

**Gunnison County Library District
Gunnison, Colorado**

**Financial Statements
December 31, 2020**



**Gunnison County Library District
Financial Report
December 31, 2020**

Table of Contents

	Page
INDEPENDENT AUDITOR'S REPORT	A1 – A2
Management's Discussion and Analysis	B1 - B6
Basic Financial Statements:	
Fund Financial Statements / Government-wide Financial Statements:	
Balance Sheet / Statement of Net Position	C1
Statement of Revenues, Expenditures and Changes in Fund Balances / Statement of Activities	C2
Notes to the Financial Statements	D1 – D11
Required Supplementary Information:	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual - General Fund	E1



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

CHAPEL SQUARE, BLDG C
245 CHAPEL PLACE, SUITE 300
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
MAIN OFFICE: (970) 845-8800
FACSIMILE: (970) 845-8108
E-MAIL: MCMAHAN@MCMAHANCPA.COM

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Gunnison County Library District**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Gunnison County Library District (the "District"), as of and for the year ended December 31, 2020, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

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 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 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.

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
DANIEL R. CUDAHY, CPA, CGMA

AVON: (970) 845-8800
ASPEN: (970) 544-3996
FRISCO: (970) 668-3481

**INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Gunnison County Library District**

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Gunnison County Library District as of December 31, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B 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 Management's Discussion and Analysis in Section B 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.

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison 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 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.

McMahan and Associates, L.L.C.
McMahan and Associates, L.L.C.
Avon, Colorado
July 26, 2021

Gunnison County Library District
Management Discussion and Analysis



Gunnison County Library District

Management's Discussion and Analysis December 31, 2020

As management of Gunnison County Library District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2020.

Financial Highlights

- The assets of the District exceeded its liabilities and deferred inflows by \$2,897,211 at the close of the most recent fiscal year end. Of this amount, \$1,529,292 may be used to meet the District's ongoing obligations to patrons.
- The District's total net position increased by \$569,735.
- At the end of the current fiscal year, total fund balance for the General Fund was \$1,839,054 or 68% percent of total General Fund expenditures.
- The District contributed \$1,000,000 and land valued at \$61,802 to Gunnison County to be used for building a new library in Gunnison. This land and money was originally donated to the Library from the Van Tuyl estate.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: Government-wide financial statements, Fund financial statements, and Notes to the Financial Statements.

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

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

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

The governmental activity of the District is library services. There are currently no business-type activities of the District.

The government-wide financial statements can be found on pages C1 and C2 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District currently accounts for all its activities using a General Fund.

Overview of the Financial Statements (continued)

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages D1 through D11 of this report.

Government-wide financial analysis:

During 2020, approximately 88% of the District's revenue was from property taxes. Investment in capital assets accounted for 28% of the total assets. The District will use these assets to provide services to its citizens. Accordingly, these assets are not an available source for payment of future spending. Three percent of the governmental activities annual budget being restricted for use in the event of an emergency.

Gunnison County Library District's Net Position

	<u>2020</u>	<u>2019</u>
Assets:		
Current and other assets	\$ 3,290,058	\$ 1,973,509
Capital assets	1,287,406	446,768
Total Assets	<u>4,577,464</u>	<u>2,420,277</u>
Liabilities:		
Other liabilities	105,899	37,355
Deferred property tax	1,353,544	-
Long-term liabilities	220,810	55,445
Total Liabilities	<u>1,680,253</u>	<u>92,800</u>
Net Position:		
Investment in capital assets	1,287,406	446,768
Restricted	80,513	963,533
Unassigned	1,529,292	917,176
Total Net Position	<u>\$ 2,897,211</u>	<u>\$ 2,327,477</u>

Overview of the Financial Statements (continued)

Gunnison County Library District's Change in Net Position

Revenues:	<u>2020</u>	<u>2019</u>
Program revenues:		
Collection revenue	\$ 6,484	\$ 17,544
General revenues:		
Property taxes	2,145,600	949,153
Interest on taxes	6,483	2,474
Grants	46,889	30,637
Earnings on investments	20,344	22,966
Donations	203,807	21,907
Other income	265	2,869
Total Revenues	<u>\$ 2,429,872</u>	<u>1,047,550</u>
 Expenses:		
Personnel	661,421	611,832
Utilities	13,302	14,465
Office expenses	14,879	15,798
Professional services	38,632	78,198
Courier fees	12,539	10,333
Insurance	10,057	10,935
Dues and meetings	-	59
Media	1,067	5,492
Library network expense	73,860	77,968
Repairs and maintenance	28,691	29,084
Supplies	1,167	898
Equipment	10,000	3,400
Lease payments	6,323	-
Programs	21,167	38,162
Dedicated grant and donation programs	1,924	10,512
Treasurer's fees	-	28,550
Other	10,356	12,496
Public policy	-	33,897
Contribution	1,061,802	-
Depreciation & amortization	77,377	66,537
Total Expenses	<u>2,044,564</u>	<u>1,048,616</u>
 Change in Net Position	<u>385,308</u>	<u>(1,066)</u>
 Other financing sources	184,426	-
 Net Position - Beginning	<u>2,327,477</u>	<u>2,328,543</u>
Net Position - Ending	<u>\$ 2,897,211</u>	<u>\$ 2,327,477</u>

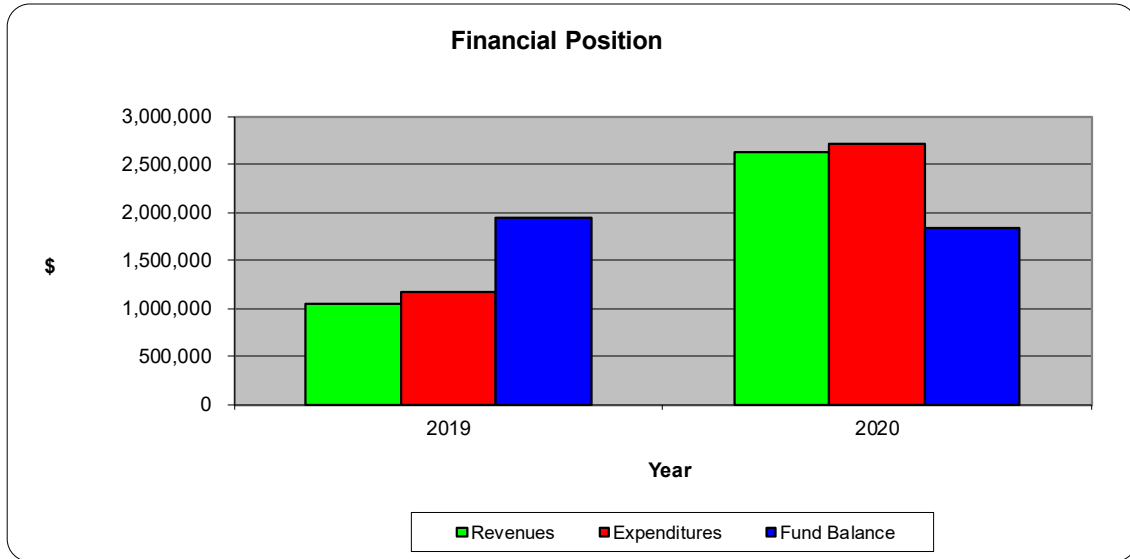
In 2020, revenues increased \$1,382,322 from 2019 levels. This change in revenues is attributable to the District receiving both property tax revenue and an allocation from Gunnison County. In 2020 The district is only expected to receive property taxes from their Mill Levy.

Overview of the Financial Statements (continued)

Overall expenses of the District increased by \$995,948 (95%) in 2020 compared to 2019, bulk of the change being caused by a \$1,061,802 contribution to Gunnison County to help with the construction of the library. Personnel expenses represent 32% of the total expenses in 2020.

Financial Analysis of the District's Funds

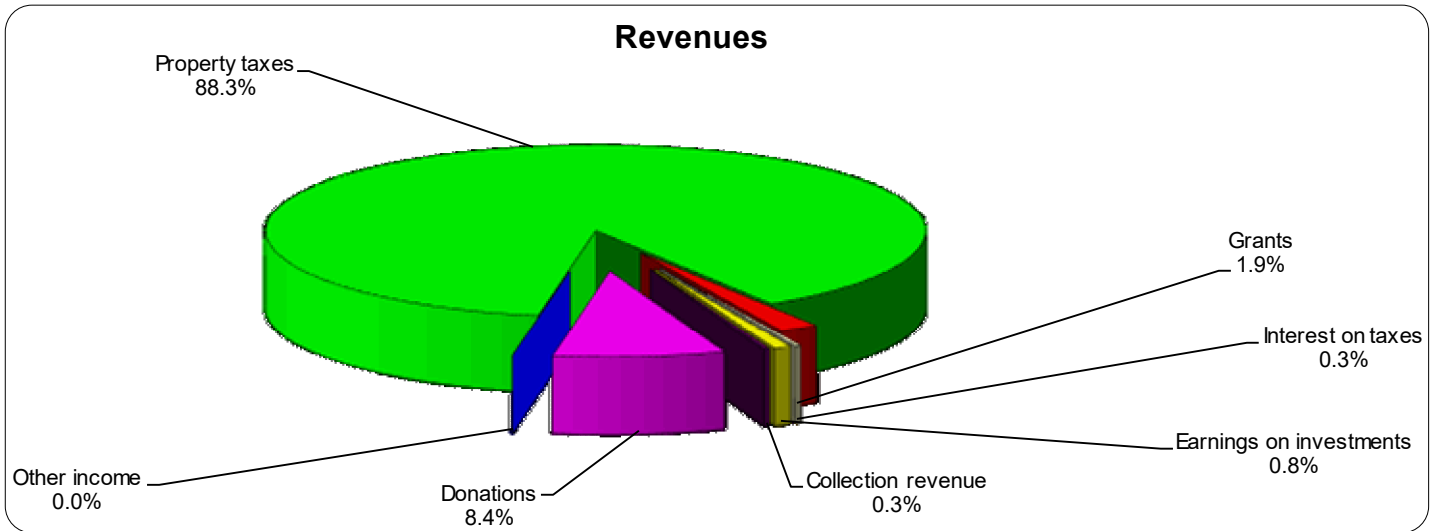
As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District showed the following in its General Fund for the years 2019 and 2020:



The District's General Fund had a decreased in fund balance of \$97,101 and an ending fund balance of \$1,839,054. Revenues came in at \$2,429,872, the bulk of which was derived from property taxes and grants. General Fund expenditures were \$2,711,399, primarily related to the personnel costs of running the libraries and beginning construct of a new library.

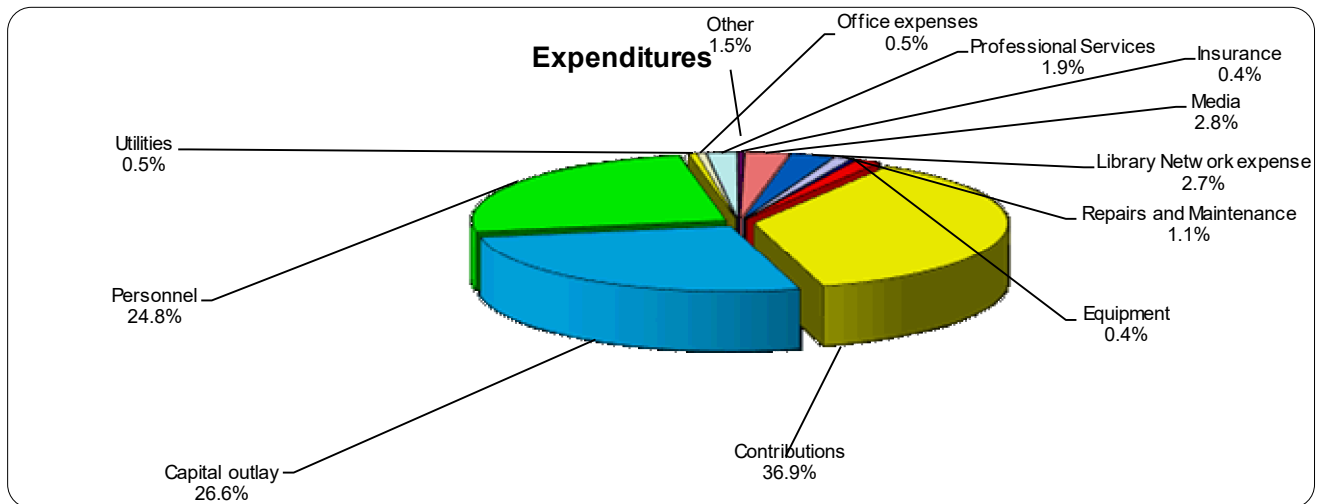
Financial Analysis of the District's Funds (continued)

The following chart represents the District's revenues:



Property taxes and grants make up the largest source of revenue for the District.

The District's General Fund expenditures consist primarily of personnel services (wages, retirement, health insurance, etc.).



Financial Analysis of the District's Funds (continued)

Budget variances in the General Fund: The District's 2020 budget was approved at the end of 2019 and was not amended during the year. Significant budget variances were as follows:

Account	Final Budget	Actual	Variance From Final Budget	Reason
Revenues:				
Property taxes	1,999,562	2,145,600	146,038	Received more property tax than anticipated
Grants	9,000	46,889	37,889	Received unanticipated grants
Collection revenue	18,500	6,484	(12,016)	Due to Covid-19 - the Library did not collect fines for part of the year
Donations	-	203,807	203,807	Received unexpected donations for the building of the Library
Expenditures/Expenses:				
Personnel	755,500	672,045	83,455	Budgeted for full staffing
Professional services	76,381	38,632	37,749	Conservative budgeting
Library network expense	90,000	73,860	16,140	Conservative budgeting
Programs	12,950	21,167	(8,217)	Additional programs from unanticipated grant revenue
Capital outlay	919,100	721,605	197,495	Architecture fees for library construction and capital lease for Crested Butte Library

Capital assets: The District Capital Assets is made up of Construction in Progress for the Library and as its media stock. The media stock is added onto each year through media purchases, and aging items are expensed through depreciation as their estimated useful lives expire. Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements in section D6 of this report.

Next year's budget and rates: The District had \$1,839,054 of fund balance at the end of the current fiscal year. The District's 2021 budget anticipates a balanced budget with no increase or decrease in fund balance.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Gunnison County Library District, 307 N. Wisconsin St., Gunnison, CO 81230 or you may call 970-641-3485.

Gunnison County Library District

Basic Financial Statements



Gunnison County Library District
Governmental Fund Balance Sheet / Statement of Net Position
December 31, 2020

	General Fund	Adjustments	Statement of Net Position
Assets:			
Cash and cash equivalents	1,207,701	-	1,207,701
Cash with county Treasurer	6,919	-	6,919
Prepaid expenses	20,894	-	20,894
Deposit	1,000	-	1,000
Property taxes receivable	1,353,544	-	1,353,544
Non-current assets:			
Restricted investments	700,000	-	700,000
Capital and leased assets, net of accumulated depreciation and amortization	-	1,287,406	1,287,406
Total Assets	3,290,058	1,287,406	4,577,464
Liabilities:			
Accounts/vouchers payable	97,376	-	97,376
Accrued expenses	84	-	84
Lease liability	-	8,439	8,439
Unavailable property taxes	1,353,544	-	1,353,544
Non-current liabilities:			
Accrued compensated absences	-	44,822	44,822
Leased Liability	-	175,988	175,988
Total Liabilities	1,451,004	229,249	1,680,253
Fund Balance/Net Position:			
Fund Balance:			
Nonspendable	20,894		
Spendable:			
Restricted for emergencies	77,679		
Restricted by grants and donors	2,834		
Unassigned	1,645,747		
Committed	91,900		
Total Fund Balance	1,839,054		
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	3,290,058		
Net Position:			
Investment in capital assets		1,287,406	1,287,406
Restricted		-	80,513
Unassigned		(229,249)	1,529,292
Total Net Position		1,058,157	2,897,211

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

Gunnison County Library District
Statement of Governmental Fund Revenues, Expenditures
and Changes in Fund Balances / Statement of Activities
For the Year Ended December 31, 2020

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:			
Property taxes	2,145,600	-	2,145,600
Interest on taxes	6,483	-	6,483
Grants	46,889	-	46,889
Earnings on investments	20,344	-	20,344
Collection revenue	6,484	-	6,484
Donations	203,807	-	203,807
Other income	265	-	265
Total Revenues	<u>2,429,872</u>	<u>-</u>	<u>2,429,872</u>
Expenditures/Expenses:			
Personnel	672,045	(10,624)	661,421
Utilities	13,302	-	13,302
Office expenses	14,879	-	14,879
Professional services	38,632	-	38,632
Courier fees	12,539	-	12,539
Insurance	10,057	-	10,057
Media purchases	74,852	(73,785)	1,067
Library network expense	73,860	-	73,860
Repairs and maintenance	28,691	-	28,691
Supplies	1,167	-	1,167
Equipment	10,000	-	10,000
Lease payments	6,323	-	6,323
Programs	21,167	-	21,167
Dedicated grant and donation programs	1,924	-	1,924
Other expenses	10,356	-	10,356
Capital outlay	721,605	(721,605)	-
Depreciation and amortization	-	77,377	77,377
Contributions	1,000,000	61,802	1,061,802
Total Expenditures/Expenses	<u>2,711,399</u>	<u>(666,835)</u>	<u>2,044,564</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(281,527)</u>	<u>666,835</u>	<u>385,308</u>
Other Financing Sources (Uses):			
Lease Proceeds	184,426	-	184,426
Total Other Financing Sources (Uses)	<u>184,426</u>	<u>-</u>	<u>184,426</u>
Change in Net Position	(97,101)	666,835	569,734
Fund Balances/Net Position - Beginning of Year	<u>1,936,155</u>		<u>2,327,477</u>
Fund Balances/Net Position - End of Year	<u>1,839,054</u>		<u>2,897,211</u>

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

Gunnison County Library District
Notes to the Basic Financial Statements



**Gunnison County Library District
Notes to the Financial Statements
December 31, 2020**

I. Summary of Significant Accounting Policies

Gunnison County Library District (the "District") was established January 1, 2008, by an Intergovernmental Agreement between the Board of the County Commissioners of the County of Gunnison, Colorado and The Gunnison County Library District. The District was created as a political subdivision of the state and as a "public library," as defined under Colorado Revised Statutes, as amended, to be operated and maintained for the free use of the public residing within its legal service area.

The District began receiving a dedicated Mill Levy in 2020 and the District and The Board of County Commissioners of the County of Gunnison signed a new Intergovernmental Agreement.

The District operates under the laws of the State of Colorado and is governed by a Board of Trustees appointed by the Gunnison County Commissioners. The Trustees serve six-year terms. The District was formed to provide for the selection, organization, and distribution of books and other materials to residents and visitors to the District. The District operates libraries in Gunnison and Crested Butte, Colorado, and in 2011 began serving the community of Somerset, Colorado, with a satellite branch.

The District's financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the District. Consideration is also given to other organizations, which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria above, the District is not financially accountable for any other entity nor is the District a component unit of any other government.

B. Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. Currently, the District has only governmental activities.

1. Government-wide Financial Statements

In the government-wide Statement of Net Position, the governmental activities columns are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts: net investment in capital assets, restricted net position, and unrestricted net position.

**Gunnison County Library District
Notes to the Financial Statements
December 31, 2020
(Continued)**

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

1. Government-wide Financial Statements (continued)

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

2. Fund Financial Statements

The financial transactions of the District are reported in the General Fund, which is a set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses.

The fund focus is on current available resources and budget compliance.

The General Fund accounts for resources devoted to financing the general services that the District performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund.

C. Measurement Focus and Basis of Accounting

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements.

1. Long-term Economic Focus and Accrual Basis

Governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

D. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with original maturities of three months or less.

**Gunnison County Library District
Notes to the Financial Statements
December 31, 2020
(Continued)**

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

2. Investments

Investments are stated at fair market value.

3. Fund Equity

The District has designated \$77,679 for emergency reserves.

4. Capital Assets

Capital assets, which include land, buildings, improvements, equipment, and vehicles, are reported in the government-wide financial statements. Capital assets include assets with an individual cost of \$5,000 or more and an estimated useful life in excess of two years. Books and periodicals, although having an individual cost of less than \$5,000, are also considered capital assets. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Land owned by the District is not depreciated. Books and media are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Books and Media	6
Equipment	5

5. Compensated Absences

The District allows its exempt employees to accumulate sick and vacation leave, based on the employee's length and hours of service.

Accrued compensated absences may be carried over to the following year, with the maximum amount of carry over based upon the length of service of the employee. The District pays the full amount of accrued vacation upon separation from the District. Accrued sick leave is paid out based on a formula, dependent on variables such as length of tenure and method of separation. No accrued sick leave is paid out if the employee is terminated.

At year end, the estimated value of accumulated compensated absence leave, including the District's portion of employment costs, is \$44,819.

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for 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 so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District does not have any items that qualify for reporting in this category at December 31, 2020.

Gunnison County Library District
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

6. Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two items, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the items, unavailable property tax and grant revenues, are reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

8. Fund Balance

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.

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 authority which is the Board of Trustees.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund balance may be assigned by the Board of Trustees 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.

Gunnison County Library District
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

8. Fund Balance

It is the District's policy to first apply restricted resources when an expenditure is incurred for purposes for which both restricted and unrestricted resources are available. Additionally, the District first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District has adopted a minimum fund balance policy of \$275,000 to ensure adequate amounts are maintained for operating and TABOR reserves.

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position

The governmental fund Balance Sheet includes adjustments between *fund balance – governmental funds* and *net position of governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation includes Non-current assets. This amount contains \$1,287,406 of Capital assets, net of depreciation. A second element of that reconciliation includes Non-current liabilities. This amount is comprised of \$44,819 of accrued vacation.

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and the government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes adjustments between *net change in fund balance of governmental funds* and *changes in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation includes capitalization of media purchases. The District's capitalizable media purchases for the fiscal year amounted to . A second element of that reconciliation includes the change in accrued compensated absences from the prior fiscal year. This resulted in an decrease in future expense of . A final element of that reconciliation includes depreciation and amortization. This amount includes depreciation and amortization on fixed assets and leases of \$77,377.

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at year end. In the fall of each year, the District's Board of Trustees formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budget for the governmental funds are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

After a required public hearing, the District adopts the proposed budget and an appropriating resolution that legally appropriates expenditures for the upcoming year. For the 2020 budget, this final step was enacted prior to December 22.

**Gunnison County Library District
Notes to the Financial Statements
December 31, 2020
(Continued)**

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information

After adoption of the budget resolution, the District may make the following changes: (a) supplemental appropriations to the extent of revenues in excess of those estimated in the budget; (b) emergency appropriations; and (c) reduction of appropriations for which originally estimated revenues are insufficient.

In 2020, the District was over budget by \$642,437 in the General Fund, this may be a violation of state statute.

Taxes levied in one year are collected in the succeeding year. Thus taxes certified in 2019 were collected in 2020 and taxes certified in 2020 will be collected in 2018. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15th.

B. TABOR Amendment

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 District believes it is in compliance with the requirements of the amendment.

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 benefit increases. These reserves are required to be 3% or more of fiscal year revenue (excluding bonded debt service). The District has reserved a portion of its December 31, 2020 year end fund balance in the General Fund for emergencies as required under TABOR in the amount of \$77,679, which is the approximate required reserve at December 31, 2020.

C. Gallagher Amendment

In November 1982, Colorado voters approved an amendment (the "Gallagher Amendment") to Article X of the Colorado Constitution. The Gallagher Amendment sets guidelines to establish the proportionate total statewide assessed valuations for residential and non-residential property, with required adjustments to assessment rates to maintain the respective valuations for assessment such that approximately 45% of property tax collections would come from residential property and 55% to come from non-residential property. Further, the Gallagher Amendment requires that the non-residential assessment rate applied to actual values be fixed at 29% with the residential assessment rate ("RAR") to be adjusted to hold the 45% / 55% split constant. Because of the increase in residential property values in Colorado, the RAR has historically trended downward, which, in combination with TABOR's set mill levy rate, may limit the amount of property taxes the District can generate annually.

**Gunnison County Library District
Notes to the Financial Statements
December 31, 2020
(Continued)**

III. Stewardship, Compliance, and Accountability (continued)

A. Gallagher Amendment (continued)

In 2017, the State Legislature lowered the RAR from 7.96% to 7.22% for the 2018 – 2019 assessment period. This caused an approximately 9.3% loss of revenue for Colorado special districts, offset by increases, if any, in property values. In 2019, the Colorado State Legislature will review new values and set a new RAR to be applied in 2020-21. A publication issued by the Colorado Legislative Council Staff on April 12, 2019 states that the Colorado Division of Property Taxation estimates a RAR of 7.15% for 2019 and 2020, which would be a 1% reduction in property tax generated, assuming property values remain constant. The impact on the District, if any, of future changes to the RAR cannot be determined at this time.

IV. Detailed Notes on All Funds

A. Deposits and Investments

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. As of the fiscal year end, the carrying amount of the District's demand deposits was \$1,207,701. At year end, the District had the following investments and maturities:

	Rating	Carrying Amounts	Maturities	
			Less than one year	Less than five years
<i>Deposits:</i>				
Petty cash	Not Rated	\$ 252	\$ 252	\$ -
Checking	Not Rated	69,542	69,542	-
Savings & money market	Not Rated	1,137,907	1,137,907	-
Certificates of Deposit	Not Rated	700,000	-	700,000
		<u>\$ 1,907,701</u>	<u>\$ 1,207,701</u>	<u>\$ 700,000</u>

Fair Value of Investments

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

At December 31, 2020 the District had the following recurring fair value measurements:

Primary Government:

Investments Measured at Fair Value	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Certificate of deposit	\$ 700,000	\$ -	700,000	\$ -

**Gunnison County Library District
Notes to the Financial Statements
December 31, 2020
(Continued)**

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

1. Interest Rate Risk

As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date as required by state statutes. As a result of the limited length of maturities the District has limited its interest rate risk.

2. Credit Risk

State law and District policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The District's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

3. Concentration of Credit Risk

Deposits may only be made in those financial institutions which qualify as a depository of public funds in Colorado, are insured by the Federal Deposit Insurance Corporation, and collateralize deposits in excess of the Federal Deposit Insurance Corporation limit.

B. Receivables

Receivables as of the year end for the District's funds, including applicable allowances for uncollectible accounts, are as follows.

Property Tax Recievable	\$ 1,353,544
Total Receivable	<u>\$ 1,353,544</u>

Governmental funds report *deferred inflows of resources* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The 1,353,544 of property taxes receivable is unavailable revenue from property tax levied in 2020 but not available until 2021.

**Gunnison County Library District
Notes to the Financial Statements
December 31, 2020
(Continued)**

IV. Detailed Notes on All Funds (continued)

C. Capital Assets

The District had the following capital asset changes during the past year:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 61,802	\$ -	\$ (61,802)	\$ -
Construction in progress	126,804	721,605	-	848,409
Capital and leased assets, being depreciated:				
Equipment	5,325	-	-	5,325
Books and media	1,656,532	73,785	(55,986)	1,674,331
Leased buildings	-	184,426	-	184,426
Total capital assets	<u>1,850,463</u>	<u>979,816</u>	<u>(117,788)</u>	<u>2,712,491</u>
Less accumulated depreciation amortization for:				
Equipment	(5,325)	-	-	(5,325)
Books and media	(1,398,370)	(71,094)	55,986	(1,413,478)
Leased buildings	-	(6,282)	-	(6,282)
Total accumulated depreciation	<u>(1,403,695)</u>	<u>(77,376)</u>	<u>55,986</u>	<u>(1,425,085)</u>
Governmental Activities Capital Assets, Net	<u>\$ 446,768</u>	<u>\$ 902,440</u>	<u>\$ (61,802)</u>	<u>\$ 1,287,406</u>

V. Other Information

A. Pension Plans

1. Defined Contribution Pension Plan - 401(a)

The District is currently a member of the Colorado Retirement Association (CRA).

The Board of Director's for the District authorized and has the ability to amend the following terms. Participation is mandatory for all employees who work at least 1560 hours per year (75% FTE). Eligible employees contribute three percent (3%) of their base pay which is matched by the District. The plan has a five (5) year vesting period in which a participant shall vest each plan month at the rate which equals the product of one twelfth (1/12) multiplied by twenty percent (20%). The vested balance is distributed upon the employee's termination or retirement. The unvested amount will be forfeited upon employee's termination or retirement.

Gunnison County Library District
Notes to the Financial Statements
December 31, 2020
(Continued)

V. Other Information (continued)

A. Pension Plans (continued)

2. Defined Contribution Pension Plan - 401(a) (continued)

During the year, the District's required and actual contributions amounted to \$13,267 which was three percent (3%) of its current year covered payroll of \$442,233. The District's total payroll for 2020 was \$672,045. The District's employees contributed \$13,267. During the year there were no forfeitures. At year end December 31, 2020 there were \$0 of payable to CRA.

While the District recently separated from the County, the defined contribution pension plan remained largely unchanged. No pension provision changes occurred during the year that affected the required contributions to be made by the District or its employees.

2. Deferred Compensation Plan - 457

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future years. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefit of the plan participants and their beneficiaries. Amounts contributed to the Deferred Compensation Plan are not available to employees until termination, retirement, death, or unforeseeable emergency. The District matches up to the first 2% of employee contributions. During 2020, the District contributed \$9,611 on behalf of its employees to this plan.

The District has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The District does not administer the plan and is not the Trustee of the plan.

B. Other Employee Benefits

1. Health Insurance (Life, Medical, Dental, and Vision)

The District provides the opportunity for participation in subsidized group insurance, for all eligible employees, through the Colorado Employer Benefit Trust ("CEBT"). Eligibility requirements include, but are not limited to, a minimum of thirty (30) scheduled hours per week or 1,560 hours per year. Participation in the dental and vision plans also requires a two-year commitment, except in the event of loss of eligibility or termination of employment from the District.

Currently, the district pays 75% of CEBT insurance premiums for eligible employees, with the eligible employee paying the remaining 25%.

Gunnison County Library District
Notes to the Financial Statements
December 31, 2020
(Continued)

V. Other Information (continued)

B. Other Employee Benefits (continued)

2. Post Employment Health Care Benefits

All District employees covered by COBRA insurance may continue their health insurance due to a reduction in work hours or termination of employment. Employees who elect continued coverage must pay the District for premiums from the termination date of coverage and monthly thereafter. No cost to the District is recognized as employees reimburse 102% of their premium cost to the District.

C. Operating Leases

The Gunnison Library is located in a building owned by Gunnison County, Colorado. Continued use of the building is set forth in an agreement specifying no rent shall be due provided the building is used for the operation and maintenance of a public library.

D. Intergovernmental Agreement with Gunnison County

The District signed a Intergovernmental Agreement (“IGA”) with Gunnison County (the “County”). The IGA dictates that the Van Tuyl Property will be deeded to the County at no cost for the construction of a new library. The County issued Certificates of Participation to fund the construction. Upon completion of the new Library, the County will lease the property to the District. At completion of the Lease, the County will convey the property to the District at no cost. The contribution of the Land is valued at a cost of \$61,802.

The District will also contribute \$1,000,000 to the County for the construction of the new library.

E. Library Lease agreement with Gunnison County

On July 7th, 2020 the District entered into a lease agreement with Gunnison County for the Library that the County is construction for the District. The term of the lease is twenty years (20) and payments on the lease begin on March 31, 2021. The quarterly payment due on March 31, 2021 is \$23,607. Subsequent quarterly payments commence on June 30, 2021 and are \$7,869.

F. New Account Standard

Effective January 1, 2020, the District implement Governmental Accounting Standards Board (GASB) 87 – Leases. GASB 87 requires noncapital lessee leases as leased assets and lease liabilities. The implementation of GASB 87 has been applied retrospectively to all periods presented, with no effect to net assets or previously issued financial statements.

Gunnison County Library District
Required Supplemental Information



Gunnison County Library District
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
General Fund
For the Year Ended December 31, 2020

	<u>2020</u>			<u>2019</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:					
Property taxes	1,999,562	1,999,562	2,145,600	146,038	949,153
Interest on taxes	2,000	2,000	6,483	4,483	2,474
Grants	9,000	9,000	46,889	37,889	30,637
Earnings on investments	22,200	22,200	20,344	(1,856)	22,966
Collection revenue	18,500	18,500	6,484	(12,016)	17,544
Donations	-	-	203,807	203,807	21,907
Other income	-	-	265	265	2,869
Total Revenues	<u>2,051,262</u>	<u>2,051,262</u>	<u>2,429,872</u>	<u>378,610</u>	<u>1,047,550</u>
Expenditures/Expenses:					
Personnel	755,500	755,500	672,045	83,455	600,927
Utilities	17,000	17,000	13,302	3,698	14,466
Office expenses	19,100	19,100	14,879	4,221	15,798
Professional services	76,381	76,381	38,632	37,749	78,198
Courier fees	14,000	14,000	12,539	1,461	10,333
Insurance	11,700	11,700	10,057	1,643	10,935
Dues and meetings	400	400	-	400	59
Media purchases	75,150	75,150	74,852	298	74,303
Library network expense	90,000	90,000	73,860	16,140	77,968
Repairs and maintenance	25,000	25,000	28,691	(3,691)	29,081
Supplies	1,800	1,800	1,167	633	898
Equipment	3,500	3,500	10,000	(6,500)	3,400
Lease payments	8,381	8,381	6,323	2,058	-
Programs	12,950	12,950	21,167	(8,217)	38,162
Dedicated grant and donation programs	-	-	1,924	(1,924)	10,512
Treasurer's fees	-	-	-	-	28,550
Other expenses	14,000	14,000	10,356	3,644	12,496
Capital outlay	919,100	919,100	721,605	197,495	126,805
Public policy	-	-	-	-	33,897
Contributions	-	-	1,000,000	(1,000,000)	-
Total Expenditures/Expenses	<u>2,043,962</u>	<u>2,043,962</u>	<u>2,711,399</u>	<u>(667,437)</u>	<u>1,166,788</u>
Excess of Revenues Over Expenditures	<u>7,300</u>	<u>7,300</u>	<u>(281,527)</u>	<u>(288,827)</u>	<u>(119,238)</u>
Other Financing Sources (Uses):					
Lease Proceeds			184,426		-
Total Other Financing Sources (Uses)			184,426		-
Change in Net Position			(97,101)		-
Fund Balances/Net Position - Beginning of Year			<u>1,936,155</u>		<u>2,055,393</u>
Fund Balances/Net Position - End of Year			<u>1,839,054</u>		<u>1,936,155</u>

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