

Estes Valley Public Library District

**Financial Statements
with Independent Auditors' Report**

December 31, 2019



**HINKLE &
COMPANY**
Strategic ^{PC}
Business Advisors

Estes Valley Public Library District

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December 31, 2019

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**HINKLE &
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Business Advisors

Independent Auditors' Report

Board of Trustees
Estes Valley Public Library District
Estes Park, Colorado

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, the major fund, and the aggregate remaining fund information of the Estes Valley Public Library District as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Estes Valley Public Library District, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 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 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, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, the major fund, and the aggregate remaining fund information of the Estes Valley Public Library District as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents 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 information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Hick & Company, PC

Greenwood Village, Colorado
June 11, 2020



ESTES VALLEY PUBLIC LIBRARY DISTRICT

Management's Discussion and Analysis

As management of Estes Valley 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, 2019. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Overview of the Financial Statements

This Management's Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include: (1) district-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements. Comparative data are presented when available.

Government-wide Financial Statements

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

- The *Statement of Net Position*. This is the government-wide statement of financial position presenting information that includes all of the District's assets and liabilities, 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 as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of District infrastructure, in addition to the financial information provided in this report.
- The *Statement of Activities* reports how the District's net position changed during the current year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by the District's taxpayers.

Both government-wide financial statements distinguish governmental activities of the District that are principally supported by property taxes from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general library operations. The District has no business-type activities.

The government-wide financial statements include not only the District itself (known as the primary government), but also a legally separate entity, which has a significant operational or financial relationship with the District. This entity, a discretely presented component unit, is the Estes Valley Library Friends and Foundation, Inc. More information on the functions of this entity can be found in Note 1 to the financial statements.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's significant funds. Each major fund is separately reported.

The District has one fund type. *Governmental funds* are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements.

However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financial requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental funds balance sheet and the governmental funds operating statement provide a reconciliation to assist in understanding the difference between these two perspectives.

Notes to Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's detailed budget presentation. This statement demonstrates compliance with the District's adopted and final revised budget.

Government-Wide Financial Analysis

The following represents condensed financial information taken from the government-wide (accrual basis) financial statements for the years ended December 31, 2019 and 2018.

	2019	Percent of Total	2018	Percent of Total
ASSETS				
Current Assets	\$ 4,334,949	70.8%	\$ 3,938,531	69.4%
Capital Assets, Net of Accumulated Depreciation	1,789,949	29.2%	** 1,732,586	30.6%
Total Assets	<u>6,124,898</u>	<u>100.0%</u>	<u>5,671,117</u>	<u>100.0%</u>
DEFERRED OUTFLOWS				
Pensions, Net of Accumulated Amortization	262,818	95.0%	109,313	93.0%
OPEB, Net of Accumulated Amortization	13,836	5.0%	8,476	7.0%
Total Deferred Outflows	<u>276,654</u>	<u>100.0%</u>	<u>117,789</u>	<u>100.0%</u>
LIABILITIES				
Current Liabilities	91,604	5.2%	70,411	4.7%
Long-term Liabilities	<u>1,678,408</u>	<u>94.8%</u>	<u>1,441,970</u>	<u>95.3%</u>
Total Liabilities	<u>1,770,012</u>	<u>100.0%</u>	<u>1,512,381</u>	<u>100.0%</u>
DEFERRED INFLOWS				
Property Taxes	1,888,499	99.9%	1,641,702	87.6%
Pensions, Net of Accumulated Amortization			227,049	12.1%
OPEB, Net of Accumulated Amortization	2,144	0.1%	5,372	0.3%
Total Deferred Inflows of Resources	<u>1,890,643</u>	<u>100.0%</u>	<u>1,874,123</u>	<u>100.0%</u>
NET POSITION				
Net Investment in Capital Assets Restricted for Special Needs:	\$ 1,789,949	65.3%	\$ ** 1,732,586	72.2%
Materials Nonexpendable	15,000	0.5%	15,000	0.6%
Restricted for Emergencies	59,067	2.2%	63,500	2.6%
Unrestricted	<u>876,881</u>	<u>32.0%</u>	<u>591,366</u>	<u>24.6%</u>
Total Net Position	<u>\$ 2,740,897</u>	<u>100.0%</u>	<u>\$ ** 2,402,452</u>	<u>100.0%</u>

	2019	Percent of Total	2018	Percent of Total
REVENUES				
Program Revenues:				
Charges for Services	\$ 13,057	0.6%	\$ 12,979	0.6%
Operating Grants and Contributions	221,105	10.5%	257,794	11.5%
General Revenues:				
Taxes	1,797,192	85.7%	1,915,772	85.5%
Contributions Not Restricted to Specific Programs	141	0.1%	158	0.1%
Investment Income	56,795	2.7%	46,687	2.0%
Other Revenues	8,994	0.4%	7,224	0.3%
Total Revenues	<u>2,097,284</u>	<u>100.0%</u>	<u>2,240,614</u>	<u>100.0%</u>
EXPENSES				
Library Services	\$ 1,758,839	100.0%	\$ ** 1,642,140	100.0%
CHANGE IN NET POSITION	\$ 338,445		\$ 598,474	

** See Note 9: Prior Period Adjustment

The District's net position decreased in 2019 due to the decrease in property tax revenue and increase in expenses. The increase in Library Service expense was largely due to change in personnel. Capital outlay increase was for the replacement of the HVAC system and LED lighting. This is the sixth year of reporting net pension liability due to the adoption, first reported in 2014, of GASB Statement No. 68, representing the District's proportionate share of the Local Government Division Trust Fund (LGDTF) pension liability, administered by the Public Employees' Retirement Association of Colorado (PERA). As of December 31, 2019, the District's net pension liability was \$1,505,823, an increase of 18.1% from 2018. Most of the District's net position is reflected in the net investment in capital assets – 65.3%. \$59,067 is restricted for emergencies and special needs materials.

The District is reliant on property tax revenue to support operations. During 2019, taxes provided 85.7% of the District's total revenues. Note that program revenues, including from the Library Friends & Foundation, particularly contributions, accounted for 11.1% of total revenues.

For the tax collection years 2000 - 2004, the annual authorized operating mill levy was 2.39, then on November 2, 2004, the voters approved an increase to 3.28 mills for 2005 collection and each year thereafter. Since 1999, the voters allowed the District to collect, keep and expend all revenues (other than excess property tax revenue). It was also exempted from the 5.5% property tax revenue limitation. This has prevented the "ratchet-down" effect that the Taxpayer's Bill of Rights used to have on the District's property tax revenue. In addition, the District was successful with an election question to District residents seeking a mill levy tax increase. In 2014, the annual property tax rate for the District increased from 3.28 to 4.52 mills.

The District maintains a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. However, to make this ratio meaningful, we have eliminated the property taxes receivable and the related deferred revenue. After this elimination, governmental current assets are \$2,434,473 and current liabilities are \$91,604. As a result, the current ratio for the District overall is 26.6 to 1 (32.6 to 1 for 2018).

Financial Analysis of the Funds

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

The District has two governmental funds: the General Fund and the Capital Reserve Fund. The General Fund is the chief operating fund of the District, whereas the Capital Reserve Fund is held for capital facilities projects. Total governmental funds fund balances increased \$128,378 in 2019, with ending fund balances totaling \$2,354,846 (\$2,127,424 in the General Fund; \$227,422 in the Capital Reserve Fund).

Capital Assets and Long-Term Debt

In 2019 the Library replaced the HVAC system, and all lights in the building were retrofitted with LED lighting to reduce energy consumption and to take advantage of rebates offered by Platte River Power. The district has discovered an error in calculation of Capital Assets from the previous years. This error results in an understatement of the 2018 Governmental Wide balance. See Note 9: Prior-Period Adjustments for additional information.

At the end of 2012, the District paid off its general obligation bonds prior to maturity. Upon retirement of the bonds, there were funds remaining in the former Debt Service Fund. The library Board of Trustees approved these funds to be used for facility maintenance and reinvestment.

General Fund Budgetary Highlights

General Fund revenues were \$2,092,037; an increase of \$73,043 over final budget estimates.

Currently Known Facts

The Estes Valley Library Friends & Foundation make generous contributions for strategic projects. This development group has positively impacted District revenues over time.

Members of the District Board of Trustees, staff, and Library Friends & Foundation Board affirmed a new 3 -Year Comprehensive Strategic Plan for the years 2018-2020. The Plan outlines several goals:

- 1) Focus on Early Literacy
- 2) Enable Lifelong Learning
- 3) Enable a Greater Sense of Community
- 4) Deliver Materials on a Personalized Basis
- 5) Grow Internally to Succeed Externally

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Estes Valley Public Library District, PO Box 1687, Estes Park, Colorado 80517, or you may call the library director at (970) 586-8116.

Basic Financial Statements

Estes Valley Public Library District
Statement of Net Position
December 31, 2019

	Primary Government	Component Unit
	Governmental Activities	Foundation
Assets		
Cash and Investments	\$ 2,391,933	\$ 1,400,061
Accounts Receivable	50,610	10,478
Property Taxes Receivable	1,888,499	-
Prepaid Expenses	3,907	-
Loan Origination Fee, <i>net of amortization</i>	-	5,890
Capital Assets, <i>net of accumulated depreciation</i>	1,789,949	823,163
Total Assets	6,124,898	2,239,592
Deferred Outflows of Resources		
Pensions, Net of Accumulated Amortization	262,818	-
OPEB, Net of Accumulated Amortization	13,836	-
Total Deferred Outflows of Resources	276,654	-
Liabilities		
Accounts Payable	41,212	44,727
Accrued Salaries and Benefits	50,392	-
Accrued Interest Payable	-	1,430
Other Accrued Liabilities	-	6,954
Noncurrent Liabilities		
Due Within One Year	30,805	21,633
Due in More Than One Year	15,403	578,205
Net Pension Liability	1,505,825	-
Net OPEB Liability	126,375	-
Total Liabilities	1,770,012	652,949
Deferred inflows of Resources		
Property Taxes	1,888,499	-
OPEB, Net of Accumulated Amortization	2,144	-
Deferred Inflows of Resources	1,890,643	-
Net Position		
Net Investment in Capital Assets	1,789,949	223,325
Restricted for:		
Special Needs Materials		
Nonexpendable	15,000	27,719
Emergencies	59,067	-
Library Programs		
Nonexpendable	-	1,192,154
Expendable	-	143,445
Unrestricted	876,881	-
Total Net Position	\$ 2,740,897	\$ 1,586,643

See Notes to the Financial Statements.

Estes Valley Public Library District
Statement of Activities
For the Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position	
		Charges for Services	Operating Grant and Contributions	Primary Government Governmental Activities	Component Unit Foundation
Primary Government					
<i>Governmental Activities</i>					
Library Services	\$ 1,758,839	\$ 13,057	\$ 221,105	\$ (1,524,677)	\$ -
Total Primary Government	\$ <u>1,758,839</u>	\$ <u>13,057</u>	\$ <u>221,105</u>	<u>(1,524,677)</u>	<u>-</u>
 <i>Component Unit</i>					
Foundation	\$ <u>377,665</u>	\$ <u>-</u>	\$ <u>20,528</u>	<u>-</u>	<u>(357,137)</u>
 General Revenues					
Property Taxes				1,641,970	-
Specific Ownership Taxes				155,222	-
Contributions not Restricted to Specific Programs				141	245,734
Investment Income				56,795	214,743
Miscellaneous				8,994	-
Total General Revenues and Special Item				<u>1,863,122</u>	<u>460,477</u>
Change in Net Position				338,445	103,340
Net Position, Beginning of year				<u>2,402,452</u>	<u>1,483,303</u>
Net Position, End of year				<u>\$ 2,740,897</u>	<u>\$ 1,586,643</u>

Estes Valley Public Library District
Balance Sheet
Governmental Funds
December 31, 2019

	General	Capital Reserve	Totals
Assets			
Cash and Investments	\$ 2,164,511	\$ 227,422	\$ 2,391,933
Accounts Receivable	50,610	-	50,610
Property Taxes Receivable	1,888,499	-	1,888,499
Prepaid Items	3,907	-	3,907
 Total Assets	 \$ 4,107,527	 \$ 227,422	 \$ 4,334,949
Liabilities			
Accounts Payable	\$ 41,212	\$ -	\$ 41,212
Accrued Salaries and Benefits	50,392	-	50,392
 Total Liabilities	 91,604	 -	 91,604
Deferred Inflows of Resources			
Property Taxes	1,888,499	-	1,888,499
Fund Balance			
Nonspendable:			
Cash and Investments for Special Needs Materials	15,000	-	15,000
Prepaid Items	3,907	-	3,907
Restricted for:			
Emergencies	59,067	-	59,067
Assigned to:			
Facility Maintenance and Reinvestment	-	227,422	227,422
Unrestricted, Unassigned	2,049,450	-	2,049,450
 Total Fund Balance	 2,127,424	 227,422	 2,354,846
 Total Liabilities, Deferred Inflows of Resources and Fund Balance	 \$ 4,107,527	 \$ 227,422	 \$ 4,334,949

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Total Fund Balance of Governmental Funds	\$ 2,354,846
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	1,789,949
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds.	
Accrued compensated absences	(46,208)
Net pension liability	(1,505,825)
Pension-related deferred outflows of resources	262,818
Net OPEB Liability	(126,375)
OPEB-related deferred outflows of resources	13,836
OPEB-related deferred inflows of resources	(2,144)
 Total Net Position of Governmental Activities	 \$ 2,740,897

Estes Valley Public Library District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2019

	General	Capital Reserve	Totals
Revenues			
Property Taxes	\$ 1,641,970	\$ -	\$ 1,641,970
Specific Ownership Taxes	155,222	-	155,222
Charges for Services	13,057	-	13,057
Contributions	221,246	-	221,246
Investment Income	51,548	5,247	56,795
Miscellaneous	8,994	-	8,994
Total Revenues	2,092,037	5,247	2,097,284
Expenditures			
Current			
Library Services	1,818,650	-	1,818,650
Capital Outlay	150,256	-	150,256
Total Expenditures	1,968,906	-	1,968,906
Net Change in Fund Balance	123,131	5,247	128,378
Fund Balance, Beginning of year	2,004,293	222,175	2,226,468
Fund Balance, End of year	\$ 2,127,424	\$ 227,422	\$ 2,354,846

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balance of Governmental Funds	\$ 128,378
<p>Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.</p>	
Depreciation expense	(230,507)
Capital outlay	287,870
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Compensated absences	4,717
Net pension liability	(230,453)
Pension-related deferred outflows	153,505
Pension-related deferred inflows	227,049
Net OPEB liability	(10,702)
OPEB-related deferred outflows of resources	5,360
OPEB-related deferred inflows of resources	3,228
Change in Net Position of Governmental Activities	\$ 338,445

Estes Valley Public Library District

Notes to Financial Statements

December 31, 2019

Note 1: Summary of Significant Accounting Policies

The Estes Valley Public Library District (the District) was formed on November 8, 1988, by the electorate of Larimer County and the Town of Estes Park. The District is governed by a seven-member Board of Trustees appointed by Larimer County and the Town of Estes Park.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Reporting Entity

The financial reporting entity consists of the District, organizations for which the District is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the District. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the District. Legally separate organizations for which the District is financially accountable are considered part of the reporting entity. Financial accountability exists if the District appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if there is a potential for the organization to provide benefits to, or impose financial burdens on, the District.

The Estes Valley Library Friends and Foundation, Inc. (the Foundation) is a non-profit organization with the purpose to assist in the promotion, development and enhancement of the facilities and educational programs of the District. The Foundation is reported as a discretely presented component unit in the District's financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the District and its component unit. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported in a single column. The *primary government* is reported separately from the legally separate *component unit* for which the District is financially accountable.

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

Estes Valley Public Library District

Notes to Financial Statements

December 31, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements (Continued)

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current year. Taxes, intergovernmental revenues and investment income associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the District. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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

In the fund financial statements, the District reports the following major governmental fund:

The *General Fund* is the District's primary operating fund. It is used to account for all financial activities of the District, except those accounted for in another fund.

In addition, the District reports the following nonmajor governmental fund:

The *Capital Reserve Fund* accounts for the remaining debt service property taxes following final payment of the District's general obligation debt during the year ended December 31, 2012. The District intends to use the remaining resources for facility maintenance and reinvestment.

Estes Valley Public Library District

Notes to Financial Statements

December 31, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position/Fund Balance

Receivables - Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future years and are reported as prepaid expenses.

Capital Assets - Capital assets, which include buildings and improvements, furniture and equipment, and books and audio-visual materials, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year, except for library books and audio-visual materials, which are capitalized regardless of cost. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives. Library books and audio-visual materials are depreciated using a composite rate on a first-in, first-out basis.

Buildings and Improvements	5 - 40 years
Furniture and Equipment	5 - 10 years
Library Books and Audio-Visual Materials	6 years

Compensated Absences - Employees of the District are allowed to accumulate unused vacation time. Upon termination of employment from the District, an employee will be compensated for all accrued vacation time at their current pay rate.

These compensated absences are recognized as expenditures when due in the governmental funds. A long-term liability has been reported in the government-wide financial statements for the accrued compensated absences, which are expected to be liquidated with revenues of the General Fund.

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

Estes Valley Public Library District

Notes to Financial Statements

December 31, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position/Fund Balance (Continued)

Postemployment Benefits Other Than Pensions (OPEB) - The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position, and additions to and deductions from the HCTF's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees.

Deferred Inflows of Resources - Deferred inflows of resources include property taxes earned but levied for a subsequent fiscal year.

Net Position/Fund Balance - In the government-wide and fund financial statements, net position and fund balance are restricted when constraints placed on the use of resources are externally imposed. The Board of Trustees is authorized to commit fund balance through passage of a resolution, and has assigned fund balances to specific purposes using the budget message.

The District has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available for a specific purpose, the District uses restricted fund balance first, followed by committed, assigned and unassigned fund balances.

Property Taxes

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and collected in the subsequent calendar year. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the District on a monthly basis.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District purchases commercial insurance for these risks of loss.

Subsequent Event

We have evaluated subsequent events through June 11, 2020. The date the financial statements were available to be issued.

Estes Valley Public Library District
Notes to Financial Statements
December 31, 2019

Note 2: Cash and Investments

A summary of cash and investments at December 31, 2019, follows:

Petty Cash	\$	760
Deposits		131,272
Investment		<u>3,659,962</u>
 Total	 \$	 <u>3,791,994</u>

The Estes Valley Library Friends and Foundation is a nonprofit entity with its own investment policy and is not subject to State statutes.

Financial Statements:		
Primary Government Cash and Investments	\$	2,391,933
Estes Valley Library Friends and Foundation Cash and Investments		<u>1,400,061</u>
 Total	 \$	 <u>3,791,994</u>

Deposits

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

Investments

The District is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

- Obligations of the United States and certain U.S. agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

Estes Valley Public Library District
Notes to Financial Statements
December 31, 2019

Note 2: Cash and Investments (Continued)

Investments (Continued)

Interest Rate Risk - State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk - State statutes limit certain investments to those with specified ratings from nationally recognized statistical rating organizations, depending on the type of investment.

Concentration of Credit Risk - State statutes do not limit the amount the District may invest in one issuer, except for corporate securities.

Local Government Investment Pool - At December 31, 2019, the District had \$2,309,688 invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating Colotrust. Colotrust operates in conformity with the Securities and Exchange Commission's Rule 2a-7, with each share valued at \$1. Colotrust is rated AAAM by Standard and Poor's. Investments of Colotrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Fair Value Measurements - The District reports its investments using the fair value measurements established by generally accepted accounting principles. As such, a fair value hierarchy categorizes the inputs used to measure the fair value of the investments into three levels. Level 1) inputs are quoted prices in active markets for identical investments; Level 2) inputs include quoted prices in active markets for similar investments, or other observable inputs; and Level 3) inputs are unobservable inputs. At December 31, 2019, the District's investment in Colotrust was reported at the net asset value per share, measured utilizing quoted prices in active markets for similar investments (Level 2 inputs).

Estes Valley Public Library District
Notes to Financial Statements
December 31, 2019

Note 3: Capital Assets

Capital asset activity for the year ended December 31, 2019, is summarized below:

	Balance 12/31/18	Additions	Deletions	Balance 12/31/19
Capital Assets, <i>being depreciated</i>				
Buildings and Improvement	\$ 2,558,582	\$ 150,256	\$ -	\$ 2,708,838
Furniture and Equipment	484,542	-	-	484,542
Books and Audio Visual Materials	979,781	137,614	(65,071)	1,052,324
Total Capital Assets, <i>being depreciated</i>	<u>4,022,905</u>	<u>287,870</u>	<u>(65,071)</u>	<u>4,245,704</u>
Less: Accumulated Depreciation				
Buildings and Improvement	(1,360,414)	(76,653)	-	(1,437,067)
Furniture and Equipment	(330,200)	(30,309)	-	(360,509)
Books and Audio Visual Materials	(599,705)	(123,545)	65,071	(658,179)
Total Accumulated Depreciation	<u>(2,290,319)</u>	<u>(230,507)</u>	<u>65,071</u>	<u>(2,455,755)</u>
Total Capital Assets, <i>being depreciated</i>	<u>1,732,586</u>	<u>57,363</u>	<u>-</u>	<u>1,789,949</u>
Capital Assets, Net	<u>\$ 1,732,586</u>	<u>\$ 57,363</u>	<u>\$ -</u>	<u>\$ 1,789,949</u>

Note 4: Long-Term Debt

Following is a summary of long-term debt transactions for the year ended December 31, 2019.

	Balance 12/31/18	Additions	Deletions	Balance 12/31/19	Due Within One Year
Compensated Absences	\$ 50,925	\$ -	\$ (4,717)	\$ 46,208	\$ 30,805

Note 5: Defined Benefit Pension Plan

General Information

Plan Description - The District are provided with pensions through the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financialreports.

Benefits Provided as of December 31, 2018 - PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

Estes Valley Public Library District

Notes to Financial Statements

December 31, 2019

Note 5: Defined Benefit Pension Plan (Continued)

General Information (Continued)

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

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

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

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

As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 will receive the lesser of an annual increase of 1.5 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified C.R.S. § 24-51-413.

Estes Valley Public Library District

Notes to Financial Statements

December 31, 2019

Note 5: Defined Benefit Pension Plan (Continued)

General Information (Continued)

Disability benefits are available for eligible plan participants once they reach five years of earned service credit and are determined to meet the definition of a disability. The disability benefit amount is based on the lifetime retirement benefit formula described previously, considering a minimum of twenty years of service credit, if deemed disabled.

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

Contributions provisions as of December 31, 2019 - The District and eligible employees are required to contribute to the LGDTF at a rate set by Colorado statute. These contribution requirements are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. The contribution rate for eligible employees is 8% of covered salaries during the period of January 1, 2018 through December 31, 2019. The District's contribution rate for calendar year 2019 was 13.70% of covered salaries, respectively. However, a portion of the District's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 6).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the LGDTF. The District's contributions to the LGDTF for the year ended December 31, 2019, were \$117,306, equal to the required contributions.

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

At December 31, 2019, the District reported a net pension liability of \$1,505,825, representing its proportionate share of the net pension liability of the LGDTF. The net pension liability was measured at December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll forward the total pension liability to December 31, 2018.

The District's proportion of the net pension liability was based on the District's contributions to the LGDTF for the calendar year ended December 31, 2018, relative to the contributions of all participating employers to the LGDTF. At December 31, 2018, the District's proportion was 0.1197748264%, which was an increase of 0.0052303915% from its proportion measured at December 31, 2017.

Estes Valley Public Library District

Notes to Financial Statements

December 31, 2019

Note 5: Defined Benefit Pension Plan (Continued)

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

For the year ended December 31, 2019, the District recognized pension benefit of \$98,087. At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,773	\$ -
Net difference between projected and actual earnings on plan investments	130,746	-
Changes in proportion	9,726	-
Contributions subsequent to the measurement date	108,573	-
 Total	 \$ 262,818	 \$ -

District contributions of \$108,573 subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended December 31,</u>		
2020		\$ 36,271
2021		10,926
2022		107,048
 Total		 \$ 154,245

Actuarial Assumptions - The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Price inflation	2.4%
Real wage growth	1.1%
Wage inflation	3.5%
Salary increases, including wage inflation	3.5% - 10.45%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate ¹	7.25%
Post-retirement benefit increases:	
Hired prior to 1/1/07	0% through 2019 and 1.5% compounded annually thereafter
Hired after 12/31/06	ad hoc

¹The discount rate reflected in the roll-forward calculation of the total pension liability to the measurement date was 7.25%.

Estes Valley Public Library District

Notes to Financial Statements

December 31, 2019

Note 5: Defined Benefit Pension Plan (Continued)

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

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

Healthy, post-retirement mortality assumptions were based on the RP-2014 Healthy Annuitant Mortality Table, with certain adjustments, adjusted as follows:

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

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

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

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

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

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

Estes Valley Public Library District

Notes to Financial Statements

December 31, 2019

Note 5: Defined Benefit Pension Plan (Continued)

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

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

Estes Valley Public Library District

Notes to Financial Statements

December 31, 2019

Note 5: Defined Benefit Pension Plan (Continued)

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

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the LGTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount determination does not use the municipal bond rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as the District's proportionate share of the net pension liability if it were calculated using a discount that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate, as follows:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ <u>2,303,600</u>	\$ <u>1,505,825</u>	\$ <u>838,405</u>

Pension Plan Fiduciary Net Position - Detailed information about the LGDTF's fiduciary net position is available in PERA's separately issued financial report, which may be obtained at www.copera.org/investments/pera-financial-reports.

Changes between the measurement date of the net pension liability and December 31, 2019 - During the 2019 legislative session, the Colorado General Assembly passed HB 19-1217: PERA Public Employees' Retirement Association Local Government Division Member Contribution Rate. The bill was signed into law by Governor Polis on May 20, 2019 and eliminates the 2 percent increase in the contribution rate for members in the Local Government Division mandated by SB 18-200.

Estes Valley Public Library District

Notes to Financial Statements

December 31, 2019

Note 6: Postemployment Healthcare Benefits

Plan Description - All employees of the District are eligible to receive postemployment benefits other than pensions (OPEB) through the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). Title 24, Article 51, Part 12 of the Colorado Revised Statutes (CRS) assigns the authority to establish and amend plan provisions to the State Legislature. PERA issues a publicly available financial report that includes information on the HCTF. That report may be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided - The HCTF provides a healthcare premium subsidy to eligible benefit recipients and retirees who choose to enroll. Eligibility to enroll is voluntary and includes benefit recipients, their eligible dependents and surviving spouses, among others. Eligible benefit recipients may enroll in the HCTF upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period. The health care premium subsidy is based on the benefit structure under which the member retires and the member's years of service credit.

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare, and \$115 per month for benefit recipients who are over 65 years of age or who are under 65 years of age and entitled to Medicare. An additional subsidy is provided if the benefit recipient has not participated in Social Security and is not otherwise eligible for Medicare Part A. The maximum subsidy is based on 20 or more years of service. The subsidy is reduced for each year of service less than 20 years. The benefit recipient pays the remaining portion of the premium not covered by the subsidy.

Contributions - As established by Title 24, Article 51, Section 208 of the CRS, 1.02% of the District's contributions to the Local Government Division Trust Fund (LGDTF) (See Note 5) is apportioned to the HCTF. No employee contributions are required. These contribution requirements are established and may be amended by the State Legislature. The District's apportionment to the HCTF for the year ended December 31, 2019, was \$8,734.

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

At December 31, 2019, the District reported a net OPEB liability of \$126,375, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2018.

The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year ended December 31, 2018, relative to the contributions of all participating employers. At December 31, 2018, the District's proportion was 0.0092885432%, which was an increase of 0.0003879081% from its proportion measured at December 31, 2017.

Estes Valley Public Library District

Notes to Financial Statements

December 31, 2019

Note 6: Postemployment Healthcare Benefits (Continued)

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

For the year ended December 31, 2019, the District recognized OPEB expense of \$9,729. At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 347	\$ 155
Changes of assumptions and other inputs	711	-
Net difference between projected and actual earnings on plan investments	672	-
Changes in proportion	3,372	1,989
Contributions subsequent to the measurement date	8,734	-
 Total	 \$ 13,836	 \$ 2,144

District contributions subsequent to the measurement date of \$8,734 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ended December 31,</u>			
2020		\$	496
2021			497
2022			1,002
2023			926
2024			37
 Total		 \$	 2,958

Estes Valley Public Library District

Notes to Financial Statements

December 31, 2019

Note 6: Postemployment Healthcare Benefits (Continued)

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

Price inflation	2.4%
Real wage growth	1.1%
Wage inflation	3.5%
Salary increases, including wage inflation	3.5%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
Service-based premium subsidy	0.0%
Medicare plans	5.0%
Medicare Part A premiums:	
3.25% for 2018, gradually rising to 5.00% in 2025	

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table. The mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates. Healthy, post-retirement mortality assumptions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, with certain adjustments. For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

Health care cost trend rates are based on published annual health care inflation surveys in conjunction with actual plan experience, building block models and heuristics developed by actuaries and administrators, and other projected trends.

The actuarial assumptions used in the December 31, 2017, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, and were adopted by PERA's governing board on November 18, 2016. In addition, certain actuarial assumptions pertaining to per capita health care costs and the related trends are analyzed by PERA's actuary as needed.

The long-term expected rate of return on the HCTF investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

The most recent analysis of the long-term expected rate of return was adopted by PERA's governing board on November 18, 2016 and included the target allocation and best estimates of geometric real rates of return for each major asset class, as presented previously in Note 5.

Estes Valley Public Library District

Notes to Financial Statements

December 31, 2019

Note 6: Postemployment Healthcare Benefits (Continued)

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

Discount Rate - The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the current contribution rate. Based on this assumption, the HCTF's fiduciary net position was projected to be available to make all projected future OPEB payments to current active and inactive employees. Therefore, the long-term expected rate of return on HCTF investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as the District's proportionate share of the net OPEB liability if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate, as follows:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 141,402	\$ 126,375	\$ 113,527

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the District's proportionate share of the net OPEB liability calculated using the current healthcare cost trend rates, ranging from 3% to 5%, as well as the District's proportionate share of the net OPEB liability if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as follows:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of the net OPEB liability	\$ 117,393	\$ 126,375	\$ 124,714

OPEB Plan Fiduciary Net Position - Detailed information about the HCTF's fiduciary net position is available in PERA's separately issued financial report, which may be obtained at www.copera.org/investments/pera-financial-reports.

Estes Valley Public Library District

Notes to Financial Statements

December 31, 2019

Note 7: Commitments and Contingencies

Ground Lease

On March 1, 1990, the District approved a ground lease with the Town of Estes Park to allow for the construction of a library facility on the site. Lease payments of \$1 are due annually on March 1, through 2089. At the end of the lease term, all title and interest of the District in the site will vest with the Town of Estes Park.

TABOR Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, 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, but the District believes it is in substantial compliance with the Amendment.

In November 1999, electors within the District authorized the District to collect and keep and expend all revenues received and to continue to levy its operating mill levy of 2.39 mills in 1999 and each year thereafter. An election in November of 2014 increased the mill levy to 4.52 mills.

The District has established a reserve for emergencies, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2019, the emergency reserve of \$59,067 was reported as restricted fund balance in the General Fund.

Note 8: Subsequent Event

Subsequent to year-end, the United State of America and the State of Colorado have declared an emergency associated with the Coronavirus Pandemic. The District has been economically impacted by the event, however the full economic effect has yet to be determined.

Note 9: Prior-Period Adjustments

The district has discovered an error in calculation of Capital Assets from the previous years. This error results in an understatement of the 2018 Governmental Wide balance. Consequently, the table below presents the effects of the prior-period adjustments in 2018 Capital Assets and Governmental Wide net position balance, which is restated for a correction of the error with respect to the Capital Assets.

Estes Valley Public Library District
Notes to Financial Statements
December 31, 2019

Note 9: Prior-Period Adjustments (Continued)

	As Originally Stated Balance 12/31/2018	Capital Assets Adjustments	As Restated Balance 12/31/2018
<i>Capital Assets, being depreciated</i>			
Furniture and Equipment	\$ 561,967	\$ (77,425)	\$ 484,542
Books and Audio Visual Materials	1,011,053	(31,272)	979,781
Less: Accumulated depreciation			
Furniture and Equipment	(418,212)	88,012	(330,200)
Books and Audio Visual Materials	(884,020)	284,315	(599,705)
Net Position, Beginning of year	2,138,822	263,630	2,402,452

Required Supplementary Information

Estes Valley Public Library District
 Required Supplementary Information
 Schedule of Proportionate Share of the Net Pension Liability and Contributions
 Public Employees' Retirement Association of Colorado Local Government Trust Fund
 December 31, 2019

	12/31/2018
Proportionate Share of the Net Pension Liability	
District's Proportion of the Net Pension Liability	0.1197748264%
District's Proportionate Share of the Net Pension Liability	\$ 1,505,825
District's Covered-Employee Payroll	\$ 785,595
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	192%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76%
	12/31/2019
District Contributions	
Statutorily Required Contribution	\$ 108,573
Contributions in Relation to the Statutorily Required Contribution	(108,573)
Contribution Deficiency (Excess)	\$ <u> -</u>
District's Covered-Employee Payroll	\$ 856,241
Contributions as a Percentage of Covered-Employee Payroll	12.68%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

(Continued)

Estes Valley Public Library District
 Required Supplementary Information
 Schedule of Proportionate Share of the Net Pension Liability and Contributions
 Public Employees' Retirement Association of Colorado Local Government Trust Fund
 December 31, 2019
 (Continued)

	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>12/31/2013</u>
Proportionate Share of the Net Pension Liability					
District's Proportion of the Net Pension Liability	0.1145444349%	0.1218136765%	0.1228282833%	0.1203286884%	0.1138757505%
District's Proportionate Share of the Net Pension Liability	\$ 1,275,372	\$ 1,644,900	\$ 1,353,053	\$ 1,078,517	\$ 937,107
District's Covered-Employee Payroll	\$ 725,150	\$ 681,069	\$ 697,569	\$ 659,381	\$ 607,538
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	176%	242%	194%	164%	154%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79%	74%	77%	81%	78%
	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
District Contributions					
Statutorily Required Contribution	\$ 99,902	\$ 91,951	\$ 86,359	\$ 88,380	\$ 83,605
Contributions in Relation to the Statutorily Required Contribution	<u>(99,902)</u>	<u>(91,951)</u>	<u>(86,359)</u>	<u>(88,380)</u>	<u>(83,605)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>				
District's Covered-Employee Payroll	\$ 787,871	\$ 725,150	\$ 681,069	\$ 697,001	\$ 659,381
Contributions as a Percentage of Covered-Employee Payroll	12.68%	12.68%	12.68%	12.68%	12.68%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

Estes Valley Public Library District
 Required Supplementary Information
 Schedule of Proportionate Share of the Net OPEB Liability and Contributions
 Public Employees' Retirement Association of Colorado Health Care Trust Fund
 December 31, 2019

	<u>12/31/2018</u>	<u>12/31/2017</u>
Proportionate Share of the Net OPEB Liability		
District's Proportion of the Net OPEB Liability	0.0092885432%	0.0089006351%
District's Proportionate Share of the Net OPEB Liability	\$ 126,375	\$ 115,673
District's Covered Payroll	\$ 785,595	\$ 725,150
District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	16%	16%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	17%	18%
	<u>12/31/2019</u>	<u>12/31/2018</u>
District Contributions		
Statutorily Required Contribution	\$ 8,734	\$ 8,036
Contributions in Relation to the Statutorily Contribution Required Contribution	<u>(8,734)</u>	<u>(8,036)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 856,241	\$ 788,159
Contributions as a Percentage of Covered Payroll	1.02%	1.02%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

Estes Valley Public Library District
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property Taxes	\$ 1,643,824	\$ 1,643,824	\$ 1,641,970	\$ (1,854)
Specific Ownership Taxes	120,000	120,000	155,222	35,222
Charges for Services	13,225	13,225	13,057	(168)
Contributions	201,300	201,300	221,246	19,946
Investment Income	40,645	40,645	51,548	10,903
Miscellaneous	-	-	8,994	8,994
Total Revenues	<u>2,018,994</u>	<u>2,018,994</u>	<u>2,092,037</u>	<u>73,043</u>
Expenditures				
Current				
Library Services	1,864,451	1,864,451	1,818,650	45,801
Capital Outlay	135,000	152,500	150,256	2,244
Total Expenditures	<u>1,999,451</u>	<u>2,016,951</u>	<u>1,968,906</u>	<u>48,045</u>
Net Change in Fund Balance	<u>\$ 19,543</u>	<u>\$ 2,043</u>	<u>\$ 123,131</u>	<u>\$ 121,088</u>
Fund Balance, Beginning of year			<u>2,004,293</u>	
Fund Balance, End of year			<u>\$ 2,127,424</u>	

Estes Valley Public Library District
Notes to Required Supplementary Information
December 31, 2019

Note 1: Schedule of Proportionate Share of the Net Pension Liability and Contributions

The Public Employees' Retirement Association of Colorado Local Government Division Trust Fund's net pension liability and associated amounts are measured annually at December 31, based on an actuarial valuation as of the previous December 31. The Authority's contributions and related ratios represent cash contributions and any related accruals that coincide with the Authority's fiscal year ending on the subsequent December 31.

Changes in Assumptions and Other Inputs

For the year ended December 31, 2019, the total pension liability was determined by an actuarial valuation as of December 31, 2017. The following revised economic and demographic assumptions were effective as of December 31, 2017.

- Investment rate of return assumption of 7.25% per year, compounded annually. This assumption did not change from the prior year.
- Price inflation assumption of 2.4% per year. This assumption did not change from the prior year.
- Wage inflation assumption increased from 3.5% - 9.7% to 3.5% to 10.45%.
- Healthy and disabled mortality assumptions are based on the RP-2014 Mortality Tables.

Note 2: Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

State statutes require that all funds have legally adopted budgets and appropriations. Total expenditures may not exceed the amounts appropriated at the fund level. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). For the year ended December 31, 2019, the District did not adopt a budget for the Capital Reserve Fund because no expenditures were anticipated.

The District follows these procedures to establish the budgetary information reflected in the financial statements:

- Management submits to the Board of Trustees a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 15, the budget is legally adopted through passage of a resolution.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.
- All appropriations lapse at year end.