

**Garfield County Public Library District
Financial Statements
December 31, 2020**



**GARFIELD COUNTY
LIBRARIES**

**Garfield County Public Library District
Financial Report
December 31, 2020**

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MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

CHAPEL SQUARE, BLDG C
245 CHAPEL PLACE, SUITE 300
AVON, MA 01901
TEL: (978) 845-6600

WEB SITE: WWW.MCMAHANCPA.COM
MAIN OFFICE: (978) 845-6600
FACSIMILE: (978) 845-6108
EMAIL: MCMAHAN@MCMAHANCPA.COM

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees Garfield County Public Library District

We have audited the accompanying financial statements of the governmental activities, the general fund, and the remaining information fund of the Garfield County Public 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the general fund, and the remaining information fund of the Garfield County Public 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.

Member: American Institute of Certified Public Accountants

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

AVON: (978) 845-6600
ASPEN: (978) 544-3996
FRISCO: (978) 668-0781

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 statement 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.

July 13, 2021

Management Discussion and Analysis



Garfield County Public Library District

Management's Discussion and Analysis December 31, 2020

As management of Garfield County Public 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 by \$21,118,778 at December 31, 2020. Of this amount, \$8,648,519 may be used to meet the District's ongoing obligations to patrons.
- The District's total Net Position increased by \$3,617,274. This was primarily due to a growth in sales tax revenue and the effects on spending as a result of the COVID-19 global pandemic.
- At the end of 2020, total fund balance for the General Fund was \$8,750,122 or 127% percent of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of two components: Government-wide 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 and liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the 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 and the District discreetly presents the Garfield County Public Library Foundation, a non-profit organization formed exclusively for the benefit of, to perform the functions of, or to carry out the charitable and educational purposes of the District.

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

Overview of the Financial Statements (continued)

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 has one fund, the General Fund, which is a governmental fund.

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

Government-wide financial analysis: The majority of the District's revenue was from property and sales taxes (see the Notes to the Financial Statements). Most of the District's assets are reflected in the investment in capital assets (i.e., buildings, books, furniture, fixtures, and equipment). Capital assets account for 60% 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. Of the remaining assets, 3% of the governmental activities annual budget is restricted for use in the event of an emergency.

Overview of the Financial Statements (continued)

Government-wide financial analysis (continued):

Garfield County Public Library District's Net Position

	<u>2020</u>	<u>2019</u>
Assets:		
Current and other assets	\$ 15,838,742	\$ 13,129,556
Capital assets	23,845,399	24,505,242
Total Assets	<u>39,684,141</u>	<u>37,634,800</u>
Deferred Outflows of Resources:		
Bond refunding deferred outflows	977,363	1,131,683
Total Deferred Outflows of Resources	<u>977,363</u>	<u>1,131,683</u>
Liabilities:		
Other liabilities	284,592	129,518
Long-term liabilities	10,506,701	11,860,500
Total Liabilities	<u>10,791,293</u>	<u>11,990,018</u>
Deferred Inflows of Resources:		
Unavailable revenue	5,751,433	6,274,961
Total Deferred Inflows of Resources	<u>5,751,433</u>	<u>6,274,961</u>
Net Position:		
Investment in capital assets	15,171,059	14,671,032
Restricted	299,200	180,500
Unrestricted	8,648,519	5,679,972
Total Net Position	<u>\$ 24,118,778</u>	<u>\$ 20,501,504</u>

Approximately 63% of the District's net position reflects its investment in capital assets, which includes buildings, equipment, land, vehicles, and books and periodicals. Total assets increased \$2,049,341 primarily due to an increase in cash and investment positions. Total liabilities decreased by \$1,198,725 mainly due to repayment of principal on debt.

Overview of the Financial Statements (continued)

Government-wide financial analysis (continued):

Garfield County Public Library District's Change in Net Position

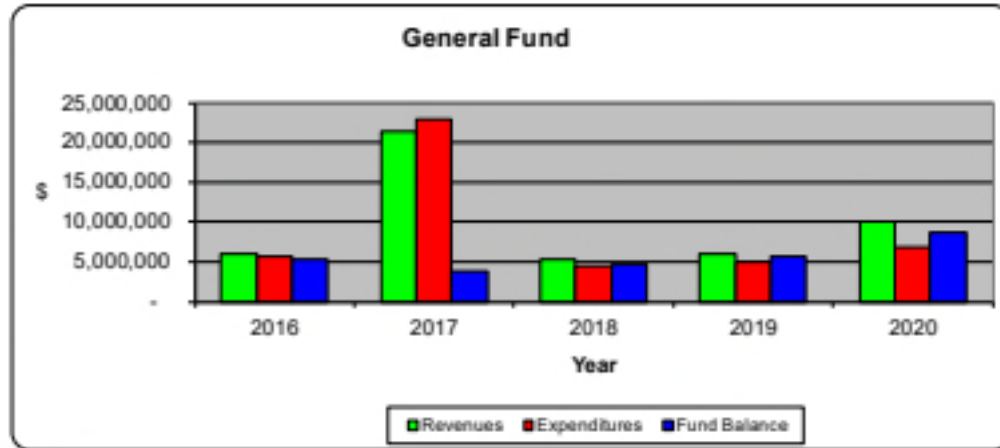
Revenues:	2020	2019
Program revenues:		
Collect on revenue	\$ 78,029	\$ 126,224
General revenues:		
Sales taxes	3,056,068	3,008,252
Property taxes	6,062,768	2,507,148
Specific ownership taxes	411,143	179,602
Earnings on investments	75,950	117,244
Donations	4,583	32,000
Grant income	348,911	56,705
Total Revenues	10,007,432	6,027,175
Expenses:		
Library services	5,329,519	3,891,120
General government	1,060,639	698,968
Total Expenses	6,390,158	4,790,088
Operating Income	3,617,274	1,237,087
Change in Net Position	3,617,274	1,237,087
Net Position:		
Beginning of Year	20,501,504	19,264,417
Ending of Year	<u>\$ 24,118,778</u>	<u>\$ 20,501,504</u>

The District's total Net Position increased by \$3,617,274. This is caused by the growth in sales tax revenue and the effects on spending as a result of the COVID-19 global pandemic. Property and sales taxes were the most significant sources of general revenue for the District accounting for approximately 91% of revenues.

Overview of the Financial Statements (continued)

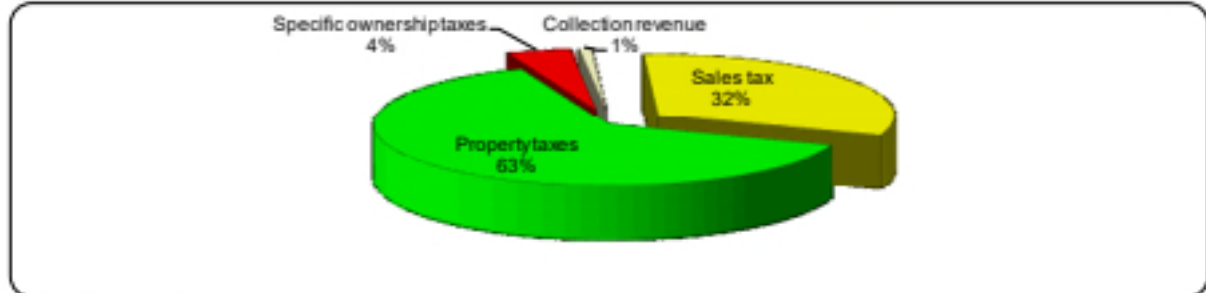
Financial Analysis of the District's Funds

As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District had the following changes in its General Fund for the years 2016 through 2020:



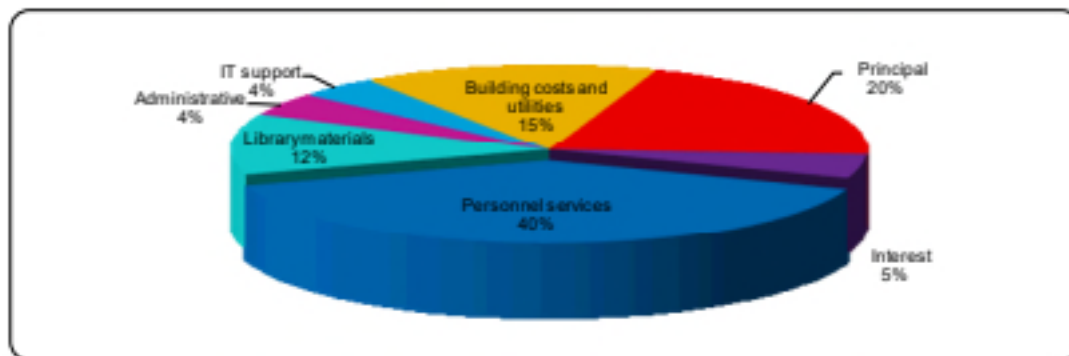
The District's General Fund had an increase in fund balance of \$3,100,074 and an ending fund balance of \$8,750,122. Revenues increased \$3,981,403 from 2019. Expenditures increased \$1,857,620 from 2019.

The following chart represents the District's revenues:



Property and sales taxes make up the largest sources of revenue for the District.

The following chart represents the District's expenses:



Overview of the Financial Statements (continued)

Financial Analysis of the District's Funds (continued)

Personnel services (wages, retirement, health insurance, etc.) make up the largest source of expenditures for the District.

Budget variances in the General Fund: The District's 2020 budget was approved at the end of 2019. Significant budget variances were as follows:

	Final Budget	Actual	Variance From Final Budget	Reason
Revenues:				
Sales tax	2,530,000	3,020,362	490,362	Stronger economic conditions than projected SO tax allocation increased accordingly with the approved ballot measure for increase in mill levy. Budget based on prior 1.0 mill levy, however SO tax paid out based on 2.5 mill levy.
Specific ownership taxes	162,000	411,143	249,143	
Earnings on investments	90,000	45,950	(44,050)	Significant decline in investment yield rates
Fines, fees and other revenue	139,100	78,029	(61,071)	Library closed portion of the year and upon re-open, District was not collecting cash.
Grant income	97,515	348,911	251,366	Unanticipated receipt of Coronavirus Relief Fund grant
Expenditures:				
Personnel services	3,915,656	2,616,924	1,298,732	A staffing reserve is not built in to the budget; Hiring delays were a result of COVID-19.
Library materials	911,887	786,019	125,868	Spending shifts and pivots were required due to COVID-19.
IT support	369,124	271,511	97,613	New website delayed to 2021.
Purchased services	237,296	124,301	112,995	Many budgeted projects did not embark due to COVID-19.
Building costs and utilities	1,574,830	989,339	585,491	Many budgeted projects did not embark due to COVID-19.
Events & programs	260,600	94,951	165,649	No in-person events occurred in 2020.

Capital assets: The District had a net investment in capital assets of \$15,171,059 at the end of 2020. 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 D of this report.

Next year's budget and rates: The District had \$8,750,122 of fund balance at the end of the current fiscal year. The District's 2021 budget anticipated a beginning balance of \$8,187,159. The 2021 budget anticipates revenues of \$9,000,364 and expenditures of \$9,000,364.

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 Garfield County Public Library District, 207 East Ave., Rifle, CO 81650 or you may call 970-625-4270.

Basic Financial Statements



Garfield County Public Library District
Balance Sheet / Statement of Net Position
December 31, 2020

	<u>Primary Government</u>			
	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>	<u>Component Unit</u>
Assets:				
Cash and investments	8,489,114	-	8,489,114	223,093
Accounts receivable	116,614	-	116,614	676
Prepaid expenses	33,939	-	33,939	-
Property taxes receivable	5,751,433	-	5,751,433	-
Sales taxes receivable	592,644	-	592,644	-
Long-term lease, net of amortization	-	854,998	854,998	-
Capital assets, net of depreciation	-	23,845,399	23,845,399	-
Total Assets	<u>14,983,744</u>	<u>24,700,397</u>	<u>39,684,141</u>	<u>223,769</u>
Deferred Outflows of Resources:				
Bond refunding deferred outflows	-	977,363	977,363	-
Total Deferred Outflows of Resources	<u>-</u>	<u>977,363</u>	<u>977,363</u>	<u>-</u>
Liabilities:				
Accounts vouchers payable	115,523	-	115,523	-
Accrued payroll	35,159	-	35,159	-
Grants payable	9,761	-	9,761	-
Accrued compensated absences	-	124,149	124,149	-
Certificates of participation - current portion	-	1,388,727	1,388,727	-
Certificates of participation - non-current portion	-	9,117,974	9,117,974	-
Total Liabilities	<u>160,443</u>	<u>10,630,850</u>	<u>10,791,293</u>	<u>-</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	5,751,433	-	5,751,433	-
Unavailable revenue - sales taxes	321,746	(321,746)	-	-
Unavailable revenue - grant revenue	-	-	-	8,037
Total Deferred Inflows of Resources	<u>6,073,179</u>	<u>(321,746)</u>	<u>5,751,433</u>	<u>8,037</u>
Fund Balance/Net Position:				
Fund Balance:				
Non-spendable	33,939			
Restricted for emergencies	299,200			
Assigned for replacement	151,266			
Unassigned	8,265,717			
Total Fund Balance	<u>8,750,122</u>			
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>14,983,744</u>			
Net Position:				
Investment in capital assets			15,171,059	-
Restricted for emergencies			299,200	-
Unrestricted			8,648,519	215,738
Total Net Position			<u>24,118,778</u>	<u>215,738</u>

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

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

	Primary Government			Component Unit
	General Fund	Adjustments	Statement of Activities	
Revenues:				
Property taxes	6,062,768	-	6,062,768	-
Sales taxes, net of \$95,135 in refunds	3,020,962	35,706	3,056,668	-
Specific ownership taxes	411,143	-	411,143	-
Earnings on investments	45,950	-	45,950	22
Fines, fees and other revenue	78,029	-	78,029	7,895
Donations	4,563	-	4,563	10,948
Grant income	348,911	-	348,911	-
Total Revenues	9,971,726	35,706	10,007,432	18,865
Expenditures/Expenses:				
Personnel services	2,616,924	48,533	2,665,457	-
Library materials	786,019	(278,873)	507,146	-
Administrative	286,944	-	286,944	-
IT support	271,511	-	271,511	-
Purchased services	124,301	-	124,301	-
Building costs and utilities	989,339	-	989,339	-
Events & programs	94,951	-	94,951	4,379
Advertising and marketing	41,863	-	41,863	-
Depreciation and amortization	-	1,148,325	1,148,325	-
Debt service:				
Principal	1,353,799	(1,353,799)	-	-
Interest	306,001	151,320	460,321	-
Total Expenditures/Expenses	6,871,652	(281,494)	6,390,158	4,379
Change in Fund Balance / Net Position	3,100,074	517,200	3,617,274	14,486
Fund Balances/Net Position:				
Beginning of Year	5,650,048		20,501,504	201,252
End of Year	<u>8,750,122</u>		<u>24,118,778</u>	<u>215,738</u>

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

Notes to the Basic Financial Statements



Garfield County Public Library District
Notes to the Financial Statements
December 31, 2020

I. Summary of Significant Accounting Policies

The Garfield County Public Library District (the "District") was established January 1, 2007, as a political subdivision of the State of Colorado to provide library services throughout Garfield County. The District is governed by a seven (7) member board of trustees (the Board) appointed by the Garfield County Commissioners (the Commissioners). The Commissioners' accountability for the District does not extend beyond making appointments to the Board.

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 the primary government and component units. Component units are legally separate entities that are included in a government's reporting entity because of the significance of their operating or financial relationships with the District. The District's financial statements include the Garfield County Public Library Foundation, Inc. (the "Foundation") which was formed exclusively to carry out the charitable and education functions of the District.

The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component unit.

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 - invested in capital assets, net of related debt; restricted net position and unrestricted net position.

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 accounted for by providing a separate set of self-financing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

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

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

I. Summary of Significant Accounting Policies (continued)

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, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the date acquired by the District.

Investments are stated at fair value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Colorado statute permits investments in the following type of obligations:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 18 months)
- Corporate Bonds (maximum maturity of 36 months)
- Prime Commercial Paper (maximum maturity of 9 months)
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Funds

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

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

2. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental unit until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable and a deferred inflow of resources.

3. Sales Taxes

Sales taxes collected by businesses throughout Garfield County and remitted to the State of Colorado, Department of Revenue, by the 20th of each month after receipt. The State of Colorado then remits Garfield County's portion to the Garfield County Treasurer. The Garfield County Treasurer then allocates the District's portion of sales taxes and transfers to the District on the 10th of the month following receipt from the state. Sales taxes received by the District are reported as revenue when received except at year-end. Amount due to the District at December 31 and received within 60 days are reported as a receivable and a revenue in the current year. Amounts not received within 60 days after year-end are recorded as a receivable and deferred inflow of resources.

4. Due to and Due from Component Unit

Component unit receivables and payables arise from transactions with the Foundation and are recorded in the general fund in the period in which the transactions are executed. The balances result from the time lag between the dates that the component unit reimbursable expenditures occur, when transactions are recorded in the accounting system, and when payments are made.

5. Capital Assets

Capital assets, which include land, buildings, equipment, furniture and fixtures, and library materials are reported in the government-wide financial statements. Capital assets are determined using the following cost thresholds.

Assets	Threshold
Land	All
Buildings	\$50,000
Furniture, fixtures and equipment	\$5,000
Library materials	All

Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition fair value at the date of donation.

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

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

5. Capital Assets (continued)

Buildings, furniture, fixtures and equipment and library materials are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	27.5 - 40
Building improvements	20
Furniture, fixtures and equipment	3 - 10
Library materials	5

6. Compensated Absences

The District allows its employees to accumulate personal days off, based on the employee's length of service. Personal days off can be accrued up to a maximum of 240 hours. Personal days off are paid out upon termination up to the maximum accrual.

The District also allows employees to accumulate sick leave. Sick leave is accrued at a rate of 8 hours per month regardless of employee's length of service. Sick leave can accumulate up to 960 hours. The District does not pay accrued sick leave upon termination.

At December 31, 2020, the estimated value of accumulated personal days off is \$124,149.

7. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position with 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 and so will not be recognized as an outflow of resource (expense/expenditure) until then. The District has one item that qualifies for reporting in this category. Accordingly, the item, bond refunding deferred outflows, is deferred and recognized as an outflow of resources in the period that amounts become expended.

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 District has two items that qualify for reporting in this category. Accordingly, these items, unavailable revenue from property taxes, and unavailable revenue from sales tax, are deferred and recognized as inflows of resources in the period that the amounts become available.

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

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

8. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 expenses or expenses during the reporting period. Actual results could differ from those estimates.

E. Fund Balance Disclosure

The District classifies governmental fund balances as follows:

1. **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.
2. **Spendable Fund Balance:**
 - a. **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. As of December 31, 2020, \$299,200 was restricted for emergencies.
 - b. **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 directors. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
 - c. **Assigned** – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the board or its management designee.
 - d. **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.

The District's policy is to maintain a minimum fund balance that will provide for sufficient cash flow to operate the District for six months to one year. This amount shall be equal to not less than 100% of the previous year's actual expenditures of the District's General Fund.

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

I. Summary of Significant Accounting Policies (continued)

E. Fund Balance Disclosure (continued)

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

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. Below are the elements of the adjustment's column.

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. \$23,845,399 represents the net book value of capital assets at December 31, 2020. Long-term leases are not financial resources and, therefore, are not reported in the funds. \$854,998 represents the value of the long-term lease net of accumulated amortization.

Long-term liabilities are not due and payable in the current period, and therefore are not reported in the fund financial statements. \$10,630,850 represents long term debt and accrued compensated absences. Unavailable sales tax revenue of \$321,746 is recognized in the current period Statement of Activities, but deferred in the fund.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balance 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. Below are the elements of the adjustment's column.

Some revenues reported in the Statement of Activities are recognized when earned and therefore are not reported as revenues in the governmental funds. The adjustment of \$35,706 represents the change in available sales taxes between 2019 and 2020.

Capital asset additions are reported as expenditures in governmental funds, however in the Statement of Activities, these costs are allocated over the estimated useful lives of those assets. Additions of capital assets are books and periodicals of \$478,873. Depreciation and amortization expense of \$1,148,325 represents \$1,138,718 of depreciation on capital assets and \$9,607 of amortization expense on the long-term lease.

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

II. Reconciliation of Government-wide and Fund Financial Statements (continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balance and the government-wide Statement of Activities (continued)

Principal payment on long-term debt is an expense in the fund and reduction of liability in the Statement of Activities. \$1,353,799 represents payments on long-term debt for the year ended December 31, 2020. The adjustment of \$154,320 is amortization of bond refunding deferred outflows. The final element of the reconciliation is the change in the accrued compensated absences of \$48,533.

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).

- (1) For the 2020 budget, prior to August 25, the County Assessor sent to the District a certified assessed valuation of all taxable property within the District's boundaries.
- (2) On or before October 15, 2019, the Director submitted to the District's Board of Trustees a recommended budget that detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
- (3) For the 2020 budget, prior to December 15, 2019, the District computed and certified to the County Commissioners a rate of levy that will derive the necessary property taxes as computed in the proposed budget.
- (4) After a required public hearing, the District adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.
- (5) After adoption of the budget resolution, the District may make the following changes: (a) supplemental appropriations to the extent of revenues in excess of the estimated in the budget; (b) emergency appropriations; and (c) reduction of appropriations for which originally estimated revenues are insufficient.

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 2021. 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.

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

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 ("TABOR"), which has several limitations, including raising revenue, 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 \$299,200, which is the approximate required reserve at December 31, 2020.

The District's voters approved the following ballot questions on November 7, 2006:

Shall Garfield County be authorized to enter into a multi-fiscal year financial obligation without any increase in the current rate of any county tax through a pledge and, commencing January 1, 2007, transfer to the Garfield County Public Library District of an amount equal to the one-quarter cent sales tax currently authorized to be deposited into the Garfield County Library Fund of Garfield County Public Works Fund pursuant to County Resolution No. 80-198, with such authority to continue until such date that the pledge and transfer is revoked by majority vote of the electors of the county; and shall such tax revenues constitute a voter-approved revenue change of the county within the meaning of Article X, Section 20 of the Colorado Constitution.

Shall Garfield County Public Library District taxes be increased \$2,500,000 annually (for collection in calendar year 2008) and by such additional amounts raised annually thereafter from an ad valorem property tax mill levy imposed at a rate of one mill for a limited twenty-year period (with calendar year 2027 being the last collection year for the tax increase) for the purpose of funding library capital improvements, including

- Relocating and expanding the size of the Greenwood Springs library,
- Expansion of the Carbonate library
- Expansion of the Rifle library
- Improving and expanding the New Castle library
- Expansion of the Silt library
- Eventual expansion of the Parachute/Balljacket Mesa library, and

The furnishing, operating and maintaining of such facilities; and shall the revenue from such taxes and the interest income thereon (regardless of amount) constitute a voter-approved revenue change of the District within the meaning of Article X, Section 20 of the Colorado Constitution and an exception to the limitations set forth in Section 29-1-301 of the Colorado Revised Statutes.

The District's voters approved the following ballot question on November 6, 2018:

Without raising current tax rates, shall Garfield County Public Library District be authorized to collect, retain and expend all excess revenues and other funds collected in calendar year 2017 and in each subsequent calendar year thereafter without further voter approval, notwithstanding the limitations of Article X, Section 20 of the Colorado Constitution or the limitations set forth in Section 29-1-301 of the Colorado Revised Statutes?

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

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

The District's electorate approved the following ballot question on November 5, 2019:

Shall Garfield County Public Library District taxes be increased \$4 million annually (estimated revenues in the year 2020) and by whatever additional amounts are received annually thereafter from an ad valorem property tax mill levy imposed at a rate of 1.5 mills, for purposes that may include:

- Restoring library hours;
- Keeping our libraries well-maintained and in good repair, as safe, accessible spaces for children, teens and seniors; retaining qualified staff;
- Providing books, technology and materials;
- Providing educational classes and events, including literacy programs to help children and teens learn to read and do homework, train veterans and job-seekers for new careers, prepare students for college and careers, and help seniors fight isolation and prevent the effects of aging
- With citizen oversight and an independent annual audit of expenditures.

And shall the proceeds of the tax levy received in 2020 and thereafter, and the interest income thereon, be collected and spent regardless of the limitation of Section 29-1-301 C.R.S.; and shall all revenues received by the District from such increase be collected and spent without limitation or condition, and without affecting the collection or spending of any other revenues or funds under Article X, Section 20 of the Colorado Constitution, or any other law?

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

IV. Detailed Notes on All Funds

A. Cash 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. The carrying amount of the District's demand deposits and petty cash was \$549,512 at year end.

At December 31, 2020, the District had the following investments and value measurements.

<u>Investments Measured at Net Asset Value</u>	
Coltrust	<u>\$7,886,045</u>
<u>Investments Measured at Amortized Cost</u>	
CSafe	<u>53,557</u>

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

IV. Detailed Notes on All Funds (continued)

A. Cash and Investments (continued)

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Negotiable Certificates of Deposit: matrix pricing based on the securities' relationship to benchmark quoted prices;

The Investment Pool represents investments in COLOTRUST and C-SAFE. The fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool.

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 and type of issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years (less in some cases) from the purchase date. As a result of the limited length of maturities the District has limited its interest rate risk.

Credit Risk. District investment policy limits investments to those authorized by State statutes. 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.

Concentration of Credit Risk. The District diversifies its investments by security type and institution. Financial institutions holding District funds must provide the District a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

At December 31, 2020, the District had the following cash and investments with the following maturities:

	<u>Rating</u>	<u>Carrying Amounts</u>	<u>Maturities Less than one year</u>
Primary Government:			
<i>Cash and cash equivalents:</i>			
Partly cash	Not Rated	\$ 1,075	1,075
Checking	Not Rated	548,431	548,431
Savings & money market	Not Rated	0	0
<i>Investments:</i>			
Colotrust	AAAn	7,866,045	7,866,045
C-Safe	AAAn	53,557	53,557
		<u>\$ 8,469,714</u>	
Component Unit:			
<i>Cash and cash equivalents:</i>			
Checking	Not Rated	\$ 223,093	223,093
		<u>\$ 223,093</u>	

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

IV. Detailed Notes on All Funds (continued)

B. Receivables

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

Grants receivable	\$ 116,614
Property taxes receivable	5,751,433
Sales taxes receivable	592,644
Total receivable	<u><u>\$ 6,460,691</u></u>

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. A deferred inflow amount of \$5,751,433 is for unavailable property taxes levied in 2020 but not available until 2021 and \$321,746 is for sales taxes collected in December 2020 but not available until 2021.

C. Long Term Lease

The District has a 99-year lease with the City of Rifle (the "City") for use of the land under the District's library in the City. This lease is being amortized using the straight-line method over the life of 99 years. The net value of the lease at December 31, 2020 is \$854,998, which consists of original value of \$951,067 less accumulated amortization of \$96,069.

D. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,377,331	-	-	2,377,331
Capital assets being depreciated:				
Buildings	21,610,814	-	-	21,610,814
Furniture, fixtures, and equipment	2,179,096	-	-	2,179,096
Books and media	3,899,054	478,873	(261,626)	4,116,301
Total capital assets being depreciated	<u>30,718,964</u>	<u>478,873</u>	<u>(261,626)</u>	<u>30,936,211</u>
Less accumulated depreciation for:				
Buildings	(3,634,033)	(630,381)	-	(4,264,414)
Furniture, fixtures, and equipment	(2,067,670)	(1,339)	-	(2,069,009)
Books and media	(2,839,293)	(493,998)	261,626	(3,121,665)
Total accumulated depreciation	<u>(8,591,051)</u>	<u>(1,136,718)</u>	<u>261,626</u>	<u>(9,466,143)</u>
Governmental Activities Capital Assets, Net	<u><u>\$24,505,244</u></u>	<u><u>(659,845)</u></u>	<u><u>-</u></u>	<u><u>23,845,399</u></u>

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

IV. Detailed Notes on All Funds (continued)

E. Long-Term Debt

At December 31, 2020, the District had the following long-term obligations outstanding:

1. Refunding Certificates of Participation – Series 2017

On April 28, 2017, the District issued \$15,985,690 in Refunding Certificates of Participation. The Certificates have an interest rate of 2.580%. The Certificates are payable annually on September 1. The Certificates mature September 1, 2027.

As a result of this refunding the District recognized a debt refunding deferred outflow of resources in the amount of \$1,543,204. This deferred outflow of resources will be amortized over the life of the bonds.

The net present value savings on the refunding of the 2009 issue was \$499,380, offset by a \$9,330 net present value loss on the refunding of the 2010 issue, for an overall net present value savings of \$490,050.

2. Schedule of Debt Service Requirements

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	1,388,727	271,073	1,659,800
2022	1,424,556	235,244	1,659,800
2023	1,461,309	198,490	1,659,799
2024	1,499,011	160,788	1,659,799
2025	1,537,666	122,114	1,659,800
2026 - 2027	3,195,412	124,187	3,319,599
Total	10,508,701	1,111,896	11,620,597

3. Changes in Long-term Obligations

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due within one year</u>
Certificates of Participation: Series 2017	\$ 11,860,500		\$ (1,353,799)	\$10,506,701	\$ 1,388,727
Accrued Comp. Absences	75,816	-	48,533	124,149	41,383
	<u>\$ 11,936,316</u>	<u>\$ -</u>	<u>\$ (1,305,266)</u>	<u>\$10,630,850</u>	<u>\$ 1,430,110</u>

F. Retirement Plans

1. Defined Contribution Money Purchase Plan

The District provides a retirement plan for eligible District employees in the Colorado Retirement Association (CRA) (the Plan). The Plan is a defined contribution money purchase plan. The benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on investments of those contributions. Employees participate in the Plan immediately upon employment. The employees and the District each contribute 3% of gross wages.

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

III. Detailed Notes on All Funds (continued)

F. Retirement Plans (continued)

1. Defined Contribution Money Purchase Plan (continued)

The District's Board of Trustees authorizes the contribution rates and benefit terms. The District's contributions for each employee plus earnings are fully vested after five years of continuous service. District contributions and related interest forfeited by employees who leave employment before fully vesting are returned to the Plan to reduce future retirement requirements. The District contributed \$42,364 to the Plan in 2020. During the year there were \$2,139 of forfeitures.

2. Deferred Compensation Plan (457)

The District has a deferred compensation plan (the Plan), administered by CRA, and created in accordance with Internal Revenue Code Section 457. The Plan permits the District's employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation in the Plan is optional.

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 (until paid or made available to the employee or other beneficiary) held for the exclusive benefit of the participants or their beneficiaries. The District has no ownership interest in the Plan, nor is the District liable for any losses under the Plan.

V. Other Information

A. Risk Management

The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; volunteer injuries; natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in 2020.

Required Supplemental Information



GARFIELD COUNTY
LIBRARIES

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

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Property taxes	6,237,487	6,062,768	(174,719)
Sales taxes, net of \$95,135 in refunds	2,530,000	3,020,362	490,362
Specific ownership taxes	162,000	411,743	249,743
Earnings on investments	90,000	45,950	(44,050)
Fines, fees and other revenue	139,100	78,029	(61,071)
Donations	-	1,563	1,563
Grant income	97,545	348,911	251,366
Total Revenues	9,256,132	9,971,726	715,594
Expenditures:			
Personnel services	3,915,656	2,616,924	1,298,732
Library materials	911,887	786,019	125,868
Administrative	287,379	286,944	435
IT support	369,124	271,511	97,613
Purchased services	237,296	124,301	112,995
Building costs and utilities	1,574,830	989,339	585,491
Events & programs	260,600	91,951	168,649
Advertising and marketing	39,560	41,863	(2,303)
Debt service:			
Principal	1,353,799	1,353,799	-
Interest	306,001	306,001	-
Total Expenditures	9,256,132	6,871,652	2,384,480
Excess of Revenues Over Expenditures	-	3,100,074	3,100,074
Fund Balances/Net Position			
Beginning of Year	5,066,776	5,650,048	
End of Year	5,066,776	8,750,122	

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