trustees for the fiscal year commencing the following January 1.
3. Prior to December 31, the budget is adopted and appropriations are authorized by resolution at the fund level for all funds. The legal level of budgeting control is at the individual fund level for all funds.
4. Budgets are adopted on a basis consistent with the accounting basis of all funds, except that book donations are not budgeted.
5. Expenditures may not legally exceed appropriations at the fund level. The Board of Trustees may increase or decrease the budget and appropriations during the year within restrictions imposed by the District and laws of the State of Colorado. Budget amounts included in the financial statements are based on the final, legally amended budget.

**MONTROSE REGIONAL LIBRARY DISTRICT**  
 NOTES TO FINANCIAL STATEMENTS (continued)  
 December 31, 2018

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. BUDGET AND BUDGETARY ACCOUNTING (continued)

6. Appropriations lapse at the end of the year, and the Board of Trustees may adopt supplemental appropriations during the year. For 2018, no supplemental appropriations were adopted.

Originally adopted budgeted expenditures, amendments and the final amended budgeted expenditures for the year ended December 31, 2018 is as follows:

|              | ORIGINAL<br>BUDGET | AMENDMENT | FINAL<br>BUDGET |
|--------------|--------------------|-----------|-----------------|
| General Fund | \$2,496,000        | _____     | 2,496,000       |

2 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Deposits

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must at least equal 102 percent of the aggregate uninsured deposits.

Custodial Credit Risks - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a policy for custodial credit risk which limits bank deposits to PDPA approved depositories as well as keeping deposits within FDIC limits, limiting investments to federally guaranteed securities and diversifying the investment portfolio. As of December 31, 2018, none of the District's bank balances of \$53,917 were exposed to custodial credit risk as all were insured.

Investments

At December 31, 2018 the District had the following investments:

|                | <u>Maturities</u> | <u>Fair Value</u> |
|----------------|-------------------|-------------------|
| Colotrust Plus | N/A               | 1,408,442         |

As of December 31, 2018, the District has invested \$1,408,442 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. The value of the position in the pool is the same as the value of the pool shares. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool 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 the pool.

2 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

Investments (continued)

The District's investment in COLOTRUST is rated AAAM by S&P. COLOTRUST is routinely monitored by the Colorado Division of Securities with regard to operations and investments. Separately issued financial statements may be obtained at the following address:

COLOTRUST  
717 17<sup>th</sup> Street, Suite 1850  
Denver, CO 80202  
[www.colotruster.com](http://www.colotruster.com)

Interest rate risk. The District has an investment policy that limits investment maturities to a maximum of five years, unless a longer period is approved by the Board of Trustees, as a means of managing its exposure to fair value losses arising from increasing interest rates. The District has not experienced fair value losses.

Credit risk. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest including obligations of the United States and certain U.S. government agency securities; certain international agency securities; general obligation and revenue bonds of U.S. local government entities; bankers' acceptances of certain banks; commercial paper; local government investment pools; written repurchase agreements collateralized by certain authorized securities; certain money market funds; and guaranteed investment contracts. The District's general investment policy is to apply the prudent-person rule: Prudence and protection of District funds are the primary criteria. All investments and bid requests for investments are predicated on liquidity, yield, safety and interest of the local economy. As of December 31, 2018, the District's investment in Colotruster Plus, a 2a7-like investment pool, was rated AAAM by Standard & Poor's.

Concentration of credit risk. The District places no limit on the amount it may invest in any one issuer. More than 5 percent of the District's investments are in Colotruster. At December 31, 2018, Colotruster represented 100% of the District's investments.

These investments are presented on the balance sheet as follows:

|             |                                   |
|-------------|-----------------------------------|
| Investments | <u>2018</u><br><u>\$1,408,442</u> |
|             | <u>\$1,408,442</u>                |

2 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

Investments (continued)

Fair value measurement. Government Accounting Standards Board Statement No. 72 (GASB 72) *Fair Value Measurement and Application* establishes a hierarchy of inputs to valuation techniques used to measure fair value and requires disclosures to be made about investment fair value measurements, the level of fair value hierarchy, and valuation techniques. According to GASB 72, an investment is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash.

The District records assets and liabilities in accordance with GASB 72, which establishes general principles for measuring fair value, provides additional fair application guidance and enhances disclosures about fair value measurements.

The District's investments and derivative instruments are measured at fair value on a recurring basis. Fair value measurements are categorized based on the valuation inputs used to measure fair value of assets and liabilities as follows.

Level 1 - Quoted prices in active markets for identical securities.

Level 2 - Prices determined using other significant observable inputs. Observable inputs are inputs that reflect the assumptions market participants would use in pricing a security and are developed based on market data obtained from sources independent of the reporting entity. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk, and others. Debt securities are valued in accordance with the evaluated bid price supplied by the pricing service and generally categorized as Level 2 in the hierarchy.

Level 3 - Prices determined using significant unobservable inputs. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the factors market participants would use in pricing the security and would be based on the best information available under the circumstances.

The following table reflects the fair value of the District's investments and derivative instruments as of December 31, 2018:

| <u>2018</u><br><u>Assets</u> | <u>Fair Value Measurement Using</u> |                   |                   |                   |
|------------------------------|-------------------------------------|-------------------|-------------------|-------------------|
|                              | <u>Total</u>                        | <u>Level 1</u>    | <u>Level 2</u>    | <u>Level 3</u>    |
| Investments                  |                                     |                   |                   |                   |
| Colotrust                    | \$1,408,442                         |                   |                   | .                 |
| Total investments            | <u>\$1,408,442</u>                  | <u>          </u> | <u>          </u> | <u>          </u> |

MONTROSE REGIONAL LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

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2 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

Investments (continued)

(A) During the year, the District invested in COLOTRUST, a local government investment pool. The valuation is measured at net asset value and is designed to approximate the share value. The pool's Board of Trustees, elected by the participants, is responsible for overseeing the management of COLOTRUST, including establishing operating standards and policies. COLOTRUST is designed to provide local governments with a convenient method for investing in short-term investments carefully chose to provide maximum safety and liquidity, while still maximizing interest earnings.

3 - SHORT-TERM DEBT

The District had no short-term debt during the year ended December 31, 2018.

4 - EMPLOYEES' RETIREMENT PLAN

The District provides pension benefits for all of its full-time employees through the Colorado County Officials and Employees Retirement Association's defined contribution plan, a multiple-employer public employee retirement system. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after the completion of one year of service with the District. Association rules require that both the employee and the District contribute to the plan in a range of from 3-6% of total compensation.

The District's contribution for each employee (and earnings, losses and changes in fair market value of plan assets) are vested at a rate of 20% per year. Employee contributions and their earnings are 100% vested immediately. Nonvested contributions are forfeited upon termination of employment and such forfeitures may be used to pay plan expenses or the employer's contribution to the plan. For the year ended December 31, 2018, there were no forfeitures.

The District's total payroll in 2018 was \$1,083,631. The District's contributions were calculated using the covered payroll of \$852,822. Both the District and the covered employees made the chosen 4.50% contribution, amounting to \$38,377 from each source, or \$76,754 in total.

The District had no liability to the plan at December 31, 2018.

**MONTROSE REGIONAL LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**December 31, 2018**

**5 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2018 was as follows:

|   | <u>BEGINNING<br/>BALANCES</u> | <u>INCREASES</u> | <u>DECREASES</u> | <u>ENDING<br/>BALANCES</u> |
|---|-------------------------------|------------------|------------------|----------------------------|
| Governmental activities:                    |                               |                  |                  |                            |
| Capital assets not being depreciated:       |                               |                  |                  |                            |
| Land  | \$ 464,143                    |                  |                  | 464,143                    |
| Capital assets being depreciated:           |                               |                  |                  |                            |
| Building                                    | 6,528,005                     |                  |                  | 6,528,005                  |
| Furniture and equipment                     | 1,174,484                     | 220,163          | 5,738            | 1,388,909                  |
| Books and audio-visual devices              | 1,651,924                     | 132,305          | 28,745           | 1,755,484                  |
| TOTAL CAPITAL ASSETS BEING DEPRECIATED      | <u>9,354,413</u>              | <u>352,468</u>   | <u>34,483</u>    | <u>9,672,398</u>           |
| Less accumulated depreciation for:          |                               |                  |                  |                            |
| Building                                    | 2,811,840                     | 166,007          |                  | 2,977,847                  |
| Furniture and equipment                     | 1,036,415                     | 67,165           | 5,738            | 1,097,842                  |
| Books and audio-visual devices              | 1,354,183                     | 121,137          | 28,745           | 1,446,575                  |
| TOTAL ACCUMULATED DEPRECIATION              | <u>5,202,438</u>              | <u>354,309</u>   | <u>34,483</u>    | <u>5,522,264</u>           |
| Total capital assets being depreciated, net | <u>4,151,975</u>              | <u>(1,841)</u>   |                  | <u>4,150,134</u>           |
| GOVERNMENTAL ACTIVITY CAPITAL ASSETS, NET   | <u>\$4,616,118</u>            | <u>(1,841)</u>   |                  | <u>4,614,277</u>           |

Depreciation expense was charged to functions/programs of the District as follows:

|                         |                  |
|-------------------------|------------------|
| Governmental activities |                  |
| Culture and recreation  | <u>\$354,309</u> |

**6 - CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended December 31, 2018 was as follows:

|  | <u>BALANCE<br/>BEGINNING<br/>OF YEAR</u> | <u>ADDITIONS</u> | <u>RETIREMENTS</u> | <u>BALANCE<br/>END<br/>OF YEAR</u> | <u>DUE<br/>WITHIN<br/>ONE YEAR</u> |
|--|--|------------------|--------------------|------------------------------------|------------------------------------|
| Accrued cost of employees' compensated future absences | \$ <u>53,835</u>                         | <u>62,280</u>    | <u>53,835</u>      | <u>62,280</u>                      | <u>62,280</u>                      |

Accrued costs of employees' future compensated absences are liquidated by the general fund.

MONTROSE REGIONAL LIBRARY DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (continued)  
 December 31, 2018

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7 - BUDGETARY ACCOUNTING

The following adjustments are required to convert from financial statements presented in accordance with generally accepted accounting principles (GAAP) to those presented on the non-GAAP budgetary basis, as described in Note 1:

| <u>GENERAL FUND</u>                                  | <u>GAAP</u><br><u>BASIS</u> | <u>ADJUSTMENTS</u> | <u>BUDGETARY</u><br><u>BASIS</u> |
|--|-----------------------------|--------------------|----------------------------------|
| Revenues   | \$2,578,668                 | A) (24,578)        | 2,554,090                        |
| Expenditures   | 2,444,147                   | A) (24,578)        | 2,419,569                        |
| EXCESS (DEFICIENCY) OF<br>REVENUES OVER EXPENDITURES | <u>134,521</u>              | <u>          </u>  | <u>134,521</u>                   |
| FUND BALANCE - January 1                             | <u>1,177,150</u>            | <u>          </u>  | <u>1,177,150</u>                 |
| FUND BALANCE - December 31                           | <u>\$1,311,671</u>          | <u>          </u>  | <u>1,311,671</u>                 |

A) Donated books and audio-visual devices

8 - TAX, SPENDING AND DEBT LIMITATIONS

The State Constitution, Article X, Section 20, has several limitations regarding revenue raising, spending abilities, and other specific requirements of state and local governments. The Section is complex and subject to judicial interpretation. In 1999, the District obtained voter approval to collect and retain all revenues including property taxes without limitation under the Section. District management therefore believes it is in compliance with the requirements of the Section. The emergency reserves required under the Section have been funded.

9 - RISK MANAGEMENT

The District is exposed to risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Such exposure, is covered by purchase of commercial insurance, including worker's compensation, and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

10 - CONTINGENT LIABILITIES

Under the terms of federal and state grants, costs may be questioned as not being appropriate expenses that could lead to reimbursement to the grantor agencies. District management is not aware of any such expenses that would not be allowed.

11 - SUBSEQUENT EVENTS

Subsequent events were evaluated through May 20, 2019 which is the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

MONTROSE REGIONAL LIBRARY DISTRICT  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 For the year ended December 31, 2018  
 (With comparative actual amounts for the year ended December 31, 2017)

|  | 2018                            |                  | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE<br>(NEGATIVE) | 2017             |
|--|---------------------------------|------------------|---|------------------|
|  | ORIGINAL<br>AND FINAL<br>BUDGET | ACTUAL           |   | ACTUAL           |
| <u>REVENUES</u>                          |                                 |                  |   |                  |
| <u>TAXES</u>                             |                                 |                  |   |                  |
| Property and<br>specific ownership taxes | \$ 2,165,000                    | 2,302,723        | 137,723   | 1,754,162        |
| <u>INTERGOVERNMENTAL REVENUE</u>         |                                 |                  |   |                  |
| E-rate                                   | 38,000                          | 23,451           | (14,549)  | 68,693           |
| Local government agencies                | 120,000                         | 289              | (119,711)   | 11,540           |
| Rent                                     | 88,000                          | 88,536           | 536   | 88,536           |
| <u>CHARGES FOR SERVICES</u>              |                                 |                  |   |                  |
| Fines and fees                           | 18,000                          | 28,104           | 10,104  | 22,321           |
| <u>MISCELLANEOUS</u>                     |                                 |                  |   |                  |
| Contributions                            | 15,000                          | 88,424           | 73,424  | 212,996          |
| Income from investments                  | 2,000                           | 22,334           | 20,334  | 3,230            |
| Miscellaneous                            | 50,000                          | 229              | (49,771)  | 505              |
| <b>TOTAL REVENUES</b>                    | <b>2,496,000</b>                | <b>2,554,090</b> | <b>58,090</b>   | <b>2,161,983</b> |

MONTROSE REGIONAL LIBRARY DISTRICT  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (continued)  
 For the year ended December 31, 2018  
 (With comparative actual amounts for the year ended December 31, 2017)

|  | 2018                            |                  | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE<br>(NEGATIVE) | 2017             |
|--|---------------------------------|------------------|---|------------------|
|  | ORIGINAL<br>AND FINAL<br>BUDGET | ACTUAL           |   | ACTUAL           |
| <b>EXPENDITURES</b>  |                                 |                  |   |                  |
| <b>CURRENT:</b>  |                                 |                  |   |                  |
| Culture and recreation                                       |                                 |                  |   |                  |
| Salaries and wages   | \$ 1,162,000                    | 1,083,631        | 78,369  | 899,810          |
| Payroll taxes  | 116,500                         | 86,148           | 30,352  | 71,734           |
| Group insurance  | 151,000                         | 144,788          | 6,212   | 117,628          |
| Retirement   | 40,000                          | 38,377           | 1,623   | 36,271           |
| Workmen's compensation<br>insurance                          | 7,000                           | 4,849            | 2,151   | 4,626            |
| Utilities  | 90,000                          | 90,827           | (827)   | 89,817           |
| Telephone and internet                                       | 36,000                          | 34,203           | 1,797   | 35,533           |
| Bookmobile   | 15,000                          | 7,908            | 7,092   | 4,556            |
| Maintenance contract   | 70,000                          | 75,455           | (5,455)   | 72,799           |
| Building maintenance   | 40,000                          | 16,800           | 23,200  | 11,499           |
| Landscape maintenance  | 12,000                          | 6,578            | 5,422   | 7,614            |
| Equipment maintenance  | 10,000                          | 17,801           | (7,801)   | 13,690           |
| Janitorial services  | 44,000                          | 57,680           | (13,680)  | 44,670           |
| Janitorial supplies  | 10,000                          | 8,011            | 1,989   | 7,727            |
| Insurance  | 23,000                          | 23,529           | (529)   | 22,899           |
| Automation contract  | 40,000                          | 39,530           | 470   | 36,787           |
| Equipment rental   | 1,000                           | 77               | 923   |                  |
| Treasurer's fees   | 40,000                          | 40,264           | (264)   | 30,734           |
| Audit and accounting fees                                    | 13,000                          | 12,235           | 765   | 11,836           |
| Legal fees   | 500                             | 125              | 375   |                  |
| Bank and other fees  | 1,500                           | 812              | 688   | 792              |
| Courier service  | 7,000                           | 4,049            | 2,951   | 3,494            |
| Processing and security                                      | 35,000                          | 46,022           | (11,022)  | 36,612           |
| Postage and delivery   | 8,000                           | 5,194            | 2,806   | 4,863            |
| Supplies   | 19,000                          | 22,717           | (3,717)   | 23,132           |
| Printing and reproduction                                    | 2,000                           |                  | 2,000   | 2,902            |
| Summer Reading program                                       | 12,700                          | 16,259           | (3,559)   | 11,639           |
| Children's projects  | 6,000                           | 11,197           | (5,197)   | 4,571            |
| Special projects   | 118,000                         | 23,797           | 94,203  | 7,974            |
| Election   |                                 |                  | -   | 24,704           |
| Teen programs  | 800                             | 947              | (147)   | 267              |
| Adult programs   | 2,000                           | 2,841            | (841)   | 801              |
| Volunteer program  | 1,000                           | 1,220            | (220)   | 31               |
| Grant expenses   | 15,000                          | 19,705           | (4,705)   | 10,646           |
| Foundation   | 7,000                           |                  | 7,000   |                  |
| Board conference and travel                                  | 500                             | 458              | 42  | 290              |
| Staff conference and travel                                  | 10,000                          | 23,886           | (13,886)  | 11,953           |
| Dues and membership  | 4,500                           | 4,601            | (101)   | 3,359            |
| Professional materials                                       | 1,000                           | 705              | 295   | 1,172            |
| Publicity and newsletter                                     | 12,000                          | 27,576           | (15,576)  | 13,984           |
| Paradox library support                                      | 6,000                           | 6,000            | -   | 6,000            |
| Interlibrary loan  | 5,000                           | 5,691            | (691)   | 5,519            |
| Periodicals and fiche  | 10,000                          | 6,890            | 3,110   | 5,236            |
| Software   | 3,000                           | 1,984            | 1,016   | 2,091            |
| Electronics index/media                                      | 44,000                          | 29,021           | 14,979  | 23,694           |
| Other  |                                 | 100              | (100)   |                  |
| Contingency  | 50,000                          |                  | 50,000  |                  |
| <b>CAPITAL OUTLAY:</b>                                       |                                 |                  |   |                  |
| Reference books  | 3,000                           | 4,216            | (1,216)   | 6,315            |
| Juvenile reference   | 1,000                           |                  | 1,000   | 344              |
| Adult books  | 70,000                          | 62,450           | 7,550   | 38,895           |
| Children's books   | 55,000                          | 41,060           | 13,940  | 31,078           |
| Adult audio/visual   | 21,500                          | 22,300           | (800)   | 18,141           |
| Juvenile audio/visual  | 14,500                          | 9,963            | 4,537   | 6,051            |
| Equipment  | 29,000                          | 229,092          | (200,092)   | 80,134           |
| <b>TOTAL EXPENDITURES</b>                                    | <b>2,496,000</b>                | <b>2,419,569</b> | <b>76,431</b>   | <b>1,906,914</b> |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> |                                 |                  |   |                  |
|  | -                               | 134,521          | 134,521   | 255,069          |
| <b>FUND BALANCE, JANUARY 1</b>                               | <b>770,000</b>                  | <b>1,177,150</b> | <b>407,150</b>  | <b>922,081</b>   |
| <b>FUND BALANCE, DECEMBER 31</b>                             | <b>\$ 770,000</b>               | <b>1,311,671</b> | <b>541,671</b>  | <b>1,177,150</b> |