

**Pueblo City-County Library District, Colorado
Financial Statements
For The Year Ended December 31, 2015**

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Pueblo City-County Library District, Colorado
Financial Statements
For The Year Ended December 31, 2015

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Pueblo City-County Library District, Colorado
Statement of Net Position
December 31, 2015

	Primary Government Governmental Activities	Component Unit Pueblo Library Foundation
Assets		
Current Assets		
Cash and Investments (Note 2A)	\$ 3,126,811	\$ 56,077
Restricted Cash and Investments (Note 2A)	817,191	-
Receivables: (Note 2B)		
Accounts	56,166	13,773
Property Taxes	8,750,818	-
Prepaid Expenses	339,831	372
Note Receivable (Note 2C)	48,000	-
Total Current Assets	13,138,817	70,222
Non-Current Assets		
Capital Assets: (Note 2D)		
Nondepreciable	2,303,812	-
Depreciable, Net	33,920,492	-
Total Capital Assets	36,224,304	-
Total Non-Current Assets	36,224,304	-
Total Assets	49,363,121	70,222
Deferred Outflows of Resources		
Loss on Debt Refunding, Net of Accumulated Amortization	105,636	-
Pensions, Net of Accumulated Amortization (Note 2-I)	689,573	-
Total Deferred Outflows of Resources	795,209	-
Liabilities		
Current Liabilities		
Accounts Payable	160,537	-
Accrued Liabilities	62,117	-
Accrued Interest Payable	29,804	-
Compensated Absences Payable (Note 2E)	53,618	-
Certificates of Participation (Note 2E)	455,000	-
Total Current Liabilities	761,076	-
Long-Term Liabilities (net of current portion)		
Compensated Absences Payable (Note 2E)	214,474	-
Certificates of Participation (Note 2E)	9,976,274	-
Net Pension Liability (Note 2-I)	5,592,492	-
Total Long-term Liabilities	15,783,240	-
Total Liabilities	16,544,316	-
Deferred Inflows of Resources		
Property Taxes (Note 2B)	8,750,818	-
Pensions, Net of Accumulated Amortization (Note 2-I)	237	-
Total Deferred Inflows of Resources	8,751,055	-
Net Position		
Net Investment in Capital Assets (Note 2G)	25,898,666	-
Restricted for Tabor Amendment (Note 3B)	300,383	-
Restricted for InfoZone Museum	64,775	-
Restricted for Books & Equipment (Chamberlain Fund)	502	12,000
Restricted for Capital Projects	48,000	29,813
Restricted for Debt Service	817,191	-
Restricted for Other Foundation Programs	-	1,850
Unrestricted	(2,266,558)	26,559
Total Net Position	\$ 24,862,959	\$ 70,222

See accompanying notes to the financial statements

Pueblo City-County Library District, Colorado
Statement of Activities
For the Year Ended December 31, 2015

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position	
		Charges for Services, Sales and Fines	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Governmental Activities	Pueblo Library Foundation
Primary Government						
Governmental Activities						
Library Services	\$ 10,525,062	\$ 175,254	\$ 173,836	\$ 192,577	\$ (9,983,395)	\$ -
Interest on Long-Term Debt	353,217	-	-	-	(353,217)	-
Total Governmental Activities	\$ 10,878,279	\$ 175,254	\$ 173,836	\$ 192,577	(10,336,612)	-
Component Unit						
Pueblo Library Foundation	\$ 198,762	\$ -	\$ 83,538	\$ 16,252	-	(98,972)
General Revenues						
Property Taxes Levied for Library Purposes					8,582,963	-
Specific Ownership Taxes					719,445	-
Investment Income					14,376	(1,461)
Miscellaneous					163,596	-
Total General Revenues					9,480,380	(1,461)
Change in Net Position					(856,232)	(100,433)
Net Position, Beginning of Year					25,719,191	170,655
Net Position, End of Year					\$ 24,862,959	\$ 70,222

See accompanying notes to the financial statements

Pueblo City-County Library District, Colorado
Balance Sheet
Governmental Funds
December 31, 2015

	General	Capital Projects	Nonmajor Special Revenue	Total Governmental Funds
Assets				
Cash and Investments	\$ 2,350,215	\$ 776,487	\$ 109	\$ 3,126,811
Restricted Cash and Investments	-	817,191	-	817,191
Receivables:				
Accounts	55,773	-	393	56,166
Property Taxes	8,750,818	-	-	8,750,818
Prepaid Items	339,831	-	-	339,831
Note Receivable	-	48,000	-	48,000
Total Assets	\$ 11,496,637	\$ 1,641,678	\$ 502	\$ 13,138,817
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts Payable	134,115	26,422	-	160,537
Accrued Liabilities	62,117	-	-	62,117
Total Liabilities	196,232	26,422	-	222,654
Deferred Inflows of Resources				
Property Taxes	8,750,818	-	-	8,750,818
Fund Balances				
Nonspendable - Prepaid Items	339,831	-	-	339,831
Restricted - Tabor Amendment	300,383	-	-	300,383
Restricted - InfoZone Museum	-	64,775	-	64,775
Restricted - Books & Equipment (Chamberlain Fund)	-	-	502	502
Restricted - Capital Projects	-	48,000	-	48,000
Restricted - Debt Service	-	817,191	-	817,191
Committed - Library Replacement Plan	-	685,290	-	685,290
Unassigned	1,909,373	-	-	1,909,373
Total Fund Balances	2,549,587	1,615,256	502	4,165,345
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,496,637	\$ 1,641,678	\$ 502	\$ 13,138,817

See accompanying notes to the financial statements

Pueblo City-County Library District, Colorado
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2015

Total Governmental Fund Balances	\$	4,165,345
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**Amounts reported for governmental activities in the
statement of net position are different because:**

Capital assets used in governmental activities are not current financial resources and therefore are not reported at the fund financial reporting level.

Total Capital Assets	\$	48,069,466	
Less Accumulated Depreciation		(11,845,162)	36,224,304

Liabilities and related items are not due and payable in the current period and therefore are not reported in the funds.

Net Pension Liability	\$	(5,592,492)	
Pension Deferred Outflows of Resources		689,573	
Pension Deferred Inflows of Resources		(237)	
Compensated Absences and Related Benefits		(268,092)	
Certificates of Participation		(10,105,000)	
Debt Issue Premium		(326,274)	
Loss on Debt Refunding		105,636	
Accrued Interest Payable		(29,804)	(15,526,690)

Total Net Position of Governmental Activities	\$	24,862,959
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See accompanying notes to the financial statements

Pueblo City-County Library District, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2015

	General	Capital Projects	Nonmajor Special Revenue	Total Governmental Funds
Revenues				
Property Taxes	\$ 8,582,963	\$ -	\$ -	\$ 8,582,963
Specific Ownership Taxes	719,445	-	-	719,445
Grants and Contributions	180,581	176,546	9,286	366,413
Fees, Fines and Sales	175,254	-	-	175,254
Investment Earnings	9,844	4,517	15	14,376
Miscellaneous	163,596	-	-	163,596
Total Revenues	<u>9,831,683</u>	<u>181,063</u>	<u>9,301</u>	<u>10,022,047</u>
Expenditures				
<i>Current:</i>				
Library Support	8,989,086	-	12,000	9,001,086
<i>Capital Outlay</i>	-	238,678	-	238,678
<i>Debt Service:</i>				
Principal	445,000	-	-	445,000
Interest	366,550	-	-	366,550
Total Expenditures	<u>9,800,636</u>	<u>238,678</u>	<u>12,000</u>	<u>10,051,314</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>31,047</u>	<u>(57,615)</u>	<u>(2,699)</u>	<u>(29,267)</u>
Other Financing Sources (Uses)				
Transfers In	-	392,000	-	392,000
Transfers Out	(392,000)	-	-	(392,000)
Total Other Financing Sources (Uses)	<u>(392,000)</u>	<u>392,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(360,953)</u>	<u>334,385</u>	<u>(2,699)</u>	<u>(29,267)</u>
Fund Balances, Beginning of Year	<u>2,910,540</u>	<u>1,280,871</u>	<u>3,201</u>	<u>4,194,612</u>
Fund Balances, End of Year	<u>\$ 2,549,587</u>	<u>\$ 1,615,256</u>	<u>\$ 502</u>	<u>\$ 4,165,345</u>

See accompanying notes to the financial statements

Pueblo City-County Library District, Colorado
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2015

Net Change in Fund Balances - Total Governmental Funds	\$	(29,267)
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**Amounts reported for governmental activities in the
statement of activities are different because:**

Governmental funds report capital outlays as expenditures in the governmental fund type operating statement. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as annual depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.

Capital Outlay	\$ 952,650	
Depreciation Expense	<u>(2,024,925)</u>	(1,072,275)

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. This amount represents the change in net pension liability, pension-related deferred outflows of resources, pension-related deferred inflows of resources, and compensated absences in the current year.

Change in Net Pension Liability	(503,431)	
Change in Pension-Related Deferred Outflows of Resources	256,050	
Change in Pension-Related Deferred Inflows of Resources	(237)	
Change in Compensated Absences	<u>34,595</u>	<u>(213,023)</u>

Repayments of long-term debt are reported as expenditures in governmental funds, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities.

445,000

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. Governmental funds report the effect of premiums, discounts and similar items when debt is issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Change in Accrued Interest Payable	742	
Amortization of Loss on Debt Refunding	(6,602)	
Amortization of Premium	<u>19,193</u>	<u>13,333</u>

Change in Net Position of Governmental Activities	\$	<u>(856,232)</u>
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See accompanying notes to the financial statements

Pueblo City-County Library District, Colorado
Statement of Fiduciary Net Position
J.T. Nesbitt Employee Trust Fund
December 31, 2015

ASSETS

Cash on Hand	\$ 452
Cash in Bank	3,250
Investments	
Local Government Investment Pool	<u>4,178</u>
Total Assets	<u>\$ 7,880</u>

NET POSITION

Net Position	
Held in Trust for Employee Benefits	
Nonexpendable	\$ 3,000
Expendable	<u>4,880</u>
Total Net Position	<u>\$ 7,880</u>

See accompanying notes to the financial statements

Pueblo City-County Library District, Colorado
Statement of Changes in Fiduciary Net Position
J.T. Nesbitt Employee Trust Fund
For the Year Ended December 31, 2015

ADDITIONS	
Fundraising	\$ 4,679
Interest	<u>8</u>
Total additions	<u>4,687</u>
DEDUCTIONS	
Employee Activities	<u>3,508</u>
CHANGE IN NET POSITION	1,179
NET POSITION, Beginning of Year	<u>6,701</u>
NET POSITION, End of Year	<u><u>\$ 7,880</u></u>
See accompanying notes to the financial statements	

Pueblo City-County Library District, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

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Pueblo City-County Library District, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

The Pueblo City-County Library District (the District) was established July 15, 1968, through a joint resolution of the City of Pueblo and Pueblo County, Colorado. Prior to this time, the City of Pueblo was maintaining and operating a public library. On January 27, 1969, a resolution was passed ratifying the original resolution, and setting forth an agreement which transferred use of the land, building, plants, equipment, facilities, books, periodicals and other library materials to the District. Members of the Board of Trustees of the District are appointed by the City Council and the Board of County Commissioners. The Board of Trustees is comprised of seven members. Each year, the Board of Trustees certifies the mill levy to the Board of County Commissioners, who then levy taxes upon the area encompassed by the District.

The mission of the District is to serve as a foundation for our community by offering welcoming, well equipped and maintained facilities, outstanding collections and well-trained employees who provide expert service encouraging the joy of reading, supporting lifelong learning and presenting access to information from around the world.

Note 1 - Summary of Significant Accounting Policies

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting.

The most significant of the District's accounting policies are described below.

1-A. Reporting Entity

The primary government of the District consists of all funds, departments, boards and agencies that are not legally separate from the District. Although the Pueblo County Commissioners and the Pueblo City Council appoint the District Board of Trustees, neither entity is financially accountable for the District; therefore, the District is not a component unit of either the City or the County. Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the District in that the District approves the budget, levies their taxes or issues their debt.

The Pueblo Library Foundation (the Foundation) was established to operate exclusively for charitable, scientific, literary or educational purposes for the benefit of the District, including providing resources for the development, maintenance and operation of the District to the extent not normally met by public funding. The Foundation's seven-member Board of Directors are appointed by the District's Board of Trustees. The Foundation is included in the District's financial statements as a discretely presented component unit. Separate financial statements for the Foundation may be obtained by contacting the District.

Pueblo City-County Library District, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

1-B. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements - The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the District as a whole. Individual funds are not displayed.

The statement of net position presents the financial position of the governmental activities of the District at year-end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the District's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function a program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which functions the revenues are *restricted*.

Taxes and other revenue sources not properly included with program revenues are reported as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements - During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. Fund financial statements are provided for governmental funds.

The major individual governmental funds are reported in separate columns. The fiduciary fund is not included in the government-wide financial statements.

Pueblo City-County Library District, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Accounting - The District uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The District uses two categories of funds, governmental and fiduciary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The District reports the difference between governmental fund assets and liabilities as fund balance. The following are the District's major governmental funds:

General Fund - The general fund accounts for all financial resources except those accounted for in another fund. The unassigned general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Colorado.

Capital Projects Fund - The capital projects fund is used to account for financial resources to be used for the acquisition, renovation or construction of major capital facilities, as well as the acquisition of capital assets. Funding for the capital projects fund is primarily through transfers from the general fund and debt proceeds. Contributions from the Foundation resulting from a capital campaign are also reported in this fund.

Fiduciary Funds - Fiduciary Funds account for assets held by the District in a trustee capacity for individuals, private organizations, other governments and other entities. The District's fiduciary fund is a private purpose trust fund that reports a trust arrangement that benefits the District's employees. The employees of the District were given \$3,000 by a library patron. The donor stipulated that the contributions be invested and that the earnings only be used for employee social activities. Fundraising events, such as pot luck meals and sale of snack items, are held throughout the year to replenish this fund.

1-C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net position. The statement of activities reports revenues and expenses.

Pueblo City-County Library District, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared, which utilize the economic resources measurement focus. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements. The trust fund is prepared using the economic resources measurement focus.

1-D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The trust fund is also prepared using the accrual basis of accounting. At the fund reporting level, governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of certain deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues – Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, “available” means expected to be received within 60 days of year-end.

Revenues – Non-exchange Transactions - Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, specific ownership taxes, grants, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Property taxes are assessed in one year for the subsequent years’ budget. Recognition for the levy made in 2014 is revenue for the 2015 budget year. Therefore, a property tax receivable and deferred inflows of resources of an equal amount are reported in the financial statements at year-end.

Revenue from grants and contributions is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days of year-end) before it can be recognized.

Pueblo City-County Library District, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, specific ownership taxes, investment earnings and federal and state grants.

In the governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period are reported as deferred inflows of resources (i.e., they are measurable but not available) rather than as revenue.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

1-E. Assets, Liabilities and Fund Equity

1-E-1 Cash and Investments

Investments are stated at fair value based on quoted market prices.

1-E-2 Receivables

All receivables are reported net of an allowance for uncollectibles, where applicable.

1-E-3 Prepaid Items

Payments made to vendors for services that will benefit periods (e.g., insurance, rents, library services from other libraries) beyond year-end, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is nonspendable, as this amount is not available for general appropriation.

1-E-4 Capital Assets

General capital assets are those assets that result from expenditures in governmental funds. The District reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the governmental fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of one thousand dollars except for library books and audio visual materials, which are all capitalized regardless of cost. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

Pueblo City-County Library District, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

All reported capital assets are depreciated except for land, construction in progress, and art and collectibles. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method except for library books and audio visual materials that use the group method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	40 years
Furniture and fixtures	10 years
Vehicles	4 years
Computer equipment	4 years
Other equipment	5 years
Computer software	3 years
Library books and audio visual materials	5 years

The District capitalizes library books and audio visual materials. Annually, purchased additions are capitalized at cost and damaged and lost materials are deleted from the inventory, using average cost.

1-E-5 Compensated Absences

It is the District's policy to permit all employees to accumulate a limited amount of earned but unused sick leave benefits, which can be carried over up to a maximum of 120 days. Pay-out of accrued sick leave upon termination was eliminated through a change to the policy effective on January 2, 2011. Vacation leave benefits are earned during the current year and up to 336 hours can be carried over. Any accumulation over this amount is lost. Sick and vacation leaves are earned based on years of service and job classification.

The vacation leave liability is reported on the government-wide financial statements. Governmental funds report this liability at the fund reporting level only "when due."

1-E-6 Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported as liabilities in the government-wide financial statements. In the governmental funds, the face amount of debt is reported as other financing sources.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Certificates of participation are recognized as a liability in the governmental fund financial statements "when due."

Pueblo City-County Library District, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-7 Debt Premiums and Discounts

In the government-wide statement of net position, premiums and discounts are netted against debt payable. In the government-wide statement of activities, debt premiums and discounts are amortized over the life of the debt using the straight-line method.

At the governmental fund reporting level, debt premiums and discounts are reported as other financing sources and uses, separately from the face amount of the debt issued.

Debt issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

1-E-8 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 and deductions from the LGDTF's fiduciary net position have been determined using the same basis of accounting used by the LGDTF. 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.

1-E-9 Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Equity for the government-wide financial statements is classified as "net position."

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. There are four categories of Fund Balance which are categorized for specific purposes. Nonspendable fund balances hold net resources that cannot be spent because of their form. Prepaid items fall into this category. Restricted fund balances have externally enforceable limitations on use. The Tabor Amendment for emergency reserves is categorized as restricted fund balance in the General Fund; contributions from the Rawlings Foundation which are earmarked for upgrades to the InfoZone Museum are restricted in the Capital Projects Fund; and, distributions from the Chamberlain Fund are restricted in the Special Revenue Fund. Committed fund balances have self-imposed limitations imposed by the highest level of decision making. The Library Replacement Plan, shown as committed, is carried in the Capital Projects fund, and was approved through a resolution passed by the Board of Trustees to maintain a capital asset replacement fund.

Pueblo City-County Library District, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

In 2011, the Board of Trustees passed a fund balance policy which requires 20% of operating expenditures be maintained in the total fund balance at the end of the year. The District has not established a formal policy for its use of restricted and unrestricted (committed and unassigned) fund balance. It is the District's practice that, if expenditures are incurred, the District uses restricted fund balance first if the expenditure meets the restricted purpose, followed by committed amounts then unassigned amounts.

Net Position - Net position represents the difference between assets and liabilities. The net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

1-E-10 Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Pueblo City-County Library District, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 2 - Detailed Notes on All Funds

2-A. Deposits and Investments

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 PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2015, the District had bank deposits of \$459,892 collateralized with securities held by the financial institutions' agents but not in the District's name.

Investments

Investments of the District are limited by State statutes, commensurate with the District's investment policy, and may include:

- U.S. Treasury Obligations (bills, notes, and bonds)
- U.S. Government Agency Securities
- SEC Registered Money Market Mutual Funds
- Bankers' Acceptances of certain banks
- Commercial Paper limited to securities with highest rating category by at least two nationally recognized rating agencies at time of purchase
- Written Repurchase Agreements collateralized by certain authorized securities
- Local Government Investment Pools regulated under CRS 24-75-701

The District's investments at December 31, 2015, were as follows:

Investment Type	Rating	Investment Maturities (in Years)		Fair Value
		Less Than 1	1 - 5	
Local Government Investment Pools	AAAm	\$ 1,258,783	\$ -	\$ 1,258,783
Money Market Funds	AAAm	1,220,499	-	1,220,499
U.S. Treasury Notes	N/A	200,216	402,174	602,390
Total		<u>\$ 2,679,498</u>	<u>\$ 402,174</u>	<u>\$ 3,081,672</u>

Pueblo City-County Library District, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 2 - Detailed Notes on All Funds (Continued)

The District has invested in the Colorado Local Government Liquid Asset Trust (ColoTrust) and the Colorado Surplus Asset Fund Trust (CSAFE). These investment vehicles were established for local government entities in Colorado to pool surplus funds for investment purposes by state statute. The Colorado Division of Securities administers and enforces the requirements of creating and operating the pools. The pools operate in conformity with the Securities and Exchange Commission's Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the pools qualify as 2a-7-like pools and are reported at the net asset value per share, which approximates fair value. The pools are under the authority and in conformity with Part 6 of Article 75 of Title 24 of the Colorado State Revised Statutes.

The District's investments are subject to risk as described below:

Credit Risk

State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with the Securities and Exchange Commission's Rule 2a-7, and either assets of one billion dollars or the highest rating issued by one or more nationally recognized statistical rating organizations. At December 31, 2015, the District had \$1,005,488 and \$215,011, invested in the Colorado Statewide Investment Program and the Fidelity Treasury Fund, respectively, both rated AAAM by Standard and Poor's.

In order to limit exposure to fair value losses arising from rising interest rates, the District's investments are managed through two local government investment pools, ColoTrust and CSAFE, both of which are rated AAAM by Standard & Poor's. Total investments held at ColoTrust and CSAFE on December 31, 2015, were \$954,164 and \$304,619, respectively.

Interest Rate Risk

State statutes generally limit investments to an original maturity of five years. The investment policy of the District does not authorize investments to exceed that period without board approval.

Concentration of Credit Risk

State statutes do not limit the amount the District may invest in a single issuer, except for corporate securities.

Pueblo City-County Library District, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 2 - Detailed Notes on All Funds (Continued)

Cash and Investment Reconciliation

Reporting Level:	
Cash and Investments	\$ 3,126,811
Restricted Cash and Investments	817,191
Fiduciary Fund	<u>7,880</u>
Total	<u>\$ 3,951,882</u>
Per Note Disclosure Above:	
Cash on hand	\$ 6,051
Deposits	864,159
Investments	<u>3,081,672</u>
Total	<u>\$ 3,951,882</u>

Restricted Cash and Investments

At December 31, 2015, the Capital Projects Fund held debt proceeds of \$817,191 restricted by the 2012 Certificates of Participation agreement for debt service.

2-B. Property Taxes

Annual property taxes are levied by the Pueblo County Assessor's offices on assessed valuation as of January 1, and attach as an enforceable lien on the property at that time. Generally, property taxes are levied on December 15 for the subsequent year's operations. Taxpayers may pay property taxes in two equal installments. One-half of the taxes due will become delinquent March 1, after which date interest will be added as provided by law. The remaining half will become delinquent June 16. If the entire annual tax is paid on or before April 30, no interest is added.

2-C. Note Receivable

At December 31, 2013, the District held approximately 8 acres of land available for resale. The land held for resale was reported at cost, of \$120,000. On January 31, 2014, the District sold the land for \$120,000. The District received \$60,000 in cash and entered into a \$60,000 non-interest bearing promissory note with the purchaser. Payments of \$12,000 are due annually on January 31, from 2015 through 2019. At December 31, 2015, the balance of the promissory note was \$48,000.

Pueblo City-County Library District, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 2 - Detailed Notes on All Funds (Continued)

2-D. Capital Assets

Capital asset activity for the year ended December 31, 2015, is summarized below.

	Balance 12/31/2014	Additions	Deletions	Balance 12/31/2015
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,216,032	\$ -	\$ -	\$ 2,216,032
Art and Collectibles	87,780	-	-	87,780
Total Capital Assets, Not Being Depreciated	\$ 2,303,812	\$ -	\$ -	\$ 2,303,812
Capital Assets, Being Depreciated:				
Buildings	\$ 34,720,377	\$ -	\$ -	\$ 34,720,377
Furniture and Fixtures	1,149,414	36,401	-	1,185,815
Vehicles	110,983	-	-	110,983
Computer Equipment	903,700	135,625	1,952	1,037,373
Other Equipment	1,444,281	5,601	-	1,449,882
Computer Software	161,217	-	-	161,217
Library Books and Audio Visual Materials	7,095,551	775,023	770,567	7,100,007
Total Capital Assets, Being Depreciated	\$ 45,585,523	\$ 952,650	\$ 772,519	\$ 45,765,654
Total Capital Assets	\$ 47,889,335	\$ 952,650	\$ 772,519	\$ 48,069,466
Accumulated Depreciation:				
Buildings	\$ 6,759,903	\$ 751,243	\$ -	\$ 7,511,146
Furniture and Fixtures	841,458	53,049	-	894,507
Vehicles	96,385	11,535	-	107,920
Computer Equipment	628,863	123,788	1,952	750,699
Other Equipment	485,364	270,621	-	755,985
Computer Software	155,103	6,114	-	161,217
Library Books and Audio Visual Materials	1,625,680	808,575	770,567	1,663,688
Total Accumulated Depreciation	\$ 10,592,756	\$ 2,024,925	\$ 772,519	\$ 11,845,162
Book Value of Depreciable Capital Assets	\$ 34,992,767	\$ (1,072,275)	\$ -	\$ 33,920,492
Governmental Activities Capital Assets, Net	\$ 37,296,579	\$ (1,072,275)	\$ -	\$ 36,224,304

Pueblo City-County Library District, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 2 - Detailed Notes on All Funds (Continued)

2-E. Long-Term Debt

Certificates of Participation - The following is a summary of the outstanding long-term debt issue at December 31, 2015:

<u>Year Issued</u>	<u>Purpose</u>	<u>Interest Rate (%)</u>	<u>Interest Due Dates</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Authorized and Issued</u>
2012	Certificates of Participation	2.00-5.00	6/1, 12/1	9/27/2012	12/1/2032	\$11,410,000

On September 27, 2012, the Pueblo City-County Library District issued \$11,410,000 Certificates of Participation, Series 2012, to finance the acquisition and construction of three new library facilities and refund the outstanding Certificates of Participation, Series 2007, originally issued to finance a portion of the construction of an addition to the Pueblo West Library. Interest payments are due semi-annually in June and December. Principal payments are due annually in December, through 2032.

Annual debt service requirements as of December 31, 2015, follow:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 455,000	\$ 357,650	\$ 812,650
2017	465,000	344,000	809,000
2018	475,000	334,700	809,700
2019	495,000	315,700	810,700
2020	510,000	303,326	813,326
2021-2025	2,785,000	1,269,575	4,054,575
2026-2030	3,380,000	672,537	4,052,537
2031-2032	1,540,000	81,375	1,621,375
Total	\$ 10,105,000	\$ 3,678,863	\$ 13,783,863

Changes in Long-term Debt - Changes in the District's long-term obligations consisted of the following for the year ended December 31, 2015:

	<u>Balance 12/31/2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2015</u>	<u>Due Within One Year</u>
Governmental Activities:					
Compensated absences	\$ 302,687	\$ 257,152	\$ 291,747	\$ 268,092	\$ 53,618
2012 Certificates of participation	10,550,000	-	445,000	10,105,000	455,000
2012 Premium	345,467	-	19,193	326,274	-
Total	\$ 11,198,154	\$ 257,152	\$ 755,940	\$ 10,699,366	\$ 508,618

Pueblo City-County Library District, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 2 - Detailed Notes on All Funds (Continued)

The compensated absences liability will be paid from the fund from which the employees' salaries are paid (i.e., currently the general fund).

2-F. Operating Leases

The District has a lease for the Barkman Branch site for a term of ninety-nine years from April 1, 1990 to March 31, 2089, with a full rental of \$99 which was paid in 1990.

The District leases storage space under an agreement which is classified as an operating lease. This lease had an initial period of ten years from November 1, 2001 to October 31, 2011, and was renewed in 2011 for an additional five-year term. Rent expense for 2015 was \$24,297. Future minimum lease payments under this agreement due in 2016 are in the amount of \$21,630.

2-G. Net Investment in Capital Assets

The "net investment in capital assets" amounts reported on the government-wide statement of net position as of December 31, 2015, are as follows:

Net Investment in Capital Assets:	
Cost of Capital Assets	\$ 48,069,466
Less: Accumulated Depreciation	<u>(11,845,162)</u>
Book Value	36,224,304
Capital Related Debt	(10,105,000)
Debt Premium	(326,274)
Loss on Debt Refunding	<u>105,636</u>
Net Investment in Capital Assets	<u>\$ 25,898,666</u>

2-H. Interfund Transactions

During the year ended December 31, 2015, the General Fund provided \$392,000 to the Capital Projects Fund to replenish the library replacement plan reserve.

Pueblo City-County Library District, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 2 - Detailed Notes on All Funds (Continued)

2-I. Defined Benefit Pension Plan

General Information

Plan Description - The District contributes to the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by Public Employees' Retirement Association of Colorado (PERA). All employees of the District participate in the LGDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS) assigns the authority to establish and amend plan provisions to the State Legislature. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided - The LGDTF provides retirement, disability, and survivor benefits to plan participants or their beneficiaries. Retirement benefits are determined by the amount of service credit earned or purchased, highest average salary, the benefit structure in place, the benefit option selected at retirement, and age at retirement. The retirement benefit is the greater of the a) highest average salary multiplied by 2.5% and then multiplied by years of service credit, or b) the value of the participant's contribution account plus an equal match on the retirement date, annualized into a monthly amount based on life expectancy and other actuarial factors. In no case can the benefit amount exceed the highest average salary or the amount allowed by applicable federal regulations.

Retirees who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs) as established by State statutes. Retirees who began employment before January 1, 2007, receive an annual increase of 2%, unless the plan has a negative investment year, in which case the annual increase for the next three years is the lesser of 2% or the average consumer price index for the prior calendar year. Retirees that began employment after January 1, 2007, receive an annual increase of the lesser of 2% or the average consumer price index for the prior calendar year, with certain limitations.

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

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, and the qualified survivor receiving benefits.

Pueblo City-County Library District, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 2 - Detailed Notes on All Funds (Continued)

Contributions – The District and eligible employees are required to contribute to the LGDTF at rates established under Title 24, Article 51, Part 4 of the CRS. These contribution requirements are established and may be amended by the State Legislature. The contribution rate for employees is 8% of covered salaries. The District's contribution rate was 13.7% of covered salaries for the past three years. However, a portion of the District's contribution (1.02% of covered salaries) is allocated for the Health Care Trust Fund (See Note 2-J). The District's contributions to the LGDTF for the year ending December 31, 2015, were \$493,433, 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, 2015, the District reported a net pension liability of \$5,592,492 for its proportionate share of the net pension liability of the LGDTF. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. Standard update procedures were used to roll forward the total pension liability to December 31, 2014. 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, 2014, relative to the contributions of all participating employers. At December 31, 2014, the District's proportion was 0.6239468957%, which was an increase of 0.0055325781% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the District recognized pension expense of \$704,316. At December 31, 2015, 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	\$ -	\$ 237
Net difference between projected and actual earnings on plan investments	227,460	-
Change in proportion	5,415	-
Contributions subsequent to the measurement date	456,698	-
Total	<u>\$ 689,573</u>	<u>\$ 237</u>

District contributions subsequent to the measurement date of \$456,698 will be recognized as a reduction of the net position liability in the subsequent year.

Pueblo City-County Library District, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 2 - Detailed Notes on All Funds (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended December 31,

2016	\$ 81,000
2017	75,822
2018	75,816
Total	<u>\$ 232,638</u>

Actuarial assumptions - The actuarial valuation at December 31, 2013, determined the total pension liability using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Price inflation	2.8%
Real wage growth	1.1%
Wage inflation	3.9%
Salary increases, including wage inflation	3.90% – 10.85%
Long-term investment Rate of Return, net of plan investment expenses, including price inflation	7.50%
Future post-retirement benefit increases:	
Hired prior to 1/1/07	2%
Hired after 12/31/06	ad hoc

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with males set back one year, and females set back two years.

The actuarial assumptions used in the December 31, 2013, valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's governing board on November 13, 2012, and an economic assumption study adopted by PERA's governing board on November 15, 2013, and January 17, 2014.

The long-term expected rate of return on plan 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.

Pueblo City-County Library District, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 2 - Detailed Notes on All Funds (Continued)

The most recent analysis of the long-term expected rate of return was presented to the PERA governing board on November 15, 2013, and included the target allocation and best estimates of geometric real rates of return for each major asset class, as follows:

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	26.76%	5.00%
U.S. Equity - Small Cap	4.40%	5.19%
Non U.S. Equity - Developed	22.06%	5.29%
Non U.S. Equity - Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Government/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	<u>100.00%</u>	

Discount rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and the employer contributions will be made at rates specified in State statutes, which are currently fixed at 13.7% through 2017. When the actuarially determined funding ratio reaches 103%, the employer contribution rate will decrease 0.50% each year to a minimum of 10%. Based on those assumptions, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments to current participants. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. In addition, the discount rate did not change from the prior measurement date.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as the District's proportionate share of the net pension liability if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate, as follows:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of net pension liability	<u>\$ 9,133,154</u>	<u>\$ 5,592,492</u>	<u>\$ 2,640,618</u>

Pueblo City-County Library District, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 2 - Detailed Notes on All Funds (Continued)

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

2-J. Post-Employment Healthcare Benefits

Plan Description - The District contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer post-employment healthcare plan administered by the PERA. The HCTF provides a health care premium subsidy to PERA benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained as described previously.

Funding Policy - The District is required to contribute at a rate of 1.02% of covered salaries for all PERA participants. No employee contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. The District's apportionment to the HCTF for the years ended December 31, 2015, 2014 and 2013 was \$36,735, \$34,873 and \$33,653, respectively, equal to the required amounts for each year.

2-K. Change in Accounting Principle

For the year ended December 31, 2015, the District adopted the standards of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result, net position of the governmental activities at December 31, 2014, was restated to reflect the cumulative effect of adopting the standards.

Certain balances of deferred outflows of resources and deferred inflows of resources related to pensions at December 31, 2014, were not available and have not been reported in the financial statements.

	Governmental Activities
Net Position, December 31, 2014, as Originally Stated	\$ 30,374,729
Deferred Outflows of Resources	433,523
Net Pension Liability	(5,089,061)
Net Position, December 31, 2014, as Restated	\$ 25,719,191

Pueblo City-County Library District, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Other Notes

3-A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District carries commercial insurance for the risks of loss, including worker's compensation and employee accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

3-B. Tabor Amendment

In 1992, a constitutional amendment (commonly referred to as TABOR) was passed in the State of Colorado, limiting powers of public entities to borrow, tax and spend without a public vote. In November 1995, the voters in the District approved a mill levy increase for the District, effective in the 1996 budget year. The mill levy was increased from 3.5 mills to 5.25 mills. As part of the tax and revenue ballot question, public approval also was given to remove the revenues of the District from the spending and growth provisions set forth in the TABOR amendment.

It is the opinion of the District that the spending revenue limitations of the TABOR amendment do not apply to the District as a result of the passage of the ballot issue listed above.

The District restricted 3% of its qualifying annual expenditures to comply with provisions of TABOR's emergency reserve requirements. This reserve is reported as restricted fund balance in the general fund in the amount of \$300,383.

3-C. Tax-Exempt Status

The Internal Revenue Service has determined the District to be a not-for-profit organization exempt from income taxes under Code Section 501(c)(3).

Pueblo City-County Library District, Colorado
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and Contributions
Public Employees' Retirement Association of Colorado Local Government Division Trust Fund
December 31, 2015

	12/31/14	12/31/13
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY		
District's Proportion of the Net Pension Liability	0.6239468957%	0.6184143176%
District's Proportionate Share of the Net Pension Liability	\$ 5,592,492	\$ 5,089,061
District's Covered-Employee Payroll	\$ 3,418,950	\$ 3,299,298
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	164%	154%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81%	78%
	12/31/15	12/31/14
DISTRICT CONTRIBUTIONS		
Statutorily Required Contributions	\$ 456,698	\$ 433,523
Contributions in Relation to the Statutorily Required Contributions	(456,698)	(433,523)
Contributions Deficiency (Excess)	\$ -	\$ -
District's Covered-Employee Payroll	\$ 3,601,482	\$ 3,418,950
Contributions as a Percentage of Covered-Employee Payroll	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.

See the accompanying Independent Auditors' Report

Pueblo City-County Library District, Colorado
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2015

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Property Taxes	\$ 8,582,155	\$ 8,582,963	\$ 808
Specific Ownership Taxes	677,990	719,445	41,455
Grants and Contributions	289,397	180,581	(108,816)
Fees, Fines and Sales	268,507	175,254	(93,253)
Investment Earnings	21,800	9,844	(11,956)
Miscellaneous	5,000	163,596	158,596
Total Revenues	<u>9,844,849</u>	<u>9,831,683</u>	<u>(13,166)</u>
Expenditures			
Current:			
Salaries and Wages	3,981,041	3,949,736	31,305
PERA	517,535	513,999	3,536
Employee Benefits	696,762	599,237	97,525
Books, Periodicals, Non-print, Processing	1,520,393	1,442,307	78,086
Programs	151,334	144,155	7,179
Rental	24,296	24,296	-
Contractual Library Services	417,841	501,102	(83,261)
Treasurers' Fees	128,732	128,601	131
Office Supplies	102,793	98,910	3,883
Utilities and Insurance	594,317	610,763	(16,446)
Building Maintenance	376,498	353,981	22,517
Vehicle Maintenance	7,000	5,944	1,056
Community Relations	68,032	38,776	29,256
Postage and Shipping	25,000	30,839	(5,839)
Friends' Grants - Expenditures	16,300	14,002	2,298
Courier Service	62,870	56,897	5,973
Information Technology	485,752	475,541	10,211
Debt Service:			
Principal	445,000	445,000	-
Interest	366,550	366,550	-
Total Expenditures	<u>9,988,046</u>	<u>9,800,636</u>	<u>187,410</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(143,197)	31,047	174,244
Other Financing Sources (Uses)			
Transfer Out to Capital Projects Fund	(392,000)	(392,000)	-
Net Change in Fund Balance	(535,197)	(360,953)	174,244
Fund Balance, Beginning of Year	<u>2,843,187</u>	<u>2,910,540</u>	<u>67,353</u>
Fund Balance, End of Year	<u>\$ 2,307,990</u>	<u>\$ 2,549,587</u>	<u>\$ 241,597</u>

See the accompanying Independent Auditors' Report

Pueblo City-County Library District, Colorado
Notes to Required Supplementary Information
For the Year Ended December 31, 2015

Note 1 – Budgetary Information

The District adopts an annual operating budget for all funds. The budgets are adopted on a basis consistent with GAAP.

The budget calendar is driven by Colorado State Statute (29-1-108(4), C.R.S.), as well as internal planning for completion of every phase. Typically the budget process begins in July, with analysis and updates to the Annual Plan to set objectives, goals, strategies and budgetary impact for all libraries and departments. This information becomes an intrinsic part of the overall budget process.

On or before October 15th the proposed budget is submitted to the Board of Trustees, a “Notice of Budget” is published in the newspaper, and copies of the proposed budget are distributed to the four public libraries so that the budget is available for public inspection and comment.

In November a public hearing is held, at a time and place identified in the published notice. The public is invited to provide budgetary comment until the December board meeting, at which time the budget will be formally adopted, funds appropriated, and the mill levy resolution passed. The December meeting is not scheduled until the final assessed valuation figures are received from the county assessor. The deadline for receipt of this information is December 10th. The certification of mill levy is due to the Board of County Commissioners by December 15th.

No later than 30 days following the start of the fiscal year, a certified copy of the adopted budget must be filed with the Division of Local Government.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget is the individual fund level. Any change in the total budget for each fund requires approval of the Board of Trustees. Management is authorized to make transfers between line items within a fund.

All unexpended annual appropriations lapse at year-end.

Pueblo City-County Library District, Colorado
Budgetary Comparison Schedule
Capital Projects Fund
For the Year Ended December 31, 2015

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Grants and Contributions	\$ 65,000	\$ 176,546	\$ 111,546
Investment Earnings	98	4,517	4,419
Total Revenues	<u>65,098</u>	<u>181,063</u>	<u>115,965</u>
Expenditures			
Capital outlay			
InfoZone Expenditures	140,000	107,702	32,298
Information Technology	85,000	85,036	(36)
Furniture and Fixtures	-	5,977	(5,977)
Building Improvements	41,500	39,963	1,537
Total Expenditures	<u>266,500</u>	<u>238,678</u>	<u>27,822</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(201,402)	(57,615)	143,787
Other Financing Sources			
Transfers In From General Fund	392,000	392,000	-
Net Change in Fund Balance	190,598	334,385	143,787
Fund Balance, Beginning of Year	<u>1,301,773</u>	<u>1,280,871</u>	<u>(20,902)</u>
Fund Balance, End of Year	<u>\$ 1,492,371</u>	<u>\$ 1,615,256</u>	<u>\$ 122,885</u>

See the accompanying Independent Auditors' Report

Pueblo City-County Library District, Colorado
Budgetary Comparison Schedule
Special Revenue Fund
For the Year Ended December 31, 2015

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Grants and Contributions	\$ 10,000	\$ 9,286	\$ (714)
Investment Earnings	-	15	15
Total Revenues	10,000	9,301	(699)
Expenditures			
Library Support	13,000	12,000	1,000
Total Expenditures	13,000	12,000	1,000
Net Change in Fund Balance	(3,000)	(2,699)	301
Fund Balance, Beginning of Year	3,201	3,201	-
Fund Balance, End of Year	<u>\$ 201</u>	<u>\$ 502</u>	<u>\$ 301</u>

See the accompanying Independent Auditors' Report



WHAT'S HAPPENING AT THE PUEBLO WEST LIBRARY

FOCUS ON CUSTOMER SERVICE

"He was the most helpful and delightful person I can recall helping me."

"Very friendly and helpful."

"Remarkable customer service."

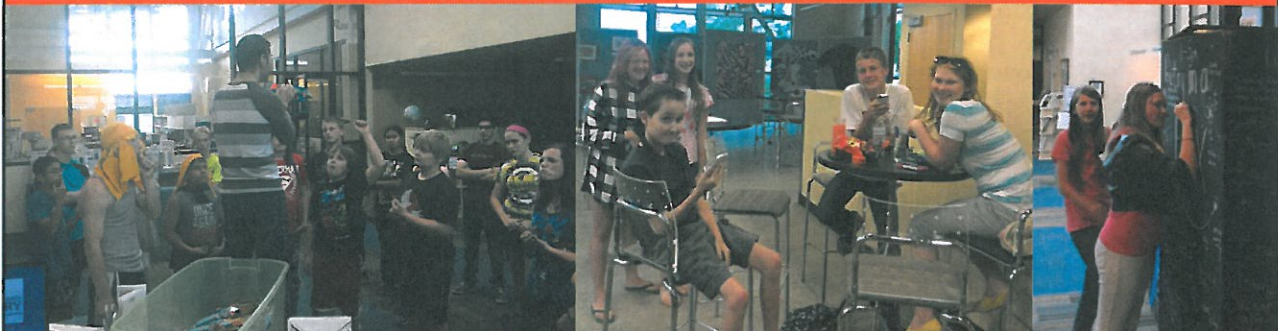
"She makes you feel that you are the most important person that she has to talk to today."



THE CHALLENGE: TEEN SERVICES



WE LOVE OUR TEENS!



SUMMER READING OFF TO A GREAT START!



WHAT'S NEXT?

- Intergenerational programming
- Maker space/programming
- Pueblo West History Wall

