

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1

**Financial Statements
With
Independent Auditors' Report**

**For the Year Ended
December 31, 2018**

San Miguel County Public Library District #1

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FINANCIAL SECTION

San Miguel County Public Library District #1 Management's Discussion and Analysis

As management of the San Miguel County Public Library District # 1 (the "District"), we offer this narrative overview and analysis of the financial activities of the San Miguel County Public Library District # 1 for the year ended December 31, 2018. We encourage the readers to consider this Management's Discussion and Analysis (MD&A) in conjunction with the District's financial statements, which follow this MD&A.

Financial Highlights

- The District's total assets exceeded its liabilities on December 31, 2018 by \$7,323,141. This represented a decrease of \$656,721 from net position at December 31, 2017 due to an additional deferred inflows from pension calculations. This perspective on net position includes spendable resources as well as the investment in buildings, collections and other capital assets of \$7,227,382.
- The District's total liabilities decreased by \$169,623 because of net pension, absences and accounts payable.
- As of December 31, 2018, the District's governmental funds reported combined ending fund balances of \$2,288,438, an increase of \$143,516 in comparison to the prior year. The portion of the total fund balance for the General Fund that is unrestricted and available for spending at the District's discretion is \$1,082,945.
- Within the District's general operating fund, total actual revenues were \$36,792 less than the 2018 final budget and total actual expenditures were \$137,941 less than the 2018 final budget.

Overview of the Financial Statements

The District's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements.

Basic Financial Statements

Government-wide Financial Statements:

The government-wide financial statements - provide both short and long-term information about the District's financial status. These financial statements present a broad overview of the District's finances, similar in format to financial statements of a private-sector business. The statement of activities reports changes in the District's net position. This statement includes all of the District's revenues and expenses, regardless of when the cash is received or paid, as defined under the full accrual accounting method.

Fund Financial Statements:

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on the activities of the District's individual governmental funds and are divided into two parts: 1) the "modified accrual basis statements" and 2) the "budgetary basis statements".

The financial statements on pages 5 and 6 of the audit focus on assets that can readily be converted into cash in the short term and liabilities that will be settled in the short term. Governmental funds in the "modified accrual basis statements" are reported using modified accrual accounting, which recognizes expenditures when the liability is incurred and revenue when measurable and available. The modified accrual accounting method provides a short-term spending focus, which helps the reader assess the amount of financial resources immediately available to finance the District's programs.

The annual budgets shown in the "budgetary basis statements" are prepared as described in Note 1. These budgets are presented using the modified accrual basis of accounting and are found in the Required Supplementary Information section.

The "budgetary basis statements" for the General Fund, Bond Fund, Debt Assistance Fund and Capital Building Reserve Fund demonstrate how the District complied with the year's approved budget. The "budgetary basis statements" are presented using the same classifications as those used in the legal budget document.

Notes to the Basic Financial Statements:

Notes to the financial statements provide additional information that is essential to fully understanding the financial statement data.

Government-Wide Financial Analysis

The Statement of Net Position and the Statement of Activities present the District's financial information as a whole.

Condensed Statement of Net Position

	<u>2018</u>	<u>2017</u>
Current and Other Assets	4,621,253	4,427,662
Capital Assets, net	7,227,382	7,538,716
Total Assets	<u>11,848,635</u>	<u>11,966,378</u>
Deferred Outflows of Financial Resources	503,385	598,986
Total Assets and Outflows of Resources	<u>12,352,020</u>	<u>12,565,364</u>
Current Liabilities	104,845	116,917
Noncurrent Liabilities	2,116,663	2,274,214
Total Liabilities	<u>2,221,508</u>	<u>2,391,131</u>
Deferred Inflows of Financial Resources	2,807,371	2,194,371
Total Liabilities and Deferred Inflows of Financial Resources	<u>5,028,879</u>	<u>4,585,502</u>
Net Position		
Net Investment in Capital Assets	7,227,382	7,538,716
Restricted Net Position	71,000	69,000
Unrestricted Net Position	24,759	372,146
Total Net Position	<u>7,323,141</u>	<u>7,979,862</u>

Net Position:

The District's assets exceeded its liabilities by \$7,323,141 as of December 31, 2018, a decrease in the District's net position of \$656,721 during 2018 due to pension calculations. Of the net position \$7,227,382 is invested in capital assets, which includes land, buildings, library materials, furniture and equipment, less related debt. The District uses capital assets to provide services to patrons; consequently, these assets are not available for future spending. The remaining portions of the District's net position are classified as either restricted or unrestricted. The restricted assets include an emergency reserve of \$71,000. The remaining assets are unrestricted assets of \$24,759.

The District's Changes in Net Position

Condensed Statement of Activities

	2018	2017
Program Revenues		
Charges for Services	\$ 27,439	\$ 31,181
Operating Grants and Contributions	28,191	12,973
Total Program Revenues	<u>55,630</u>	<u>44,154</u>
General Revenues		
Property Taxes	2,142,544	2,091,415
Debt Service Property Taxes	-	622,723
Specific Ownership Taxes	108,059	117,565
Investment Earnings	53,849	35,761
Other Revenues	6,396	5,882
Total General Revenues	<u>2,310,848</u>	<u>2,873,346</u>
Total Revenues	2,366,478	2,917,500
Program Expenses		
General Government	2,838,802	2,739,543
Change in Net Position	(472,324)	177,957
Net Position, Beginning	7,979,863	7,801,906
Prior Period Restatement	(184,398)	-
Net Position, Beginning (As Restated)	<u>7,795,465</u>	<u>7,801,906</u>
Net Position, Ending	<u>\$ 7,323,141</u>	<u>\$ 7,979,863</u>

Fund Financial Analysis

On December 31, 2018, the District reported a combined fund balance for its governmental funds of \$2,288,438 of this amount, the Capital Building Reserve Fund balance of \$1,134,493 is restricted for the capital expenditures.

The General Fund is the chief operating fund of the District. At the end of the calendar year 2018, the fund balance of the General Fund is \$1,153,945. Of that, \$71,000 is reserved for emergency under Tabor. The remaining fund balance of \$1,082,945 is available for future commitments and is unassigned fund balance.

The District receives 91 percent of its funding from property tax revenues. Salaries and benefits represent 65 percent of the District's total expenditures. Under the method of accounting used for the government-wide financial statements, library books and other collections are capitalized as assets and depreciated over their estimated useful lives. Consequently, most of the year's expenditures for books and collections are not included in the "library materials" expense.

Capital Asset Discussion

The District's investment in capital assets as of December 31, 2018, totals \$7,227,382, net of accumulated depreciation. These assets include buildings, land, furniture, equipment, books, and audio visual equipment. Additional information on the District's capital assets can be found in Note 3 of the financial statements.

	Balance			Balance
	12/31/17	Additions	Deletions	12/31/18
Assets not being depreciated				
Land	\$ 1,792,407	\$ -	\$ -	\$ 1,792,407
Construction in Progress	-	3,422	-	3,422
Total assets being depreciated	<u>1,792,407</u>	<u>3,422</u>	<u>-</u>	<u>1,795,829</u>
Assets being depreciated				
Building and Infrastructure	8,953,501	-	-	8,953,501
Furniture and Equipment	787,079	-	-	787,079
Books and Magazines	647,238	58,507	79,827	625,918
Music	49,341	4,548	7,924	45,965
Audiobooks	111,431	5,108	21,472	95,067
Videos and Software	141,729	36,397	31,885	146,241
Other Collection	37,719	7,858	9,852	35,725
Total assets being depreciated	<u>10,728,038</u>	<u>112,418</u>	<u>150,960</u>	<u>10,689,496</u>
Less: Accumulated depreciation				
Building and Infrastructure	(3,596,352)	(227,966)	-	(3,824,318)
Furniture and Equipment	(692,476)	(20,262)	-	(712,738)
Books and Magazines	(468,612)	(114,409)	(78,195)	(504,826)
Music	(35,945)	(6,407)	(7,924)	(34,428)
Audiobooks	(84,713)	(12,985)	(21,472)	(76,226)
Videos and Software	(75,783)	(30,075)	(31,885)	(73,973)
Other Collection	(27,848)	(13,438)	(9,852)	(31,434)
Total accumulated depreciation	<u>(4,981,729)</u>	<u>(425,542)</u>	<u>(149,328)</u>	<u>(5,257,943)</u>
Net Capital Assets	<u>\$ 7,538,716</u>	<u>\$ (309,702)</u>	<u>\$ 1,632</u>	<u>\$ 7,227,382</u>

Long-Term Debt Discussion

As of December 31, 2018, the District's total long-term debt is \$2,116,663. Of this amount, \$11,288 represents the liability for the employees' compensated absences and \$1,930,302 represents the liability for Net Pension Liability. Additional information regarding the District's long-term debt can be found in Note 6 of the financial statements.

	Restated				
	Balance			Balance	Current
	1/1/18	Advances	Payments	12/31/18	Portion
Net Pension Liability	\$ 2,260,802	\$ (330,500)	\$ -	\$ 1,930,302	\$ -
Net OPEB Liability	195,552	(20,479)	-	175,073	-
Accrued Compensated Absences	13,412	(2,124)	-	11,288	-
Total Noncurrent Liabilities	<u>\$ 2,469,766</u>	<u>\$ (353,103)</u>	<u>\$ -</u>	<u>\$ 2,116,663</u>	<u>\$ -</u>

Economic Factors and Next Year's Budget Outlook

Our 326-square-mile Library District is located in San Miguel County and serves an estimated population of 6,500. The District's service area is coterminous with San Miguel County School District No. R-1 (Telluride) and includes the communities of Telluride, Mountain Village, Ophir, and Sawpit, as well as certain unincorporated areas within the county. Tourism centered on the Telluride Ski Resort in the winter and numerous festivals in the summer drives the local economy. The Telluride Ski Resort continues to be one of the top skiing destinations in the state and nation. As is typical in tourism-driven economies, the county's unemployment rate is cyclical, peaking in April, May, October, and November. However, the county's annual average unemployment rate historically has been lower than the rates of the nation. The county's annual unemployment rate in 2018 was 4.1%, similar to the state's 3.6% rate and the nation's 3.9% average.

Since 1999, the District has levied the maximum operating mill levy of 2.8 mills approved by voters in 1990 for its operating funds. The District benefits from its exemption from the voter-approved Taxpayer's Bill of Rights. The District's assessed valuation (AV) totaled almost \$784 million in 2018. The AV figures represents the second year of an increase following an eleven percent decrease in 2014. Management believes that the property market in the area is stabilizing and that there may be increases in value and the number of properties for the reassessment in 2020. However, those gains will most likely be wiped away and not be realized as increased revenues because of the Gallagher Amendment which reduced the Residential Assessment Rate on residential home values to 7.15% in 2020. Already the RAR was reduced 10% in 2016 from 7.96%.

The District has performed well financially in recent years by maintaining reserves above 30% of expenditures. The General Fund balance is very strong and in fiscal year 2018, the District had budgeted for a \$55,000 deficit, but ended 2018 with a \$137,000 net income and an ending available general fund balance of just more than \$1 million, or 46% of operating expenditures. The District managed its expenditures, mainly through underspending in Technology & Support Services and staffing. Property taxes accounted for 91% of General Fund revenues in fiscal year 2018. The available operating fund balance consists of the unassigned, assigned, and committed portions of the general fund. The District maintains a financial policy to hold 30% of operating expenditures as its minimum fund balance. The District made the final payment on the 2005 General Obligation bond and retired the debt for the construction of the current facility. The District no longer carries debt or the accompanying mill levy of .8 that was assessed to pay for the debt, thus reducing the public library debt burden for the community.

For fiscal year 2020, the District will review financial policies and how the Gallagher Amendment will reduce expected revenues with a decrease in the Residential Assessment Ratio. Management will determine if the negative impact on tax revenues will require additional mill levies to covering operating expenses for future library services.

Requests for Information

This report is designed to provide an overview of the District's finances. Questions concerning any of the information found in this report or requests for additional information should be directed to the San Miguel County Public Library District #1, P.O. Box 2189, Telluride, Colorado 81435.

Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Directors
San Miguel County Public Library District #1
Telluride, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the San Miguel County Public Library District #1, as of and for the year ended December 31, 2018, and the related notes to the financial statements which collectively comprise the basic financial statements of the District, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the San Miguel County Public Library District #1, as of December 31, 2018, and the respective changes in financial position 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 San Miguel County Public Library District #1, as of December 31, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 5, 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.

Emphasis of a Matter

As discussed in Note 9 to the financial statements, the 2017 financial statements have been restated to reflect the adoption of GASB Statement Number 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The adoption of the standard required restatement of the beginning December 31, 2018 fiscal year net position. Our opinion is not modified with respect to this matter.

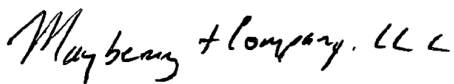
Other Matters

Required Supplementary Information – Management’s Discussion and Analysis and Pension and OPEB Schedules (Unaudited)

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1-M5 and pension and OPEB schedules on pages 39-42 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.

Required Supplementary Information – Budgetary Comparison Schedules and Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule on pages 43-44 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. In addition, the budgetary comparison schedules on pages 45-47 and listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



Englewood, Colorado
May 29, 2019

Basic Financial Statements

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1

Statement of Net Position

December 31, 2018

ASSETS

Current Assets

Cash and investments	\$ 2,380,633
Cash with fiscal agent	12,640
Taxes receivable	2,227,970
Other receivables	<u>10</u>
Total Current Assets	<u>4,621,253</u>

Noncurrent Assets

Capital assets not being depreciated	1,795,829
Capital assets being depreciated	<u>5,431,553</u>
Total Noncurrent Assets	<u>7,227,382</u>
Total Assets	<u>11,848,635</u>

DEFERRED OUTFLOWS OF FINANCIAL RESOURCES

Deferred outflows - Pension (net)	492,213
Deferred outflows - OPEB (net)	<u>11,172</u>
Total Deferred Outflows of Financial Resources	<u>503,385</u>

LIABILITIES

Current Liabilities

Accounts payable	50,837
Accrued wages and benefits	<u>54,008</u>
Total Current Liabilities	<u>104,845</u>

Noncurrent Liabilities

Net pension liability	1,930,302
Net OPEB liability	175,073
Accrued compensated absences	<u>11,288</u>
Total noncurrent liabilities	<u>2,116,663</u>
Total Liabilities	<u>2,221,508</u>

DEFERRED INFLOWS OF FINANCIAL RESOURCES

Deferred property taxes	2,227,970
Deferred inflows - Pension (net)	559,011
Deferred inflows - OPEB (net)	<u>20,390</u>
Total Deferred Inflows of Financial Resources	<u>2,807,371</u>

NET POSITION

Net investment in capital assets	7,227,382
Restricted net position	71,000
Unrestricted net position	<u>24,759</u>
Total Net Position	<u>\$ 7,323,141</u>

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

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Balance Sheet - Governmental Funds
December 31, 2018
(With Comparative Totals for December 31, 2017)

	General Fund	Capital Building Reserve Fund	Total	
			2018	2017
ASSETS				
Cash and investments	\$ 1,244,420	\$ 1,136,213	\$ 2,380,633	\$ 2,252,369
Cash with fiscal agent	12,640	-	12,640	9,339
Taxes receivable	2,227,970	-	2,227,970	2,165,823
Other receivables	10	-	10	131
Total Assets	3,485,040	1,136,213	4,621,253	4,427,662
LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY				
Liabilities				
Accounts payable	49,117	1,720	50,837	66,108
Accrued wages and benefits	54,008	-	54,008	50,809
Total Liabilities	103,125	1,720	104,845	116,917
Deferred Inflows of Financial Resources				
Deferred Property Taxes	2,227,970	-	2,227,970	2,165,823
Fund Equity				
Restricted fund equity	71,000	-	71,000	69,000
Committed fund equity	-	1,134,493	1,134,493	1,128,918
Unassigned fund equity	1,082,945	-	1,082,945	947,004
Total Fund Equity	1,153,945	1,134,493	2,288,438	2,144,922
Total Liabilities, Deferred Inflows and Fund Equity	\$ 3,485,040	\$ 1,136,213	\$ 4,621,253	\$ 4,427,662

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

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Reconciliation of Governmental Fund Balance to Governmental Activities Net Postion
December 31, 2018

Fund Balance - Governmental Funds		\$ 2,288,438
Amounts reported for governmental activities in the statement of net position because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Capital assets	\$ 12,485,325	
Accumulated depreciation	<u>(5,257,943)</u>	7,227,382
Certain long-term pension and OPEB related costs and adjustments are not available to pay or are not payable currently and are therefore no reported in the funds:		
<u>PERA Pension</u>		
Deferred outflows - Pension (net)	492,213	
Net pension liability	(1,930,302)	
Deferred intflows - Pension (net)	<u>(559,011)</u>	(1,997,100)
<u>PERA Health Care Trust Fund (OPEB)</u>		
Deferred outflows - OPEB (net)	11,172	
Net OPEB liability	(175,073)	
Deferred intflows - OPEB (net)	<u>(20,390)</u>	(184,291)
Long-term liabilities, including capital leases and notes payable are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued compensated absences		<u>(11,288)</u>
Net Position - Governmental Activities		<u>\$ 7,323,141</u>

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

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Statement of Revenues, Expenditures and Change in Fund Balance
Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)

	General Fund	Capital Building Reserve Fund	Total	
			2018	2017
REVENUES				
Taxes	\$ 2,250,602	\$ -	\$ 2,250,602	\$ 2,831,703
Intergovernmental	7,731	-	7,731	4,500
Charges for services	27,439	-	27,439	31,181
Other income	55,258	25,448	80,706	50,116
Total Revenues	<u>2,341,030</u>	<u>25,448</u>	<u>2,366,478</u>	<u>2,917,500</u>
EXPENDITURES				
Current:				
Personnel costs	1,098,899	-	1,098,899	1,122,299
Insurance benefits (inc Dist-wide HRA and Ins Cont)	169,224	-	169,224	168,823
Payroll taxes & pension (PERA - Soc Sec Equiv)	157,071	-	157,071	163,407
Workers comp insurance	4,017	-	4,017	4,030
Administration and Community Relations	162,238	-	162,238	182,100
Facility Maintenance	138,562	-	138,562	130,748
Public Services	280,007	-	280,007	255,078
Library Support Services	193,071	-	193,071	183,866
Capital Outlay	-	19,873	19,873	715,342
Debt Service	-	-	-	726,275
Total Expenditures	<u>2,203,089</u>	<u>19,873</u>	<u>2,222,962</u>	<u>3,651,968</u>
CHANGE IN FUND BALANCE	137,941	5,575	143,516	(734,468)
FUND BALANCE, BEGINNING	<u>1,016,004</u>	<u>1,128,918</u>	<u>2,144,922</u>	<u>2,879,390</u>
FUND BALANCE, ENDING	<u>\$ 1,153,945</u>	<u>\$ 1,134,493</u>	<u>\$ 2,288,438</u>	<u>\$ 2,144,922</u>

The accompanying notes are an integral part of these financial statements

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Statement of Revenues, Expenditures and Change in Fund Balance
Year Ended December 31, 2018

Change in Fund Balance - Governmental Funds		\$ 143,516
Amounts reported for governmental activities in the statement of activities are different because:		
Pension and OPEB expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial costs of the benefits for the fiscal year.		
Change in deferred outflows - pensions (net)	\$ (113,311)	
Change in net pension liability	330,500	
Change in deferred inflows - pensions (net)	(523,925)	
Change in deferred outflows - OPEB (net)	17	
Change in net OPEB liability	20,479	
Change in deferred inflows - OPEB (net)	<u>(20,390)</u>	(306,630)
Purchases of capital assets are expensed in the funds and depreciated for the statement of activities:		
Purchase of capital assets	115,840	
Depreciation Expense	(425,542)	
Basis of Capital Asset Disposals	<u>(1,632)</u>	(311,334)
Other long-term liabilities are expensed in the funds and recorded as liabilities on the statement of net position:		
Change in Accrued Compensated Absences		<u>2,124</u>
Change in Net Position - Governmental Activities		<u>\$ (472,324)</u>

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

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Notes to the Financial Statements
December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The San Miguel County Public Library District #1 is incorporated as a library under the laws of the State of Colorado and is governed by a five-person board appointed in accordance with CRS 24-90-108(2)(c). The financial statements of District have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following summary of significant accounting policies is presented to assist the reader in evaluating the District's financial statements.

Reporting Entity

As required by generally accepted accounting principles, these financial statements present the District (the primary government) and its component units. Component units are legally separate organizations for which the appointed officials of the primary government are financially accountable, or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the District's financial statements to be misleading or incomplete. Based upon the foregoing criteria, there are no component units included in the accompanying financial statements.

Nature of Operations

The District provides library services for the general public, primarily San Miguel County, Colorado and the surrounding area.

Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide financial statements report information about the reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

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

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Notes to the Financial Statements
December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements (Continued)

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. All of the District's funds are classified as governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Non-major funds would be consolidated into a single column in the financial section of the basic financial statements. The District does not have any Non-major funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, grant revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt which is recognized when due.

The District reports the following major governmental funds:

General Fund

This fund accounts for the financial resources of the District which are not accounted for in any other fund. Principal sources of revenue are property taxes, intergovernmental revenue and interest. Primary expenditures are for library services and general administration. The General Fund is the District's primary operating fund.

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Notes to the Financial Statements
December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Debt Assistance (Special Revenue) Fund

The Debt Assistance Fund is used to account for the proceeds of specific revenue sources, in the District's case a sale of a previous library facilities that were designated to assist with the repayment obligation on the debt incurred to obtain the current facility or to assist in the accumulation of resources for approved capital expenditures. This fund was closed during the 2017 fiscal year.

Capital Building Reserve (Capital Projects) Fund

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

Bond (Debt Service) Fund

The Bond Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs, if any. The outstanding obligation was repaid during the 2017 fiscal year and the fund was closed.

Budgets

The District adopts an annual budget for all funds which are all prepared on the modified accrual basis of accounting. The District may authorize supplemental appropriations during the budget year. All budgetary appropriations lapse at year-end.

Colorado statutes provide the following timetable which is followed in the adoption of budgets:

- (1) Submission of the proposed budget to the local governing body by October 15 of each year.
- (2) Certification of mill levies to the Board of County Commissioners by December 15.
- (3) Final adoption of budget and appropriations by December 31 of each year.

The District provides the proposed budget to the Board of Trustees in September of each year prior to adoption. The legal level of adoption is at the fund level. Expenditures may not legally exceed appropriations at the fund level.

Encumbrances

The District does not report encumbered balances as of December 31, 2018 as all encumbrances lapse at year end.

Cash and Equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Notes to the Financial Statements
December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are stated at fair value based on quoted market values, with the exception of money market funds and external investment pools. These are stated at cost, which is equal to fair value.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. The District considers all accounts receivable to be collectible and, accordingly, provides no allowance for doubtful accounts.

Governmental funds report deferred inflows of resources, as further described below in connection with receivables for revenues that are not considered to be available to liquidate liabilities for the current period. At the end of the current year, these receivables consisted of property taxes levied in 2017 and due in 2018.

Capital Assets

Capital assets, which include land, buildings, and equipment, are reported in the governmental activities column of the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and a useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position. Depreciation on the remaining capital assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and Infrastructure	25-40 years
Furniture and Equipment	3-10 years
Books and other collection items	3-5 years

Deferred Outflows and Inflows of Resources

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government has several items that qualify for reporting in this category, all related to pension and OPEB liabilities as further described in Note 9 and Note 10.

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Notes to the Financial Statements
December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District is reporting deferred inflows related to pension and OPEB liabilities as further described in Note 9 and Note 10 as well as the property tax mill levy certified in 2018. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced.

Long-Term Obligations

Long-term debt is reported at face value, net of applicable discounts and deferred charge on refunding. Costs related to the issuance of debt are expensed when incurred. Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statements of net position. The District's only long-term obligations at December 31, 2018 are pension and OPEB liabilities as well as accrued compensated absences.

Compensated Absences

The liability for compensated absences reported in the government-wide financial statements consists of unpaid accumulated vacation and sick leave balances. The liability has been calculated at 100% of the leave amounts for both employees who currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payment upon termination are included. As of December 31, 2012, any new accrued sick time will not be paid out upon termination. Sick time balances as of December 31, 2012 will continue to be eligible for payout on a vested schedule according to years of employment. Any accrued sick time used on or after January 1, 2013 is utilized on a first in, first out basis.

Net Position/Fund Balances Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Notes to the Financial Statements
December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Balances

In the government-wide financial statements, net position is either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as “nonspendable” include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Amounts are reported as “restricted” when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors, reported and at their highest level of action are reported as “committed” fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as “assigned” fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

All remaining governmental balances or deficits in other governmental funds are presented as unassigned.

Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

Property taxes are levied on November 1 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.

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Notes to the Financial Statements
December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

NOTE 2: CASH AND INVESTMENTS

The District’s cash and investment balances as of the year ended December 31, 2018 are as follows:

Cash Deposits	\$ 118,795
Cash on Hand	200
Investments	<u>2,261,637</u>
Total Cash and Investments	<u>\$ 2,380,632</u>

DEPOSITS

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government’s deposits may not be returned to it. The District’s deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed 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 institution’s internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and December 31, 2018, all of the District’s deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

At December 31, 2018 the District's deposits are categorized as follows:

	Bank Balance	Book Balance
FDIC Insured	<u>\$ 132,251</u>	<u>\$ 118,795</u>

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Notes to the Financial Statements
December 31, 2018

NOTE 2: CASH AND INVESTMENTS (Continued)

INVESTMENTS

Credit Risk

Colorado statutes specify which instruments units of local government may invest, which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of the 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
- Guaranteed investment contracts

The District's investment policy limits its investments to those allowed by Colorado Revised Statute 24-75-601.1 as described above.

During the year ended December 31, 2018, the District invested funds in Colotrust. As an investment pool, it operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. The pool invests in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pools operate similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. The pool is rated AAAM by the Standard and Poor's Corporation. The balance of this investment as of December 31, 2018 was \$2,261,637.

Concentration of Credit Risk - Investments

The District places no limit on the amount that may be invested in any one issuer. As of December 31, 2018, the District did not hold any investments requiring additional disclosure.

Interest Rate Risk - Investments

Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase. The District has adopted a policy limiting maturities to three years.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counter-party, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2018, the District did not hold any investments requiring safekeeping.

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Notes to the Financial Statements
December 31, 2018

NOTE 3: CAPITAL ASSETS

Changes in governmental activities capital assets for the year ended December 31, 2018 was as follows:

	Balance			Balance
	12/31/17	Additions	Deletions	12/31/18
Assets not being depreciated				
Land	\$ 1,792,407	\$ -	\$ -	\$ 1,792,407
Construction in Progress	<u>-</u>	<u>3,422</u>	<u>-</u>	<u>3,422</u>
Total assets being depreciated	<u>1,792,407</u>	<u>3,422</u>	<u>-</u>	<u>1,795,829</u>
Assets being depreciated				
Building and Infrastructure	8,953,501	-	-	8,953,501
Furniture and Equipment	787,079	-	-	787,079
Books and Magazines	647,238	58,507	79,827	625,918
Music	49,341	4,548	7,924	45,965
Audiobooks	111,431	5,108	21,472	95,067
Videos and Software	141,729	36,397	31,885	146,241
Other Collection	<u>37,719</u>	<u>7,858</u>	<u>9,852</u>	<u>35,725</u>
Total assets being depreciated	<u>10,728,038</u>	<u>112,418</u>	<u>150,960</u>	<u>10,689,496</u>
Less: Accumulated depreciation				
Building and Infrastructure	(3,596,352)	(227,966)	-	(3,824,318)
Furniture and Equipment	(692,476)	(20,262)	-	(712,738)
Books and Magazines	(468,612)	(114,409)	(78,195)	(504,826)
Music	(35,945)	(6,407)	(7,924)	(34,428)
Audiobooks	(84,713)	(12,985)	(21,472)	(76,226)
Videos and Software	(75,783)	(30,075)	(31,885)	(73,973)
Other Collection	<u>(27,848)</u>	<u>(13,438)</u>	<u>(9,852)</u>	<u>(31,434)</u>
Total accumulated depreciation	<u>(4,981,729)</u>	<u>(425,542)</u>	<u>(149,328)</u>	<u>(5,257,943)</u>
Net Capital Assets	<u>\$ 7,538,716</u>	<u>\$ (309,702)</u>	<u>\$ 1,632</u>	<u>\$ 7,227,382</u>

All depreciation is charged to the library services function for the statement of activities presentation.

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Notes to the Financial Statements
December 31, 2018

NOTE 4: PENSION PLANS

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

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

Plan description. Eligible employees of the District are provided with pensions through the Local Government Division Trust Fund (LGDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may www.copera.org/investments/pera-finacial-reports.

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

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

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

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code. Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Notes to the Financial Statements
December 31, 2018

NOTE 4: PENSION PLANS (Continued)

Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan (Continued)

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

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

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

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

January 1st through December 31st	2016¹	2017¹	2018¹
Employer contribution rate	10.00%	10.00%	10.00%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	-1.02%	-1.02%	-1.02%
Amount apportioned to the LGDTF	8.98%	8.98%	8.98%
Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411	2.20%	2.20%	2.20%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	1.50%	1.50%	1.50%
Total employer contribution rate to the LGDTF	12.68%	12.68%	12.68%

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

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Notes to the Financial Statements
December 31, 2018

NOTE 4: PENSION PLANS (Continued)

Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan (Continued)

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the District were \$138,676 for the year ended December 31, 2017 and \$128,586 for the year ended December 31, 2018.

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

At December 31, 2018, the District reported a liability of \$1,930,302 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 1, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The District proportion of the net pension liability was based on the District contributions to the LGDTF for the calendar year 2017 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2017, the District proportion was .1734%, which was an increase of .0059% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the District recognized pension expense of \$436,757. At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 120,594	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 180,605	\$ (556,503)
Changes of assumptions or other inputs	\$ 19,693	\$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 42,735	\$ (2,508)
Contributions subsequent to the measurement date	\$ 128,586	\$ -
Total	\$ 492,213	\$ (559,011)

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Notes to the Financial Statements
December 31, 2018

NOTE 4: PENSION PLANS (Continued)

Defined Benefit Pension Plan (Continued)

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

\$128,586 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Fiscal Year Totals
2019	\$ 122,314
2020	(42,025)
2021	(136,547)
2022	(139,126)
Total	\$ (195,384)

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was rolled forward to the December 31, 2017 using the following actuarial assumptions and other inputs:

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

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2012 through December 31, 2015, as well as, the October 28, 2016 actuarial assumptions workshop and were adopted by PERA’s Board on November 18, 2016.

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Notes to the Financial Statements
December 31, 2018

NOTE 4: PENSION PLANS (Continued)

Defined Benefit Pension Plan (Continued)

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

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates. Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

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

The mortality assumption for disabled retirees was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

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

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Notes to the Financial Statements
December 31, 2018

NOTE 4: PENSION PLANS (Continued)

Defined Benefit Pension Plan (Continued)

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S Equity - Large Cap	21.20%	4.30%
U.S Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Notes to the Financial Statements
December 31, 2018

NOTE 4: PENSION PLANS (Continued)

Defined Benefit Pension Plan (Continued)

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

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of liabilities and the Fiduciary Net Position used to determine the discount rate was an actuarial valuation performed as of December 31, 2016 and the financial status of the LGDTF as of the prior measurement date (December 31, 2016). In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc postretirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Notes to the Financial Statements
December 31, 2018

NOTE 4: PENSION PLANS (Continued)

Defined Benefit Pension Plan (Continued)

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension asset (liability)	\$ (3,074,345)	\$ (1,930,302)	\$ (976,578)

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

Subsequent Events

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years.

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Notes to the Financial Statements
December 31, 2018

NOTE 4: PENSION PLANS (Continued)

Defined Benefit Pension Plan (Continued)

Subsequent Events (Continued)

A summary of the bill's main provisions is as follows:

Benefit Changes

- Increase the number of years used in the HAS calculation from three to five years for members, except judges, who do not have five years of service credit on December 31, 2019, and for new members hired on or after January 1, 2020.
- Increase the number of years used in the HAS calculation for the Judicial Division from one to three years for members who do not have five years of service credit on December 31, 2019, and for new members hired on or after January 1, 2020.
- Redefine PERA-includable salary for all members to include payouts of unused sick leave.
- Redefine PERA-includable salary for members hired on or after July 1, 2019, to include contributions to IRC Section 125 and 132 plans.
- Apply the State Trooper contribution rate, retirement age, and benefits to other safety officers, including sheriff deputies and corrections officers hired on or after January 1, 2020.
- For members, other than State Troopers, hired on or after January 1, 2020, age and service for full service retirement is met at:
 - Any age with 35 years.
 - Age 64 with 30 years.
 - Age 65 with 5 years.
- For members, other than State Troopers, hired on or after January 1, 2020, age and service for reduced service retirement is met at:
 - Age 55 with 25 years.
 - Age 60 with 5 years.
- For State Troopers hired on or after January 1, 2020, age and service for full service retirement is met at:
 - Any age with 35 years.
 - Age 55 with 25 years.
 - Age 65 with 5 years.
- For State Troopers hired on or after January 1, 2020, age and service for reduced service retirement is met at:
 - Age 55 with 20 years.
- Temporary suspension of AI for years 2018 and 2019.
- Sets the AI cap at 1.5 percent and extends the AI waiting period from one to three years.

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Notes to the Financial Statements
December 31, 2018

NOTE 4: PENSION PLANS (Continued)

Defined Benefit Pension Plan (Continued)

Subsequent Events (Continued)

Contribution Changes

- Incrementally increases the member contribution percentage a total of 2.00 percent as follows:
 - 0.75 percent on July 1, 2019.
 - 0.75 percent on July 1, 2020.
 - 0.50 percent on July 1, 2021.
- Increase employer contributions 0.25 percent on July 1, 2019, for all divisions except for the Local Government Division.
- PERA will receive an annual direct distribution from the State in the amount of \$225 million (in actual dollars). The distribution will occur on July 1, 2018, and on July 1 each year thereafter until there are no unfunded actuarial accrued liabilities in the trust fund of any division that receives such distribution. PERA shall allocate the distribution to the trust funds as it would an employer contribution in a manner that is proportionate to the annual payroll of each division except there shall be no allocation to the Local Government Division.
- Beginning January 1, 2021, and every year thereafter, employer contribution rates for the Local Government and State Divisions will be adjusted to include a defined contribution supplement. The defined contribution supplement for these two divisions will be the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon, expressed as a percentage of salary on which employer contributions have been made.

Other Provisions

- Beginning July 1, 2020, and then each year thereafter, member contributions, employer contributions, the direct distribution from the State, and the AI will be adjusted based on certain statutory parameters to keep PERA on path to full funding in 30 years.
- Expands PERAChoice for new members hired on or after January 1, 2019, in the Local Government Division and to new members hired on or after January 1, 2019, who are classified college and university employees in the State Division.
- Increases the cost to disaffiliate for Local Government Division employers.
- Expands the existing Fire and Police Pension Reform Commission to include oversight of PERA and creates a new Subcommittee exclusively focused on PERA.
- PERA may share private equity and real estate investment information in an executive session of the legislative members of the Pension Review Commission unless confidentiality provisions of contracts prohibit such disclosure.

Governmental accounting standards require the net pension liability for financial reporting purposes be measured using the plan provisions in effect as of the pension plan's year-end. The collective net pension liability calculated using the plan provisions in effect at December 31, 2017 for the LGDTF can be found in the notes above. For comparative purposes, the following schedule presents the collective net pension liability and associated discount rate disclosed in the notes above, as well as an estimate of what the collective net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the LGDTF, become law on December 31, 2017. This pro forma information was prepared using the FNP of the LGDTF as of December 31, 2017. Future collective net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Notes to the Financial Statements
December 31, 2018

NOTE 4: PENSION PLANS (Continued)

Defined Benefit Pension Plan (Continued)

Subsequent Events (Continued)

	Discount Rate 7.25%	Est Net Pens Liab using SB 18- 200 (pro forma)
Net Pension Liability	\$ 1,930,302	\$ 1,365,336

Defined Contribution Pension Plans

Voluntary Investment Program

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

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees have the option of contributing pre or post-tax dollars.

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Notes to the Financial Statements
December 31, 2018

NOTE 5: POSTEMPLOYMENT HEALTHCARE BENEFITS (OPEB)

Health Care Trust Fund

Summary of Significant Accounting Policies

OPEB. District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

Plan Description.

Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided

The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Notes to the Financial Statements
December 31, 2018

NOTE 5: POSTEMPLOYMENT HEALTHCARE BENEFITS (OPEB) (Continued)

General Information about the OPEB Plan (Continued)

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from District were \$1,326 for the plan year ended December 31, 2018.

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Notes to the Financial Statements
December 31, 2018

NOTE 5: POSTEMPLOYMENT HEALTHCARE BENEFITS (OPEB) (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2018, the District reported a liability of \$175,073 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The District’s proportion of the net OPEB liability was based on District’s contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the District’s proportion was 0.01347%, which was a decrease of .0016114% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the District recognized OPEB expense of \$10,238. At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Net difference between expected and actual experience	\$ 828	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (2,929)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ (17,461)
Contributions subsequent to the measurement date	\$ 10,344	\$ -
Total	\$ 11,172	\$ (20,390)

\$10,344 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:	Fiscal Year Totals
2019	\$ (4,000)
2020	(4,000)
2021	(4,000)
2022	(4,000)
2023	(3,268)
2024	(294)
Total	\$ (19,562)

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Notes to the Financial Statements
December 31, 2018

NOTE 5: POSTEMPLOYMENT HEALTHCARE BENEFITS (OPEB) (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial assumptions. The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increase, including wage inflation	3.50% in the aggregate
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates (PERA benefit structure):	
Service-based premium subsidy	0.00%
PERACare Medicare plans	5.00%
Medicare Part A premiums	3.00 % for 2017, gradually rising to 4.25% in 2023

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Notes to the Financial Statements
December 31, 2018

NOTE 5: POSTEMPLOYMENT HEALTHCARE BENEFITS (OPEB) (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
2024+	5.00%	4.25%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improved projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.
- Initial per capital health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.
- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Notes to the Financial Statements
December 31, 2018

NOTE 5: POSTEMPLOYMENT HEALTHCARE BENEFITS (OPEB) (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely to actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The rates of PERACare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capital health care costs and their related trends are analyzed and reviewed by PERA’s actuary, as needed.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA’s Board on October 28, 2016.

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

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Notes to the Financial Statements
December 31, 2018

NOTE 5: POSTEMPLOYMENT HEALTHCARE BENEFITS (OPEB) (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S Equity - Large Cap	21.20%	4.30%
U.S Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates			
	1% Decrease	Current Discount Rate	1% Increase
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Proportionate share of the net OPEB asset (liability)	\$ (170,256)	\$ (175,073)	\$ (180,874)

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Notes to the Financial Statements
December 31, 2018

NOTE 5: POSTEMPLOYMENT HEALTHCARE BENEFITS (OPEB) (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the projection test indicates the HCTF’s fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

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

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate			
	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.25%	7.25%	8.25%
Proportionate share of the net OPEB asset (liability)	\$ (196,837)	\$ (175,073)	\$ (156,497)

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

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Notes to the Financial Statements
December 31, 2018

NOTE 6: LONG-TERM OBLIGATIONS

The following is a schedule of changes in debt for the year ended December 31, 2018:

	Restated Balance <u>1/1/18</u>	Advances	Payments	Balance 12/31/18	Current Portion	Interest Expense
Net Pension Liability	\$ 2,260,802	\$ (330,500)	\$ -	\$ 1,930,302	\$ -	\$ -
Net OPEB Liability	195,552	(20,479)		175,073	-	-
Accrued Compensated Absences	13,412	(2,124)	-	11,288	-	-
Total Noncurrent Liabilities	<u>\$ 2,469,766</u>	<u>\$ (353,103)</u>	<u>\$ -</u>	<u>\$ 2,116,663</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 7: FUND BALANCE RESERVATIONS/APPROPRIATIONS

Emergency Reserve

On November 3, 1992, the voters of Colorado approved Amendment 1, commonly known as the TABOR Amendment, which added a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations, which apply to the State of Colorado, all local governments, and special districts.

The District's financial activity for the year ended December 31, 2018 will provide the basis for calculation of future limitations adjusted for allowable increases tied to inflation and local growth. Subsequent to December 31, 2018, revenue in excess of the District's "spending limit" must be refunded unless voters approve the retention of such excess revenue. TABOR generally requires voter approval for any new tax, tax increases, and new debt.

At a November 1999 election, the electors of the District authorized the District to collect, retain and expend the full amount of the revenues generated from a 2.80 mill.

TABOR is extremely complex and subject to interpretation. Ultimate implementation may depend upon litigation and legislative guidance. District management believes the District is in compliance with the requirements of TABOR, however the District has made certain interpretations of the TABOR amendment's language in order to determine it is in compliance.

The Article requires an emergency reserve be set aside for 2018 in the amount of 3% or more of its fiscal year spending. At December 31, 2018, the District has reserved the following for emergencies:

General Fund	<u>\$71,000</u>
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SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Notes to the Financial Statements
December 31, 2018

NOTE 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has joined together with other special districts in the State of Colorado to form the Colorado Special Districts Property and Liability Pool (CSDPLP), a public entity risk pool currently operating as a common risk management and insurance program for member special districts. The District pays an annual premium to CSDPLP for its general property and liability and workers' compensation coverage. The intergovernmental agreement of the CSDPLP provides that CSDPLP will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1 million for each insured event. The District has commercial insurance for other risks including employee health and accident insurance. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

NOTE 9: PRIOR PERIOD RESTATEMENT

For the fiscal year, the District adopted GASB Statement Number 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The statement places a long-term obligation, as well as related deferred outflows and inflows, on the Statement of Net Position related to future postemployment benefit obligations. The District has restated the beginning net position for the governmental activities for those balances that were applicable as of December 31, 2018. This restatement resulted in a net decrease in governmental activity net position of \$184,398.

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**Required Supplementary Information
(Pension and OPEB Schedules - Unaudited)**

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY)

PERA Pension Plan

Last 10 Fiscal Years⁽¹⁾

<u>Fiscal Year Ended</u>	<u>District's proportion of the net pension asset (liability)</u>	<u>District's proportionate share of the net pension asset (liability)</u>	<u>District's covered-employee payroll</u>	<u>District's proportionate share of the net pension asset (liability) as a</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
December 31, 2014	0.200252%	\$ (1,647,915)	\$ 1,068,363	154.25%	81.00%
December 31, 2015	0.187690%	(1,682,283)	1,028,458	163.57%	80.72%
December 31, 2016	0.170904%	(1,882,651)	970,605	193.97%	76.87%
December 31, 2017	0.167425%	(2,260,802)	1,014,802	222.78%	73.65%
December 31, 2018	0.173365%	(1,930,302)	1,093,662	176.50%	79.37%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1

SCHEDULE OF DISTRICT CONTRIBUTIONS

PERA Pension Plan

Last 10 Fiscal Years⁽¹⁾

<u>Fiscal Year Ended</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered- employee payroll</u>	<u>Contributions as a percentage of covered payroll</u>
December 31, 2014	\$ 135,468	(135,468)	\$ -	\$ 1,068,363	12.68%
December 31, 2015	130,408	(130,408)	-	1,028,458	12.68%
December 31, 2016	123,073	(123,073)	-	970,605	12.68%
December 31, 2017	128,677	(128,677)	-	1,014,802	12.68%
December 31, 2018	138,676	(138,676)	-	1,093,659	12.68%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB ASSET (LIABILITY)
PERA Health Care Trust Fund
Last 10 Fiscal Years⁽¹⁾**

<u>Fiscal Year End</u>	<u>District's proportion of the net pension asset (liability)</u>	<u>District's proportionat e share of the net pension asset (liability)</u>	<u>District's covered- employee payroll</u>	<u>District's proportionate share of the net pension asset (liability) as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
December 31, 2017	0.015083%	\$ (195,552)	\$ 1,014,804	19.27%	16.72%
December 31, 2018	0.013471%	(175,073)	1,093,662	16.01%	17.53%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1

SCHEDULE OF DISTRICT CONTRIBUTIONS

PERA Health Care Trust Fund

Last 10 Fiscal Years⁽¹⁾

<u>Fiscal Year End</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered payroll</u>	<u>Contributions as a percentage of covered employee payroll</u>
December 31, 2017	\$ 10,351	\$ (10,351)	\$ -	\$ 1,014,804	1.02%
December 31, 2018	11,155	(11,155)	-	1,093,627	1.02%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

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Required Supplementary Information

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Budgetary Comparison Schedule for the
General Fund
Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)

	2018			
	Original &	Variance		2017
	Final	Actual	with Final	Actual
	Budget		Budget	
REVENUES				
Taxes				
Property	\$ 2,223,722	\$ 2,136,189	\$ (87,533)	\$ 2,093,199
Specific ownership	80,000	108,059	28,059	117,565
Interest and penalties on delinquents	3,500	4,056	556	3,719
Refunds and abatements	-	2,299	2,299	(5,503)
Total taxes	<u>2,307,222</u>	<u>2,250,603</u>	<u>(56,619)</u>	<u>2,208,980</u>
Intergovernmental	<u>5,600</u>	<u>7,731</u>	<u>2,131</u>	<u>4,500</u>
Charges for services				
Copier and fax charges	15,000	14,845	(155)	15,404
Fines and fees	16,000	12,595	(3,405)	15,777
Total charges for services	<u>31,000</u>	<u>27,440</u>	<u>(3,560)</u>	<u>31,181</u>
Other income				
Contributions	16,000	20,460	4,460	8,473
Investment earnings	12,500	30,419	17,919	17,888
Other miscellaneous	5,500	4,377	(1,123)	5,882
Total other income	<u>34,000</u>	<u>55,256</u>	<u>21,256</u>	<u>32,243</u>
Total Revenues	<u>2,377,822</u>	<u>2,341,030</u>	<u>(36,792)</u>	<u>2,276,904</u>
EXPENDITURES				
Current:				
Administration and Community Relations				
Personnel costs	263,952	216,407	47,545	241,802
Insurance benefits (inc Dist-wide HRA and Ins Cont)	58,895	42,563	16,332	42,554
Payroll taxes & pension (PERA - Soc Sec Equiv)	39,235	31,714	7,521	34,259
Workers comp insurance (District-wide)	4,500	4,017	483	4,030
Community relations	23,150	17,390	5,760	18,167
Human resources	36,300	33,996	2,304	31,649
Professional services	24,000	16,607	7,393	21,037
Supplies	9,700	5,488	4,212	6,906
Treasurer's fees	66,589	64,476	2,113	62,828
Other	30,850	24,281	6,569	22,661
Total administration and community relations	<u>557,171</u>	<u>456,939</u>	<u>100,232</u>	<u>485,893</u>
Facility Maintenance				
Personnel costs	62,490	64,814	(2,324)	61,890
Insurance benefits	5,657	5,380	277	5,113
Payroll taxes & pension (PERA - Soc Sec Equiv)	9,654	9,358	296	9,165
Repairs and maintenance	88,650	84,638	4,012	75,070
Utilities	66,000	53,924	12,076	55,679
Total facility maintenance	<u>232,451</u>	<u>218,114</u>	<u>14,337</u>	<u>206,917</u>

See accompanying Independent Auditor's Report.

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Budgetary Comparison Schedule for the
General Fund
Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)
(Continued)

	2018			
	Original &	Variance		2017
	Final	Actual	with Final	
	Budget	Actual	Budget	Actual
Public Services				
Personnel costs	522,723	523,066	(343)	508,403
Insurance benefits	91,685	82,202	9,483	71,240
Payroll taxes & pension (PERA - Soc Sec Equiv)	80,760	72,833	7,927	73,940
Adult materials	198,300	189,850	8,450	174,031
Teen materials	5,800	5,021	779	5,990
Youth materials	18,475	19,891	(1,416)	16,422
Library programs	64,500	64,245	255	57,813
Other expenses	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>821</u>
Total public services	<u>983,243</u>	<u>958,108</u>	<u>25,135</u>	<u>908,660</u>
Library Support Services				
Personnel costs	306,983	294,612	12,371	310,204
Insurance benefits	42,887	39,079	3,808	49,916
Payroll taxes & pension (PERA - Soc Sec Equiv)	47,429	43,166	4,263	46,043
Materials Management	15,370	14,424	946	15,490
Technical Services	<u>198,270</u>	<u>178,647</u>	<u>19,623</u>	<u>168,376</u>
Total library support services	<u>610,939</u>	<u>569,928</u>	<u>41,011</u>	<u>590,029</u>
Total Expenditures	<u>2,433,804</u>	<u>2,203,089</u>	<u>230,715</u>	<u>2,191,499</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(55,982)	137,941	193,923	85,405
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(440,000)</u>
CHANGE IN FUND BALANCE	(55,982)	137,941	193,923	(354,595)
FUND BALANCE, BEGINNING	<u>945,172</u>	<u>1,016,004</u>	<u>70,832</u>	<u>1,370,599</u>
FUND BALANCE, ENDING	<u>\$ 889,190</u>	<u>\$ 1,153,945</u>	<u>\$ 264,755</u>	<u>\$ 1,016,004</u>

See accompanying Independent Auditor's Report.

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Other Supplementary Information

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Budgetary Comparison Schedule for the
Capital Building Reserve Fund
Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)

	2018			2017 Actual
	Original & Final Budget	Actual	Variance with Final Budget	
REVENUES				
Other income				
Investment earnings	\$ 13,781	\$ 23,430	\$ 9,649	\$ 9,611
Other miscellaneous	-	2,018	2,018	-
Total Revenues	<u>13,781</u>	<u>25,448</u>	<u>11,667</u>	<u>9,611</u>
EXPENDITURES				
Capital Outlay	62,500	19,873	42,627	715,342
Contingency	50,000	-	50,000	-
Total Expenditures	<u>112,500</u>	<u>19,873</u>	<u>92,627</u>	<u>715,342</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(98,719)	5,575	104,294	(705,731)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	-	-	-	726,841
CHANGE IN FUND BALANCE	(98,719)	5,575	104,294	21,110
FUND BALANCE, BEGINNING	<u>1,102,465</u>	<u>1,128,918</u>	<u>26,453</u>	<u>1,107,808</u>
FUND BALANCE, ENDING	<u>\$ 1,003,746</u>	<u>\$ 1,134,493</u>	<u>\$ 130,747</u>	<u>\$ 1,128,918</u>

See accompanying Independent Auditor's Report.

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Budgetary Comparison Schedule for the
Debt Assistance Fund
Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)

	2018			2017 Actual
	Original & Final Budget	Actual	Variance with Final Budget	
REVENUES				
Other income				
Investment earnings	\$ -	\$ -	\$ -	\$ 3,437
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	-	-	-	(332,578)
CHANGE IN FUND BALANCE	-	-	-	(329,141)
FUND BALANCE, BEGINNING	-	-	-	329,141
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

SAN MIGUEL COUNTY PUBLIC LIBRARY DISTRICT #1
Budgetary Comparison Schedule for the
Bond Fund
Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)

	2018		Variance with Final Budget	2017 Actual
	Original & Final Budget	Actual		
REVENUES				
Taxes				
Property	\$ -	\$ -	\$ -	\$ 627,230
Interest and penalties on delinquents	-	-	-	1,087
Refunds and abatements	-	-	-	(5,594)
Total taxes	-	-	-	622,723
Other income				
Investment earnings	-	-	-	4,825
Total Revenues	-	-	-	627,548
EXPENDITURES				
Current:				
Administration and Community Relations				
Treasurer's fees	-	-	-	18,709
Other	-	-	-	143
Total administration and community relations	-	-	-	18,852
Debt Service				
Principal	-	-	-	695,000
Interest	-	-	-	31,275
Total debt service	-	-	-	726,275
Total Expenditures	-	-	-	745,127
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	-	-	-	(117,579)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	-	-	-	45,737
CHANGE IN FUND BALANCE	-	-	-	(71,842)
FUND BALANCE, BEGINNING	-	-	-	71,842
FUND BALANCE, ENDING	\$ -	\$ -	\$ -	\$ -

See accompanying Independent Auditor's Report.