
**REPORT OF
THE NORTHERN CHAFFEE COUNTY LIBRARY DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NORTERN CHAFFEE COUNTY LIBRARY DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Northern Chaffee County Library District
Buena Vista, Colorado

We have audited the accompanying financial statements of the governmental activities of Northern Chaffee County Library District, (the District) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Northern Chaffee County Library District, as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Adoption of New Accounting Standard

As described in Note 9 to the financial statements, the Northern Chaffee County Library District adopted the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions. As a result of the implementation of GASB Statement No. 75, the Northern Chaffee County Library District reported a restatement for the change in accounting principle. Our opinions were not modified with respect to the restatement.

Other Matters

Required Supplementary Information

The District has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that budgetary comparison information for the General Fund on pages D1-D2, Colorado PERA Pension Plan Schedule of the District's Proportionate Share of Net Pension Liability and Contributions on pages D3-D4 and Schedule of the District's Proportionate Share of Net OPEB Liability and Contributions on pages D5-D6 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.

Blair and Associates, P.C.

Cedaredge, Colorado
July 8, 2020

Northern Chaffee County Library District
Statement of Net Position
December 31, 2019

Assets	
Current assets	
Cash and cash equivalents	\$ 231,883
Investments	907,125
Cash with County Treasurer	5,729
Property taxes receivable	568,828
Total current assets	1,713,565
 Capital assets	
Land	239,185
Building and improvements	1,286,854
Furniture, Fixtures and equipment	204,842
Digitized collections	12,494
Library materials and software	700,718
Accumulated depreciation	(977,210)
Total capital assets	1,466,883
Total assets	3,180,448
 Deferred Outflow of Resources	
Pension deferrals	18,804
OPEB deferrals	393
Total Deferred Outflow of Resources	19,197
 Liabilities	
Current liabilities	
Accounts payable	5,029
Payroll taxes payable	3,931
Net pension liability	287,359
Net OPEB liability	33,821
Total current liabilities	330,140
 Deferred inflows of resources	
Deferred property taxes	568,828
Pension deferrals	117,562
OPEB deferrals	6,248
Total deferred inflows of resources	692,638
 Non-current liabilities	
Compensated absences	12,681
Total non-current liabilities	12,681
Total liabilities and deferred inflows of resources	1,035,459
 Net position	
Invested in capital assets, net of related debt	1,466,883
Restricted for emergency	22,769
Unrestricted	674,534
Total net position	\$ 2,164,186

See the accompanying notes to the basic financial statements.

Northern Chaffee County Library District
Statement of Activities
For the Year Ended December 31, 2019

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental activities:					
Program services					
Salaries and fringe benefits	\$ 355,105	\$ -	\$ -	\$ -	\$ (355,105)
General operating costs	134,819	8,412	11,802	-	(114,605)
Library materials	28,875	-	-	-	(28,875)
Building operations and maintenance	26,141	-	-	-	(26,141)
Depreciation expense	99,527	-	-	-	(99,527)
Total governmental activities	\$ 644,467	\$ 8,412	\$ 11,802	\$ -	(624,253)
General Revenues					
Property and specific ownership taxes					557,168
Interest income					21,359
Miscellaneous					926
Total General Revenues					579,453
Changes in Net Position					(44,800)
Net Position, January 1					2,208,986
Net Position, December 31					\$ 2,164,186

See the accompanying notes to the basic financial statements.

Northern Chaffee County Library District
Balance Sheet - General Fund
December 31, 2019

Assets

Cash and cash equivalents	\$ 231,883
Investments	907,125
Cash with County Treasurer	5,729
Property taxes receivable	568,828
Total assets	\$ 1,713,565

Liabilities

Liabilities	
Accounts payable	\$ 5,029
Payroll taxes payable	3,931
Total liabilities	8,960

Deferred inflows of resources

Deferred property taxes and other	568,828
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Fund balance:

Fund balance:	
Reserve for emergency	22,769
Unassigned	1,113,008
Total fund balance	1,135,777

Total liabilities, deferred inflows of resources and fund equity

\$ 1,713,565

See the accompanying notes to the basic financial statements.

**Northern Chaffee County Library District
Reconciliation of the General Fund - Balance Sheet
to the Statement of Net Position
December 31, 2019**

Total fund balance for governmental funds **\$ 1,135,777**

Total net position reported for governmental activities in the Statement of Net Position is different because:

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

Land	\$ 239,185	
Building and improvements	1,286,854	
Furniture, Fixtures and equipment	204,842	
Digitized collections	12,494	
Library materials and software	700,718	
Less accumulated depreciation	(977,210)	
Total capital assets	1,466,883	1,466,883

Long-term liabilities are not due and payable in the current period and accordingly are not reported in the funds. Other related amounts related to pension liability.

Net pension liability and related deferred inflows and outflows	(386,117)	
Net OPEB liability and related deferred inflows and outflows	(39,676)	
Compensated absences	(12,681)	
Total long-term liabilities	(438,474)	(438,474)

Total net position of governmental activities **\$ 2,164,186**

See the accompanying notes to the basic financial statements.

**Northern Chaffee County Library District
Statement of Revenues, Expenditures
Changes in Fund Balance - General Fund
For the year ended December 31, 2019**

Revenues

Taxes	
Property	\$ 488,249
Specific ownership	68,919
Miscellaneous:	
Fines and fees	8,412
Contributions	11,802
Interest income	21,359
Other	926
Total revenues	599,667

Expenditures

Operating expenses	
Salaries and fringe benefits	339,868
Supplies	13,415
General operating expenses	52,739
Contracted services	54,017
Repairs and maintenance	81,935
Treasurer's fees	14,648
Capital expenditures:	
Library materials	89,434
Capital outlay	24,009
Total expenditures	670,065

Net change in fund balance	(70,398)
Fund balance, January 1	1,206,175
Fund Balance, December 31	\$ 1,135,777

See the accompanying notes to the basic financial statements.

**Northern Chaffee County Library District
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance of the General Fund to the Statement of Activities
For the year ended December 31, 2019**

Net change in fund balance for General Fund **\$ (70,398)**

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Depreciation expense	\$ (99,527)	
Capital outlay	<u>140,362</u>	40,835

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources and revenues are not recognized until they become both measurable and available. In the Statement of Activities however, which is presented on the accrual basis revenues are recognized when earned and expenses and liabilities are reported regardless of when financial resources are available. In addition, interest and amortization on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes of these balances.

Compensated absences	(2,345)	
Pension costs	(12,892)	
		<u>(15,237)</u>

Change in net position of governmental activities **\$ (44,800)**

See the accompanying notes to the basic financial statements.

Northern Chaffee County Library District
Notes to the Financial Statements
December 31, 2019

Note 1 -Summary of Significant Accounting Policies

The Financial Reporting Entity

The Northern Chaffee County Library District (the "District"), Buena Vista, Colorado was incorporated as a special district under Colorado Revised Statutes to provide library services to Buena Vista and the surrounding areas of Northern Chaffee County. It is governed by a five-member board of trustees, whom are ratified by the Chaffee County Board of County Commissioners. The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements of the District consist only of the funds and account groups of the District, a stand-alone government. Based on criteria set forth by GASB, there are no component units for which the District is financially accountable. The more significant of the District's accounting principles are described below.

Basis of Presentation, Basis of Accounting

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

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

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

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

The District reports the following governmental fund:

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

Northern Chaffee County Library District
Notes to the Financial Statements
December 31, 2019

Note 1 -Summary of Significant Accounting Policies - (continued)

Measurement Focus, Basis of Accounting

Government-wide Financial Statements

The government-wide fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchanges, include property and specific ownership taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the period for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

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

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

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not recognize as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognize as an inflow of resources (revenue) until that time. Property taxes revenue that are related to a future period have been recorded as deferred inflows. Grants and entitlements received before eligibility requirements are met (e.g., cash advances) are recorded as deferred inflows. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available.

Northern Chaffee County Library District
Notes to the Financial Statements
December 31, 2019

Note 1 -Summary of Significant Accounting Policies - (continued)

Assets, Liabilities, and Equity

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

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

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

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

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

Buildings and Improvements	50 years
Furniture, Fixtures and Equipment	7-10 years
Library Books	15 years
Audio and Video Materials	15 years
Software	5 years

Compensated absences- The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated paid/personal time off (PTO). The liability has been calculated at 100% on accrued PTO based off each individual employee's years of services. Maximum employee PTO accruals are as follows: under 5 years of service, 56 hours; between 5 year and 9 years of service, 96 hours; between 10 and 14 years of services, 112 hours; and over 15 years of service, 240 hours. Both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Accrued, unused hours over the maximum allowance are forfeited on January 1st.

Fund balances- The District classifies governmental fund balances as follows:

- *Non-spendable-* includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.
- *Restricted-* includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Northern Chaffee County Library District
Notes to the Financial Statements
December 31, 2019

Note 1 -Summary of Significant Accounting Policies - (continued)

Fund balances - (continued)

- *Committed*-includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making District which is the Board of Directors.
- *Assigned*-includes spendable fund balance amounts that are intended to be used for specific purposes that are neither consider restricted or committed. Fund balance may be assigned by the Board of Directors or its management designee.
- *Unassigned*-includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Board of Directors has provided otherwise in its commitment or assignment actions.

Comparative data/reclassifications- Comparative amounts in total have been presented for the governmental fund financial statements. Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

Budget and Budgetary Accounting

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

1. Budgets are required by state law for all governmental funds.
2. During October the proposed budget is submitted to the Board of Trustees for the fiscal year commencing the following January 1.
3. Prior to December 31, the budget is adopted and appropriations are authorized by resolution at the fund level for all funds. The legal level of budgeting control is at the individual fund level for all funds
4. Budgets are adopted on a basis consistent with the accounting basis of all funds, except that book donations and advance refunding are not budgeted.
5. Expenditures may not legally exceed appropriations at the fund level. The Board of Trustees may increase or decrease the budget and appropriations during the year within restrictions imposed by the District and laws of the State of Colorado. Budget amounts included in the financial statements are based on the final, legally amended budget.
6. Appropriations lapse at the end of the year, and the Board of Trustees may adopt supplemental appropriations during the year. For 2019, no supplemental appropriations were adopted.

Northern Chaffee County Library District
Notes to the Financial Statements
December 31, 2019

Note 2 -Deposits with Financial Institutions and Investments

Deposits

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

Custodial Credit: Risks -Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2019, none of the District's bank balances of \$235,076 were exposed to custodial credit risk as \$235,076 was insured by FDIC.

Investments

On December 31, 2019 the District had the following investments in ColoTrust which is reported at net asset value:

	<u>Maturities</u>	<u>Fair Value</u>
ColoTrust Plus (Net Asset Value)	N/A	\$ 907,125

Interest rate risk - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's only investments are in Colotrust.

Credit risk- Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest including obligations of the United States and certain U.S. government agency securities; certain international agency securities; general obligation and revenue bonds of U.S. local government entities; bankers' acceptances of certain banks; commercial paper; local government investment pools; written repurchase agreements collateralized by certain authorized securities; certain money market funds; and guaranteed investment contracts. The District's general investment policy is to apply the prudent-person rule: Prudence and protection of District funds are the primary criteria. All investments and bid requests for investments are predicated on liquidity, yield, safety and interest of the local economy. As of December 31, 2018, the District's investment in ColoTrust Plus, a 2a7-like investment pool, was rated AAA/V by Standard & Poor's, Aaa by Moody's Investors Service and AAA/V-1 by Fitch Ratings.

Northern Chaffee County Library District
Notes to the Financial Statements
December 31, 2019

Note 2 -Deposits with Financial Institutions and Investments - (continued)

Concentration of credit risk- Investments must be in accordance with Colorado statutes and will be diversified. All of the District's investments are in ColoTrust.

Note 3 -Capital Assets

Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 169,359	\$ 69,826	\$ -	\$ 239,185
Digitized collections	12,494	-	-	12,494
Total	<u>181,853</u>	<u>69,826</u>	<u>-</u>	<u>251,679</u>
Capital assets being depreciated:				
Building and improvements	1,286,854	-	-	1,286,854
Furniture, Fixtures and equipment	194,865	9,977	-	204,842
Software	13,500	-	-	13,500
Library materials	626,660	60,558	-	687,218
Total capital assets being depreciated	<u>2,121,879</u>	<u>70,535</u>	<u>-</u>	<u>2,192,414</u>
Less accumulated depreciation for:				
Building and improvements	(324,793)	(26,718)	-	(351,511)
Furniture, Fixtures and equipment	(162,367)	(10,188)	-	(172,555)
Software	(13,500)	-	-	(13,500)
Library materials	(377,024)	(62,620)	-	(439,644)
Total accumulated depreciation	<u>(877,684)</u>	<u>(99,526)</u>	<u>-</u>	<u>(977,210)</u>
Capital assets net of depreciation	<u>1,244,195</u>	<u>(28,991)</u>	<u>-</u>	<u>1,215,204</u>
Governmental activity capital assets	<u>\$ 1,426,048</u>	<u>\$ 40,835</u>	<u>\$ -</u>	<u>\$ 1,466,883</u>

Depreciation expense charged to library operations was \$99,527.

Northern Chaffee County Library District
Notes to the Financial Statements
December 31, 2019

Note 4 –Long-term Debt

Changes in General Long-Term Debt for the year ended December 31, 2019 are as follows:

	Balance Beginning of Year	Additions	Retirements	Balance End of Year	Due Within One Year
Compensated absences	\$ 10,336	\$ 2,345	\$ -	\$ 12,681	\$ -
Total	\$ 10,336	\$ 2,345	\$ -	\$ 12,681	\$ -

Note 5 –Tax, Spending and Debt Limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 ("TABOR"), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The entity believes it is in compliance with the requirements of the amendment. In 1995 voters approved a de-brucing ballot question allowing the district to retain the revenue it received through properly assessed, voter-approved property taxes.

One of the requirements of TABOR is for emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefits increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has reserved a portion of its December 31, 2019, year-end fund balance in the General Fund for emergencies as required under TABOR in the amount of \$22,769, which is the approximate required reserve at December 31, 2019.

In November 1995, the District's electorate passed a referendum that the:

"Board of Directors of Northern Chaffee County Library District have the District under the provisions of Article X, Section 20, Colorado Constitution, to retain revenue from sources not excluded from fiscal year spending if such revenues exceed the limits in dollars for each succeeding fiscal year, as such limits are defined in Article X, Section 20, Paragraph 7 spending limits, of the Colorado Constitution , in accordance with the resolution of the Board of Directors of Northern Chaffee County Library District dated September 8, 1995.

Northern Chaffee County Library District
Notes to the Financial Statements
December 31, 2019

Note 6 –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 minimizes adverse effects of losses through the purchase of commercial insurance, including worker’s compensation. There have been no significant reductions in coverage from prior year and settlements have not exceeded coverage in the past three years.

Note 7 –Defined Benefit Pension Plan

Plan Description

District participates in the Local Government Division Trust Fund (Trust Fund), a cost-sharing multiple-employer defined benefit pension plan as defined in Governmental Accounting Standards (GASB) 68, administered by the Public Employees’ Retirement Association of Colorado (PERA). PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports

General Information about the Pension Plan

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

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.

Northern Chaffee County Library District
Notes to the Financial Statements
December 31, 2019

Note 7 –Defined Benefit Pension Plan- (continued)

Plan Description- (continued)

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

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 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 Trust Fund.

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. State Troopers whose disability is caused by an on-the-job injury are immediately eligible to apply for disability benefits and do not have to meet the five years of service credit requirement. 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 District are required to contribute to the Trust Fund 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.

Northern Chaffee County Library District
Notes to the Financial Statements
December 31, 2019

Note 7 –Defined Benefit Pension Plan- (continued)

Plan Description- (continued)

The employer contribution requirements are summarized in the table below:

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

Rates in the table above are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42). Employer contributions are recognized by the Trust Fund in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the Trust Fund. Employer contributions recognized by the Trust Fund from the District were \$34,308 for the year ended December 31, 2019.

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

At December 31, 2019, the District reported a liability of \$287,359 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll forward the total pension liability to December 31, 2019. The District proportion of the net pension liability was based on District’s contributions to the Trust Fund for the calendar year 2019 relative to the total contributions of participating employers to the Trust Fund.

Northern Chaffee County Library District
Notes to the Financial Statements
December 31, 2019

Note 7 –Defined Benefit Pension Plan- (continued)

Plan Description- (continued)

At December 31, 2019, the District proportion was 0.039289 percent, which was decrease of 0.00368 from its proportion measured as of December 31, 2018.

For the year ended December 31, 2019, the District recognized pension expense of \$45,085. At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

\$0 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, 2019.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$18,804	\$ -
Net difference between projected and actual earnings on pension plan investments	-	117,562
Change in assumptions	-	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	N/A
Total	\$18,804	\$117,562

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, 2019	
2020	\$(19,883)
2021	\$(33,763)
2022	\$ (4,999)
2023	\$(40,112)

Northern Chaffee County Library District
Notes to the Financial Statements
December 31, 2019

Note 7 -Defined Benefit Pension Plan- (continued)

The December 31, 2018, valuation used 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 increases, 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) ¹	1.25%
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, 2018, valuation 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 PERA’s Board during the November 18, 2016, Board meeting.

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.

Post-retirement non-disabled mortality assumptions were based on 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.

Northern Chaffee County Library District
Notes to the Financial Statements
December 31, 2019

Note 7 - Defined Benefit Pension Plan- (continued)

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 Trust Fund, 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.

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%	

Northern Chaffee County Library District
Notes to the Financial Statements
December 31, 2019

Note 7 - Defined Benefit Pension Plan- (continued)

PERA actuarial assumptions

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 percent.

The discount rate used to measure the total pension liability was 7.25 percent. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2018, and the financial status of the Trust Fund as of the prior measurement date (December 31, 2018). 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 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. 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 for each year, including the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop .50 percent 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 to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, 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. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Northern Chaffee County Library District
Notes to the Financial Statements
December 31, 2019

Note 7 - Defined Benefit Pension Plan- (continued)

Based on the above assumptions and methods, the Trust Fund's FNP 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. There was no change in the discount rate from the prior measurement date.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$527,852	\$287,359	\$85,102

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

Note 8 – Postemployment Benefits Other Than Pensions

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.

Northern Chaffee County Library District
Notes to the Financial Statements
December 31, 2019

Note 8 – Postemployment Benefits Other Than Pensions (continued)

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 (CAFR) 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.

Northern Chaffee County Library District
Notes to the Financial Statements
December 31, 2019

Note 8 – Postemployment Benefits Other Than Pensions (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.

Northern Chaffee County Library District
Notes to the Financial Statements
December 31, 2019

Note 8 – Postemployment Benefits Other Than Pensions (continued)

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 \$2,760 for the year ended December 31, 2019.

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

At December 31, 2019, the District reported a liability of \$33,821 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The District proportion of the net OPEB liability was based on District contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

December 31, 2019, the District proportion was .003009 percent.

For the year ended December 31, 2019, the District recognized OPEB expense of \$4,875. At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$112	\$ -
Net difference between projected and actual earnings on pension plan investments	-	5,683
Change in assumptions	281	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	565
Contributions subsequent to the measurement date	-	N/A
Total	\$393	\$6,248

Northern Chaffee County Library District
Notes to the Financial Statements
December 31, 2019

Note 8 – Postemployment Benefits Other Than Pensions (continued)

\$0 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, 2020. 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, 2019	
2020	\$(1,197)
2021	\$(1,197)
2022	\$(1,034)
2023	\$(1,248)
2024	\$(1,099)
Thereafter	\$ (66)

Actuarial assumptions. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.60 percent
Medicare Part A premiums	3.50 percent for 2019, gradually rising to 4.50 percent in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

Northern Chaffee County Library District
Notes to the Financial Statements
December 31, 2019

Note 8 – Postemployment Benefits Other Than Pensions (continued)

The actuarial assumptions used in the December 31, 2018, valuation 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 PERA's Board during the November 18, 2016, Board meeting.

Mortality assumptions for the determination of the total OPEB 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 Trust Fund. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the Trust Fund.

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.

Post-retirement non-disabled mortality assumptions for State and Local Government Divisions were based on 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.

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

- **Males:** Mortality improvement 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.

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

The following health care costs assumptions were updated and used in the measurement of the obligations for the Trust Fund.

Northern Chaffee County Library District
Notes to the Financial Statements
December 31, 2019

Note 8 – Postemployment Benefits Other Than Pensions (continued)

- Initial per capita 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 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- 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 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 Trust Fund, 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.

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%	

Northern Chaffee County Library District
Notes to the Financial Statements
December 31, 2019

Note 8 – Postemployment Benefits Other Than Pensions (continued)

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 percent.

Sensitivity of the 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:

	(6.25%)	(7.25%)	(8.25%)
Net OPEB liability	\$38,139	\$33,821	\$29,960

Note 9 – Restatement

For the year ended December 31, 2019, the District adopted the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB No. 75). GASB No. 75 revises and establishes new financial reporting requirements for most governments that provide postemployment benefits other than pensions (OPEB). GASB No. 75 requires cost-sharing employers participating in the Health Care Trust Fund (HCTF) administered by the Public Employees’ Retirement Association of Colorado (PERA) to record their proportionate share, as defined in GASB No. 75, of the HCTF’s net OPEB liability.

For the District, the effect of implementing this standard was to change how it accounts and reports the net OPEB liability. Implementation of the standard resulted in a restatement of the prior period net position as shown below:

Net Position, December 31, 2018, as Previously Reported	\$ 2,241,971
Cumulative Effect of Application of GASB No. 75, Net OPEB Liability	<u>(32,985)</u>
Net Position, December 31, 2018, as Restated	\$ <u>2,208,986</u>

**Northern Chaffee County Library District
Budgetary Comparison Schedule - General Fund
For the year ended December 31, 2019**

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 488,395	\$ 488,249	\$ (146)
Specific ownership taxes	48,750	68,919	20,169
Fines and fees	5,850	8,412	2,562
Grants and contributions	11,000	11,802	802
Interest income	14,075	21,359	7,284
Other	750	926	176
Total revenues	568,820	599,667	30,847
Expenditures			
Payroll:			
Salaries and wages	274,222	271,047	3,175
Retirement	37,570	34,333	3,237
Health insurance	31,625	28,520	3,105
Payroll taxes	8,555	4,652	3,903
Payroll service	1,100	1,316	(216)
Total Payroll	353,072	339,868	13,204
Supplies:			
Operating expenses	7,000	9,417	(2,417)
Postage and copier	4,000	3,998	2
Total Supplies	11,000	13,415	(2,415)
Operating expenses:			
Continuing education	5,000	4,587	413
Software support	23,750	21,486	2,264
Communication and courier	4,500	2,266	2,234
Utilities	16,550	13,916	2,634
Contingency expense	4,500	4,115	385
Miscellaneous	3,625	6,369	(2,744)
Total Operating Expenses	57,925	52,739	5,186
Contracted Services:			
Audit fees	4,850	5,100	(250)
Legal fees	500	475	25
Insurance	4,800	6,274	(1,474)
Worker's compensation	675	614	61
Cataloging	14,645	14,645	-
Janitorial services	25,000	26,909	(1,909)
Total Contracted Services	50,470	54,017	(3,547)

Northern Chaffee County Library District
Budgetary Comparison Schedule - General Fund (continued)
For the year ended December 31, 2019

Expenditures (continued)	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Repairs and maintenance:			
Building and grounds	9,000	11,255	(2,255)
Landscaping	155,000	69,826	85,174
Equipment repairs	2,500	854	1,646
Total Maintenance	<u>166,500</u>	<u>81,935</u>	<u>84,565</u>
Library Materials			
Books	28,000	31,086	(3,086)
Periodicals and directories	2,500	2,114	386
Audio materials	4,800	3,128	1,672
Video materials	5,800	5,170	630
Digital Materials	22,700	21,504	1,196
Programming	33,000	26,432	6,568
Software	500	-	500
Total Library Materials	<u>97,300</u>	<u>89,434</u>	<u>7,866</u>
Treasurer's fees	<u>-</u>	<u>14,648</u>	<u>(14,648)</u>
Capital Outlay:			
Furniture, fixtures and equipment	29,000	24,009	4,991
Total Capital Outlay	<u>29,000</u>	<u>24,009</u>	<u>4,991</u>
Total expenditures	<u>765,267</u>	<u>670,065</u>	<u>95,202</u>
Net change in fund balance	(196,447)	(70,398)	126,049
Fund balance, January 1	210,770	1,206,175	995,405
Fund balance, December 31	<u>\$ 14,323</u>	<u>\$ 1,135,777</u>	<u>\$ 1,121,454</u>

**Northern Chaffee County Library District
Required Supplementary Information
Schedule of District's Proportion Share of the Net Pension Liability
Participation In PERA
Last 10 Fiscal Years***

	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
District's proportion of the net pension liability	0.039289	0.039657	0.03624
Districts proportion share of the collective pension liability	\$ 270,565	\$ 260,991	\$ 249,849
District's covered payroll	\$ 270,565	\$ 260,991	\$ 249,849
District's proportionate share of the net pension liability as a percentage of its covered payroll	100%	100%	100%
Plan fiduciary net position as a percentage of the total pension liability	86%	76.0%	73.6%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which the information is available. Amounts presented were determined as of December 31 based on the measurement date of the plan.

The accompanying notes are an integral part of this statement.

**Northern Chaffee County Library District
Required Supplementary Information
Schedule of District Contributions
Participation In PERA
Last 10 Fiscal Years ***

	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011	December 31, 2010
Statutorily required contribution	\$ 34,308	\$ 33,314	\$ 31,681	\$ 24,310	\$ 23,456					
Contributions in relation to the statutorily required contribution	34,308	33,314	31,681	24,310	23,456					
Contribution deficiency (excess)	-	-	-	-	-					
District's covered payroll	\$270,565	\$262,731	\$ 249,849	\$ 227,209	\$ 193,173					
Contributions as a percentage of covered payroll	12.68%	12.68%	12.68%	10.70%	12.14%					

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which the information is available. Amounts presented were determined as of December 31 based on the measurement date of the plan.

The accompanying notes are an integral part of this statement.

Northern Chaffee County Library District
Required Supplementary Information
Schedule of District's Proportion Share of the Net OPEB Liability
Participation In PERA OPEB Plan
Last 10 Fiscal Years*

	12/31/2019	12/31/2018
District's proportion of the net OPEB liability	0.003009	0.0031089
Districts proportion share of the collective OPEB liability	\$ 33,821	\$ 40,403
District's covered payroll	\$ 270,565	\$ 260,991
District's proportionate share of the net pension liability as a percentage of its covered payroll	13%	15%
Plan fiduciary net position as a percentage of the total OPEB liability	24.0%	18.0%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which the information is available. Amounts presented were determined as of December 31 based on the measurement date of the plan.

The accompanying notes are an integral part of this statement.

**Northern Chaffee Library District
Required Supplementary Information
Schedule of District Contributions
Participation In PERA OPEB Plan
Last 10 Fiscal Years ***

	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011	December 31, 2010
Statutorily required contribution	\$ 2,760	\$ 2,574								
Contributions in relation to the statutorily required contribution	2,760	2,574								
Contribution deficiency (excess)	-	-								
District's covered payroll	\$270,565	\$ 260,991								
Contributions as a percentage of covered payroll	1.02%	0.99%								

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which the information is available. Amounts presented were determined as of December 31 based on the measurement date of the plan.

The accompanying notes are an integral part of this statement.