

**GARFIELD COUNTY  
PUBLIC LIBRARY DISTRICT**

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT

December 31, 2011

## TABLE OF CONTENTS

	<u>Page</u>
<b>Independent Auditor’s Report</b>	1
<b>Management’s Discussion and Analysis</b>	3
<b>Basic Financial Statements</b>	
Government-Wide Financial Statements	
Statement of Net Assets	10
Statement of Activities	11
Fund Financial Statements	
Balance Sheet – Governmental Funds	12
Reconciliation of the Governmental Fund Balance Sheet to the Governmental Fund Balance Sheet to the Statement of Net Assets	13
Statement of Revenue, Expenditures, and Changes in Fund Balance – Governmental Funds	14
Reconciliation of the Governmental Fund Statement of Revenue Expenditures, and Changes in Fund Balances to the Statement of Activities	15
<b>Notes to Basic Financial Statements</b>	16
<b>Required Supplemental Information</b>	
Schedule of Revenue, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	26
Schedule of Revenue, Expenditures, and Changes in Fund Balance – Budget and Actual – Capital Improvement Fund	27

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**Independent Auditor's Report**

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To the Board of Trustees  
Garfield County Public Library District  
Rifle, Colorado

## **INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the remaining fund information of Garfield County Public Library District (the District), as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the remaining fund information of the District and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Account Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The budgetary comparison information on pages 26 and 27 are not a required part of the basic financial statements, but is supplemental information required by the Governmental Accounting Standards Board. The required supplemental information, other than Management's Discussion and Analysis, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Dalby, Wendland & Co., P.C.*

DALBY, WENDLAND & CO., P.C.  
Grand Junction, Colorado

May 10, 2012

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## Management's Discussion and Analysis

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# GARFIELD COUNTY PUBLIC LIBRARY DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2011

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The financial managers of Garfield County Public Library District (the District) present the following discussion and analysis of the District's financial performance to provide an overview of the District's financial activities for the fiscal year ended December 31, 2011. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our basic financial statements to better understand the financial position of the District.

### **Financial Highlights**

- 2011 financials show another difficult year for the District. The sales tax actually started to increase, but because of a statewide refund the District's total revenues were reduced again. The state of Colorado (the State) lost a lawsuit to the fracking industry, and the judgment required the State to refund the industry for up to 3 years of collections. The fracking industry had to request the refund and then open their books to a full audit by the State. In June of 2011, the Colorado Department of Revenue, met with all entities that receive sales tax in Garfield County to explain the refund and give each an approximation of the amount of the refund. The District's approximate share was \$950,000. The refund was to be paid by reducing the amount of sales tax collection as the audits were processed. The District had \$704,000 reduced from its 2011 sales tax collection to pay for the refund. The District requested assistance from the Garfield County Commissioners to help with the financial repercussions of the refund. The County Commissioners voted to cover one half of the refund for all the Garfield County entities and agreed to write checks to each entity in October, 2011 for a portion of the refund and in January, 2012 for the remaining balance. Because of the assistance from Garfield County, the District did not have to cut hours of operation or lay off staff. Operations were further streamlined; however, with some full-time positions replaced with part-time employees, and benefits were carefully scrutinized. The District's retirement match was not funded again in 2011.
- As expected, property tax collections were down for 2011 due to lower gas production in Garfield County (2010 was abnormally high in gas production).
- Property tax was also lowered by taking a one-time reduction to refund the TABOR payables due for both funds: \$105,038 for General Fund and \$359,156 for Capital Improvement Fund. The District consulted with its attorney and several state agencies on the best plan for refunding the TABOR amounts due.
- The Board of Trustees voted to use Capital Improvement Funds to support operations of the new facilities as allowed by the voters. The District transferred \$605,038 from the Capital Improvement Fund to the General Fund.
- The total revenues from both funds were \$6.1 million in 2011 compared to \$9.5 million for 2010. This revenue decrease can be attributed to reduced property tax (a 28% decrease) and the required sales tax refund to the State.
- District expenditures decreased from 2010 to 2011. Total expenditures in 2011 were \$9.0 million, compared to \$16.5 million in 2010, or a 38% decrease. In 2010, the District completed two building projects (Rifle and Parachute) for a total of \$11.3 million. In 2011, the District started four building projects in New Castle, Silt, Glenwood Springs, and Carbondale. None of the projects were completed in 2011.

- The New Castle Branch Library remodel was started in April, 2011 with an expected completion date of April 2012. The estimated cost of the redesigned 10,000 sq. ft. facility is \$2.8 million, which includes furniture, fixtures, equipment, and other soft costs. The project is funded by the balance of the 2009 COPS and property tax.
- The Silt Branch Library project began by trading the Town of Silt the present Silt Branch Library for four lots of town-owned land on which to build the new library. The total budget for the project is \$2.6 million, which includes furniture, fixtures, equipment, and other soft costs. The project is funded by property tax that was saved over the past three years specifically for this project. The project is scheduled to break ground in March, 2012, with the completion scheduled for October, 2012.
- The District purchased a parcel of land at the corner of 3<sup>rd</sup> and Sopris in Carbondale from the Roaring Fork School District for \$675,000 to build a new library. This project is expected to be complete in the fall of 2013. The total budget for this project is \$5 million, which includes design, construction, furniture, fixtures, equipment, and other soft costs, and will be mostly funded by the proceeds of the 2010 COPS.
- The District, Colorado Mountain Junior College (CMC), the City of Glenwood Springs, and the Downtown Development of Glenwood Springs formed a committee to explore the possibilities of a combined library and college facility in Glenwood Springs, as well as to discuss solutions to the parking problem in the downtown area. As a result of this committee, CMC and the District formed a partnership, to build a combined facility at the corner of 8<sup>th</sup> and Cooper. CMC purchased the US Bank building at the corner to 8<sup>th</sup> and Grand Avenue and will build underground parking under the new library. The City of Glenwood Springs and the DDA formed a partnership to build a parking structure at the corner of 9<sup>th</sup> and Cooper. The design process is underway, and the ground breaking is scheduled for late April, 2012. The District's share of the construction cost is expected to be \$6.3 million and will be mostly funded by the proceeds of the 2010 COPS. The library facility is scheduled for completion in late summer of 2013.
- The General Fund reported a fund balance at December 31 of \$1.9 million (2011), \$2.3 million (2010) and \$1.4 million (2009).
- The Capital Improvement Fund reported a fund balance at December 31 of \$16.7 million (2011), \$19.2 million (2010), \$23.8 million (2009), and \$3.1 million (2008).

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements, which are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the basic financial statements. This report also contains other required supplemental information in addition to the basic financial statements themselves.

Because of the nature and significance of the relationship between the District and Garfield County Public Library Foundation (the Foundation), the Foundation is determined to be a discretely presented component within the financial statements of the District for 2011. The District adopted GASB 61 "*The Financial Reporting Entity*" for the year ended December 31, 2011, which resulted in changing the Foundation's component unit status from blended (2010) to discrete.

Literacy Outreach came under the umbrella of the District in July of 2009. Because of the changes in the governmental accounting standards (implementation of GASB 61), Literacy Outreach is a separate entity for the year ended December 31, 2011, as opposed to a discretely presented component unit in 2010. The Literacy Outreach was separately audited and issued their own financial statements for the year ended December 31, 2011.



The government-wide financial statements, fund financial statements and notes to the financial statements are discussed below.

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District’s finances, in a manner similar to private-sector business. They are prepared using the full accrual basis of accounting.

The Statement of Net Assets presents information on all of the District’s assets and liabilities (both short-term and long-term, if any), with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities shows how the District’s net assets changed during the most recent fiscal year by listing the revenues collected and expenses incurred. Revenues and expenses are recorded on an accrual basis; some of these items may incur related cash flow in future periods.

The government activity of the District is library services. There are currently no business-type activities of the District. The government-wide statements can be found on pages 10 and 11.

As noted earlier, net assets may serve, over time, as a useful indicator of the government’s financial position. In the case of the District, assets exceeded liabilities by \$15,921,725 at December 31, 2011, \$15,757,771 at December, 31, 2010; and \$13,974,976 at December 31, 2009.

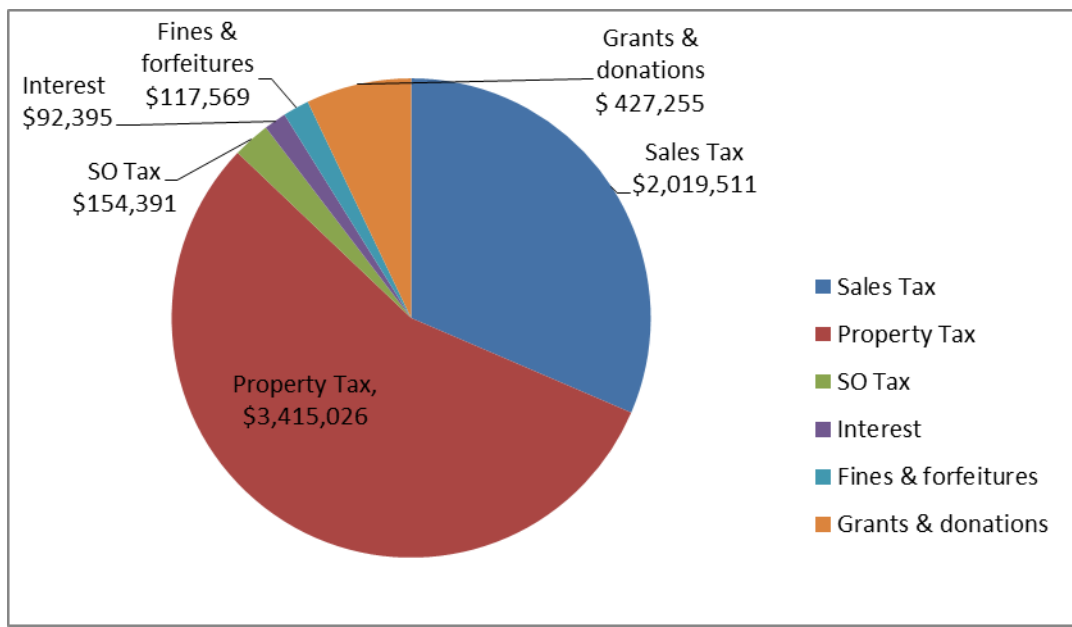
The following summarized the District’s Balance sheet at December 31:

	2011	2010
<b>Assets</b>		
Current and other assets	\$ 23,926,380	\$ 27,135,026
Capital assets, net	17,763,117	15,633,938
	<i>Total Assets</i>	42,768,964
<b>Liabilities</b>		
Certificates of participation	21,490,000	22,420,000
Deferred property tax revenue	3,748,992	3,405,590
Tabor refund	-	105,038
Property tax refund	-	359,156
Accounts payable and other liabilities	528,780	684,277
	<i>Total Liabilities</i>	26,974,061
<b>Net Assets</b>		
Invested in capital assets, net	(1,325,538)	(6,189,970)
Restricted for emergencies	101,100	101,100
Restricted for capital projects	16,667,460	19,153,883
Unrestricted	478,703	2,729,890
	<i>Total Net Assets</i>	15,794,903
Less change in component units		(37,132)
	<i>Revised Fund Balance</i>	\$ 15,757,771

The following summarizes the change in the District's governmental net assets for the years ended December 31:

	2011	2010
<b>Revenue</b>		
Program Revenue:		
Gifts and donations	\$ 73,115	\$ 94,572
Fines and forfeitures	117,569	63,502
Grants	110,390	1,868,420
Other revenue	-	56,164
General Revenue:		
Sales taxes, net	2,019,511	2,174,214
Property taxes levied for capital improvements, net	3,415,026	5,161,348
Intergovernmental revenue	243,750	-
Loss on disposal of assets	(715,336)	(1,015,302)
Other costs to issue certificate of participation	-	(188,457)
Specific ownership tax	154,391	179,204
Amortization on premium and discount	4,605	1,425
Interest	92,395	79,438
<i>Total Revenue</i>	<u>5,515,416</u>	<u>8,474,528</u>
<b>Expenses</b>		
Library services	4,193,040	3,376,585
General government	1,158,422	3,277,836
<i>Total Expenses</i>	<u>5,351,462</u>	<u>6,654,421</u>
<i>Change in Net Assets</i>	163,954	1,820,107
<b>Net Assets</b> - beginning of year	15,757,771	13,974,796
<b>Net Assets</b> - end of year	<u>\$ 15,921,725</u>	<u>15,794,903</u>
Less change in component units		(37,132)
<i>Revised Fund Balance</i>		<u>\$ 15,757,771</u>

Sales tax, property tax and specific ownership tax comprise 78.4% of the District's revenue. Operating revenue, which includes fines on overdue materials, fees for use of equipment, interest income, reimbursement to the District by patrons for lost library materials, and other miscellaneous revenue accounted for 2%; gifts and grants generated 19.6% of District's revenue.



### **Fund Financial Statements**

The fund financial statements are designed to provide readers with an overview of the recent fiscal activities of the District and are reported using a modified-accrual basis of accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District currently has two governmental funds: the General Fund, which is the District's primary operating fund that accounts for all financial resources of the District, and the Capital Improvement Fund, which is the fund that accounts for capital outlays for the District. The Foundation is not presented on the fund financial statements.

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

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

### **Financial Analysis of the Governmental Funds**

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The District currently has two governmental funds: the General Fund, which is the District's primary operating fund that accounts for all financial resources of the District, and the Capital Improvement Fund, which is the fund that accounts for capital outlays for the District. The Foundation is a discretely presented entity of the Library District.

The General Fund had a fund balance of \$1,964,799 at December 31, 2011 and \$2,357,525 at December 31, 2010, a decrease of \$392,726 from 2010 to 2011.

The Capital Improvement Fund balance was \$16,751,702 at December 31, 2011 and \$19,238,125 at December 31, 2010, a decrease of \$2,486,423 from 2010 to 2011. The entire fund is reserved for capital projects.

Collection of Specific Ownership tax for 2011 was \$154,391, a decrease of \$24,813 from 2010 collections of \$179,204. The Specific Ownership tax is being set aside to provide each new facility with an opening day collection of new library materials and to add emerging technologies to the District.

The District's fund balance was reduced from 2010 to 2011. This reduction was mostly due to the State of Colorado sales tax refund and the reduction in property tax. The District did not complete any projects in 2011. The District continues to be very conservative in all its financial decisions and is continuing to do long range planning (15-20 years).

The District's governmental fund financials can be found on pages 12 through 15.

### **Notes to the Financial Statements**

The notes to the basic financial statements provide additional information that are essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the basic financial statements can be found on pages 16 through 25.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain other required supplemental information for the District's budget. An annually-appropriated budget is adopted for the General Fund and the Capital Improvement Fund. Budgetary comparison statements can be found on pages 26 and 27.

### **BUDGETARY HIGHLIGHTS**

Significant budget variances were as follows:

#### **Revenue Variances**

##### **General Fund**

The District received approximately \$500,000 more sales tax than was budgeted; however the State refund was almost double of what was budgeted for 2011. The total amount of the State refund was supposed to be \$950,000 over a 2 year period, but it was processed faster than expected and \$704,192 was deducted in 2011.

##### **Capital Improvement Fund**

The property tax revenue was over budget by \$415,026 because the District anticipated more defaults on property tax than occurred. The District did not budget for grants and contributions; however, received \$160,756. In total the Capital Improvement Fund received \$628,750 more in revenues than budgeted.

#### **Expenditure Variances**

##### **General Fund**

The District continued to scale back expenses and reduced the budget through a budget revision. Overall, the line items were just slightly over budget. Total expenses for 2011 were \$3,316,357; the revised budget was \$3,221,541 resulting in expenditures being over budget by \$94,816 before a transfer in from the Capital Improvement Fund. The District received \$605,038 from the Capital Improvement Fund which offset the over budget expenditures.

##### **Capital Improvement Fund**

The Capital Improvement Fund originally budgeted \$14,063,600 for total expenditures; however, due to a delay in the start of the New Castle remodel the budget was amended to \$6,521,000 in expenditures. The District actually spent approximately \$820,000 less than the amended budget prior to transferring \$605,038 to the General Fund.

#### **Information Technology and Automation**

In 2011, the District purchased 10 staff computers as part of an ongoing computer replacement program. The District delayed the replacement of the 30 other computers due to the reduction of income because of the State of Colorado refund.

### **Economic Factors and Future Budgeting**

The District's General Fund has \$1,964,799 fund balance beginning January 1, 2012 and provides the ability to support the economic outlook for future potential considerations in sustaining materials, programming and capital improvements.

In Garfield County (the County), each municipality has shown an increase in sales tax over the past few months. This is very good news for the entire County and the outlook is getting brighter. If the State had not been required to refund the sales tax relating to the fracking law suit, the Library District would have seen sales tax numbers increase by almost 16% from 2010. The District has received another report from the Department of Revenue stating the new total amount for the District's share of the refund is expected to be \$1.2 million over 2 years.

The District's Capital Improvement Fund has a \$16,751,702 fund balance beginning January 1, 2012, which provides a strong fund to complete the current and upcoming building projects. The final four construction projects (New Castle, Silt, Glenwood and Carbondale) are expected to cost \$16.4 million and property tax revenues will make the required COP payments and provide the support for operations.

In the fall of 2011, the District formed a strategic plan committee to write a new strategic plan for 2012 to 2014. The emphasis of this plan is to complete the building projects, develop better communication within the District, and increase library programs throughout the county. The Board of Trustees continues to contract with an accounting and consulting firm to do long term financial planning for the District.

The District Board of Trustees also approved a Reserve Fund Policy to be put into effect on January 1, 2012. This reserve policy states the District will have in reserves a minimum of six (6) months expenses with a goal of having one year of expenses saved in a reserve fund.

### **Request for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information, including those pertaining to the Foundation, should be addressed to: Garfield County Public Library District, P O Box 832, Rifle, CO 81650, or you may call (970) 625-4270.

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**Government-Wide Financial Statements**

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**GARFIELD COUNTY PUBLIC LIBRARY DISTRICT**

STATEMENT OF NET ASSETS

December 31, 2011

	Primary Government	Component Unit
<b>ASSETS</b>		
Cash	\$ 16,196,420	\$ 167,836
Investments	2,596,260	25,350
Taxes receivable	4,108,226	-
Due from component unit	10,695	-
Other receivables	20,363	-
Prepaid items	43,349	-
Long-term lease	951,067	-
Capital assets, net of accumulated depreciation, where applicable:		
Buildings and improvements	10,563,532	-
Land and land improvements	777,331	-
Library materials	3,284,885	-
Furniture and equipment	750,398	-
Construction-in-progress	2,386,971	-
	<i>Capital Assets, net</i> 17,763,117	-
	<b><i>Total Assets</i></b> \$ 41,689,497	<b>\$ 193,186</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 356,210	\$ 125,049
Accrued compensated absences	99,757	-
Due to primary government	-	10,695
Deferred revenue	3,748,992	10,340
Deferred charges, net	72,813	-
Certificates of participation:		
Due within one year	985,000	-
Due after one year	20,505,000	-
	<b><i>Total Liabilities</i></b> 25,767,772	146,084
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	(1,325,538)	-
Restricted for emergencies	101,100	-
Restricted for capital projects	16,667,460	-
Unrestricted	478,703	47,102
	<b><i>Total Net Assets</i></b> \$ 15,921,725	<b>\$ 47,102</b>

See accompanying notes.

**GARFIELD COUNTY PUBLIC LIBRARY DISTRICT**

STATEMENT OF ACTIVITIES

For the year ended December 31, 2011

	Primary Government	Component Unit
	<u>                    </u>	<u>                    </u>
<b>PROGRAM EXPENSES</b>		
<b>Library services:</b>		
Personnel	\$ 2,338,655	\$ -
Programming and library services	709,376	174,445
Property and equipment maintenance	771,032	-
Purchased services and consulting	373,977	-
<b>General government:</b>		
Administrative	261,872	-
Interest	884,231	-
Printing and advertising	9,432	-
Miscellaneous	2,887	-
	<u>5,351,462</u>	<u>174,445</u>
<i>Total Program Expenses</i>		
<b>PROGRAM REVENUES</b>		
Fines, fees and other revenue	117,569	40,682
Grants	110,390	93,169
Gifts and donations	73,115	50,482
	<u>5,050,388</u>	<u>(9,888)</u>
<i>Net Program Expenses</i>		
<b>GENERAL REVENUES</b>		
Property taxes levied for capital improvements, net	3,415,026	-
Sales tax revenue, net of \$704,193 refund	2,019,511	-
Intergovernmental revenue	243,750	-
Specific ownership taxes	154,391	-
Loss on disposal of assets	(715,336)	-
Interest	92,395	83
Amortization on premium and discount	4,605	-
	<u>5,214,342</u>	<u>83</u>
<i>Total General Revenues</i>		
<i>Change in Net Assets</i>	163,954	9,971
<b>Net Assets - beginning of the year</b>	<u>15,757,771</u>	<u>37,131</u>
<b>Net Assets - end of the year</b>	<u><u>\$ 15,921,725</u></u>	<u><u>\$ 47,102</u></u>

See accompanying notes.



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**Fund Financial Statements**

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**GARFIELD COUNTY PUBLIC LIBRARY DISTRICT**

**BALANCE SHEET –  
GOVERNMENTAL FUNDS**

For the year ended December 31, 2011

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash	\$ 480,285	\$ 15,716,135	\$ 16,196,420
Investments	927,886	1,668,374	2,596,260
Sales tax receivable	358,926	-	358,926
Property tax receivable	-	3,749,300	3,749,300
Other receivables	20,363	-	20,363
Prepaid items	43,349	-	43,349
Due from component unit	10,695	-	10,695
Due (to)/from other funds	445,159	(445,159)	-
<b>Total Assets</b>	<b>\$ 2,286,663</b>	<b>\$ 20,688,650</b>	<b>\$ 22,975,313</b>
<b>LIABILITIES</b>			
Accounts payable, accrued payroll and employee benefits	\$ 65,825	\$ 187,648	\$ 253,473
Deferred sales tax revenue	256,039	-	256,039
Deferred property tax revenue	-	3,749,300	3,749,300
<b>Total Liabilities</b>	<b>321,864</b>	<b>3,936,948</b>	<b>4,258,812</b>
<b>FUND BALANCE</b>			
Restricted	101,100	-	101,100
Committed	-	16,751,702	16,751,702
Unrestricted	1,863,699	-	1,863,699
<b>Total Fund Balance</b>	<b>1,964,799</b>	<b>16,751,702</b>	<b>18,716,501</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 2,286,663</b>	<b>\$ 20,688,650</b>	<b>\$ 22,975,313</b>

See accompanying notes.

**GARFIELD COUNTY PUBLIC LIBRARY DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS**

For the year ended December 31, 2011

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**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS**

<b>Total Fund Balance - Governmental Funds</b>	\$	18,716,501
Accrued compensated absences payable are not due and payable in the current year and, therefore, are not reported in the Fund.		(99,757)
Retainage payable is not due and payable in the current period and, therefore, is not reported as a liability in the Fund.		(102,737)
Long-term debt obligations are not due and payable in the current period and, therefore, are not reported as liabilities in the Fund.		(21,490,000)
Original issue premiums are reported as financing sources in the Fund when first issued, but deferred and amortized in the Statement of Net Assets.		(72,813)
Deferred sales tax revenue is recognized in the current period in the Statement of Activities, but deferred in the Fund.		256,347
Long-term assets in governmental activities are not current financial resources and, therefore, are not reported in the Fund.		951,067
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the Fund:		
Add capital assets not reported above		21,354,283
Less accumulated depreciation not reported above		(3,591,166)
		<u>17,763,117</u>
<i>Net Assets</i>	<b>\$</b>	<b><u>15,921,725</u></b>

See accompanying notes.

**GARFIELD COUNTY PUBLIC LIBRARY DISTRICT**

**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
GOVERNMENTAL FUNDS**

For the year ended December 31, 2011

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Property taxes	\$ -	\$ 3,415,026	\$ 3,415,026
Sales taxes, net of \$704,193 refund	1,930,707	-	1,930,707
Intergovernmental revenue	243,750	-	243,750
Grants	-	110,390	110,390
Specific ownership taxes	-	154,391	154,391
Gifts and donations	22,749	50,366	73,115
Interest	3,818	88,577	92,395
Fine, fees and other revenue	117,569	-	117,569
<i>Total Revenues</i>	<u>2,318,593</u>	<u>3,818,750</u>	<u>6,137,343</u>
<b>EXPENDITURES</b>			
Capital outlay	234,492	3,182,350	3,416,842
Personnel	2,331,603	-	2,331,603
Debt service			
Principal	-	930,000	930,000
Interest	-	884,231	884,231
Programming and library services	422,516	-	422,516
Purchased services and consulting	241,806	132,171	373,977
Administrative	58,092	69,567	127,659
Property and equipment maintenance	15,529	501,817	517,346
Advertising and printing	9,432	-	9,432
Miscellaneous	2,887	-	2,887
<i>Total Expenditures</i>	<u>3,316,357</u>	<u>5,700,136</u>	<u>9,016,493</u>
<i>Deficiency of Revenues Under Expenditures</i>	<u>(997,764)</u>	<u>(1,881,386)</u>	<u>(2,879,150)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers to/from other funds	605,038	(605,038)	-
<i>Net Change in Fund Balance</i>	<u>(392,726)</u>	<u>(2,486,424)</u>	<u>(2,879,150)</u>
<b>Fund Balance - beginning of the year</b>	<u>2,357,525</u>	<u>19,238,126</u>	<u>21,595,651</u>
<b>Fund Balance - end of the year</b>	<u><b>\$ 1,964,799</b></u>	<u><b>\$ 16,751,702</b></u>	<u><b>\$ 18,716,501</b></u>

See accompanying notes.

**GARFIELD COUNTY PUBLIC LIBRARY DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUE,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**

For the year ended December 31, 2011

**RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**

**Net Change in Fund Balance - Total Governmental Funds** \$ (2,879,150)

Some revenues reported in the Statement of Activities are recognized when earned and therefore are not reported as revenues in governmental funds:

Deferred sales tax revenue recognized in current period	256,347	
Deferred sales tax revenue recognized in prior period	<u>(167,543)</u>	88,804

Capital outlays are reported as expenditures in the Fund; however, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful life as depreciation expense:

Capital outlay	3,416,842	
Depreciation expense	(674,759)	
Capital assets written off, net of accumulated depreciation	<u>(715,336)</u>	2,026,747

Principal payment on long-term debt is an expense in the fund statements and a reduction to a liability in the Statement of Net Assets.		930,000
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Amortization of premium and discount of certificates of participation are recorded in the Statement of Activities, but not on the Fund.		4,605
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Compensated absences are recognized as an expenditure in the governmental fund when they are determined to be payable from current financial resources. In the Statement of Activities, compensated absences are recognized as an expenditure when earned:

December 31, 2010	92,705	
December 31, 2011	<u>(99,757)</u>	<u>(7,052)</u>

		<u><b>\$ 163,954</b></u>
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*Change in Net Assets of Governmental Activities*

See accompanying notes.

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**Notes to Basic Financial Statements**

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# GARFIELD COUNTY PUBLIC LIBRARY DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2011

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The District's significant accounting policies are described below.

#### **Reporting Entity**

The financial statements of the District include all of the integral parts of the District's operations. The District adopted GASB Statement No. 61, *The Financial Reporting Entity* (GASB 61) and applied that criterion to determine whether any organization should be included in the District's reporting entity. Based on the criteria of GASB 61, management has determined that Garfield County Public Library Foundation (the Foundation) meets the criteria to be included in the District's financial statements as a discretely presented component unit. The Foundation is a legally separate entity and the District does not appoint the board of directors. The District is not financially responsible for the Foundation. There is no legal obligation for the District to provide any funding; nor to pay any debts. Therefore the Foundation does not meet the financial benefit or burden relationship. However, the District believes it would be misleading to exclude the Foundation from the statements of the District since the Foundation provides funding directly to the District and no one else; and therefore has included the Foundation as a discretely presented component unit. Additional financial information pertaining to the Foundation may be obtained from the Foundation, P.O. Box 832, Rifle, CO, 81650.

#### **Government-wide and Fund Financial Statements**

##### *Government-wide Financial Statements*

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the government.

The statement of activities demonstrates the degree to which the program expenses of a given function or segment, are offset by program revenue. *Program 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 revenue are reported, instead, as *general revenues*.

### *Fund Financial Statements*

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue and expenditures. Governmental resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The District has two funds, the *General Fund*, which is the District's primary operating fund that accounts for all financial resources of the District; and the *Capital Improvement Fund*, which is the fund that accounts for capital outlays for the District.

### **Measurement Focus and Basis of Accounting**

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

Governmental activities in the government-wide financial statements use the economic resources measurement focus and are presented on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue 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.

The governmental fund financial statements use the current financial resources measurement focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recorded when susceptible to accrual; i.e., both measurable and available. Revenue is considered available if received within 60 days following year-end.

### **Use of Estimates**

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

### **Investments**

Investments are stated at fair value based on quoted market values with the exception of money market funds and external investment pools which are stated at cost which is equal to fair value. Unrealized gains and losses are included in the change in net assets. Fair values are determined using quoted markets.

### **Sales Taxes**

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



## Property Taxes

Property taxes for the current year are levied and attach as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. Property taxes are reported as a receivable and deferred revenue at December 31. The deferred taxes are reported as revenue in the year in which the lien attaches and they are available and collected.

## Due to and Due from Other Funds

Inter-fund receivables and payables arise from inter-fund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that inter-fund reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

## Accrued Compensated Absences

It is the District's policy to allow employees to accumulate a limited amount of earned but unused vacation, which will be used after year end, or paid upon separation from District service. In the government-wide financial statements, the cost of compensated absences is reported as an accrued liability. In governmental fund financial statements, the cost of compensated absences is recognized when payments are made to employees.

## Capital Assets

Capital assets built or acquired by the District are recorded at historical cost, including ancillary costs necessary to place the assets in their intended location and condition of use. Ancillary costs include freight charges, site preparation, appraisal fees, and legal claims directly attributable to the asset's acquisition. Donated capital assets are recorded at the estimated fair value of the assets at the time of donation.

For the purchase or construction of new assets, the following capitalization thresholds are used.

<u>Type of Asset</u>	<u>Capitalization Threshold</u>
Land	All purchases are capitalized, regardless of cost
Buildings, land improvements and leasehold improvements	\$50,000
Library materials	All purchases are capitalized, regardless of cost
Furniture, fixtures, equipment, software, vehicles	\$ 5,000
Works of art and historical treasures	\$ 5,000 per item/collection

For expenditures related to repair, remodeling or expansion of an existing capital asset, the District must determine if the expenditure increased the capacity or operating efficiency, or extended the useful life of the asset. The thresholds identified above shall be used to capitalize repair, remodeling or expansion expenditures. Expenditures that only serve to restore a capital asset to a working condition or do not enhance or extend the useful life should be recorded as repairs and maintenance and not be capitalized.

Capital assets are depreciated using the straight-line method based on estimated useful lives as follows:

<u>Capital Asset</u>	<u>Estimated Useful Life</u>
Buildings	
A. Fireproof construction	40 years
B. External masonry wall construction	27.5 years
Building improvements	20 years
Leasehold improvements	Lesser of the estimated life or the term of the lease
Furniture, fixtures, equipment, software, vehicles	3 to 10 years
Library materials	Variable

## **Fund Balance Classification**

The District adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, (GASB 54), effective January 1, 2011. In accordance with GASB 54, the governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified prepaid items as being nonspendable as these items are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified the TABOR emergency reserves as being restricted because its use is restricted by State Statute.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District has classified the fund balance in the capital projects fund as committed resources as of December 31, 2011.
- **Assigned:** This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District executive director through the budgetary process. The District did not have any assigned resources as of December 31, 2011.
- **Unassigned:** This classification includes the residual fund balance for the General Fund.

The District would typically use committed resources first and then assigned resources as appropriate opportunities arise, but the District reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

## **NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING**

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- A.** Budgets are required by state law for all governmental funds.
- B.** The budget officer is required to submit a proposed budget to the Board by October 15.
- C.** Public hearings are conducted by the Board to obtain taxpayer comments.
- D.** Certification of the mill levies to the Board of County Commissioners and adoptions of the budget and appropriations are required by December 15.
- E.** Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the budget.

- F. Budget appropriations lapse at the end of each year.
- G. The District adopts budgets on a modified accrual basis.

Expenditures of the General Fund exceed budgeted amounts by \$94,816 prior to a transfer in from the Capital Improvement Fund of \$605,038.

### **NOTE 3 - TAX, SPENDING AND DEBT LIMITATIONS**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (Amendment One), which provides for certain limitations in revenue raising, spending abilities and other specific requirements of state and local government units. Amendment One also requires a 3% reserve of the District's fiscal year spending, excluding bonded debt services. A portion of the District's General Fund balance is classified as restricted for an emergency reserve as required (see Note 1).

Amendment One requires, with certain exceptions, voter approval prior to imposing new taxes, increasing tax rates, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government. Fiscal year spending and revenue limits are determined based on prior year spending, adjusted for inflation and local growth. Revenue in excess of the limit must be refunded, unless the voters approve retention of the revenue.

Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. In effect, it has been generally interpreted that fiscal year spending approximates non-exempt revenue or receipts. "Spending," as defined by Taxpayer's Bill of Rights (TABOR), excludes spending from certain revenue and financial sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves.

The District uses the same basis of accounting for the calculation of fiscal year spending as is used in the preparation of these financial statements. The District has recorded a TABOR refund payable in the amount of \$105,038 and a property tax refund payable in the amount of \$359,156 relating to the 2008 fiscal year. The District has reduced their property taxes to be received in 2011 through a temporary mill levy reduction. The actual refund was received and reduced property taxes in 2011.

Amendment One is complex and subject to judicial interpretation. For 2011, the District believes it is in compliance with applicable requirements of Amendment One.

### **NOTE 4 - DEPOSITS AND INVESTMENTS**

#### Deposits

Colorado Public Deposit Protection Act (PDPA) governs the District's deposits. The statutes specify eligible depositories for public cash deposits which must be Colorado institutions and must maintain federal deposit insurance (FDIC) on deposits held. Eligible depositories with deposits in excess of the insured levels pledge a collateral pool of defined eligible assets maintained by another institution or held in trust for all of its local government depositors as a group with a market value at least equal to 102% of the uninsured deposits. The Colorado Division of Banking is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Custodial credit risk is the risk that in the event of a bank failure, the District would not be able to recover its deposits. The District's deposits are not deemed to be subject to custodial credit risk as they are covered by federal depository insurance or are collateralized under the Colorado Public Deposit Protection Act (PDPA).

At year-end, the carrying amount of the District's deposits consisted of the following:

	Bank Balance	Carrying Amount
Cash in checking	\$ 861,759	\$ 997,391
Cash on hand	-	1,075
Money market	15,294,223	15,197,954
	<u>\$ 16,155,982</u>	<u>\$ 16,196,420</u>

At year-end \$500,000 was covered by depositor's insurance; \$15,655,982 was collateralized under PDPA requirements.

The Foundation's deposits consisted of a checking account with a bank balance of \$167,836 at December 31, 2011 which was 100% insured by depositor's insurance.

#### Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest including: obligations of the United States and certain U.S. government agency securities; certain international agency securities; general obligation and revenue bonds of U.S. local government entities; bankers' acceptances of certain banks; commercial paper; local government investment pools, written repurchase agreements collateralized by certain authorized securities; certain money market funds; and guaranteed investment contracts.

At December 31, 2011, the District had funds in a local government investment pools (ColoTrust). The pool operates similarly to a money market fund and each share is equal in value to \$1.00. Pool investments include U.S. Treasury and Agency securities, the highest rated commercial paper and repurchase agreements collateralized by U.S. Treasury and Agency securities. Financial statements for ColoTrust may be obtained on their website [www.colotrust.com](http://www.colotrust.com).

Custodial credit risk for investments is the risk that in the event of bank or investment pool failure the District would not be able to recover the value of its investments. The District's investments are not deemed to be exposed to custodial credit risk as they are held by the District, or the District's custody agent in the District's name.

ColoTrust is rated AAAM by Standard and Poor's at December 31, 2011. The District held U.S. Treasury Notes at Wells Fargo Bank that are rated AAA/AA+ at December 31, 2011. Based on the ratings of the investments held, the District is not exposed to credit risk for its investments.

	Cost	Market Value
U.S. Treasury Notes	\$ 1,374,384	\$ 1,441,031
ColoTrust	1,155,229	1,155,229
Total District Investments	<u>\$ 2,529,613</u>	<u>\$ 2,596,260</u>
Foundation Certificates of Deposit	<u>\$ 25,350</u>	<u>\$ 25,350</u>

#### Interest Rate Risk – Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District and the Foundation hold no certificates with maturities greater than 6-months. The District's investments are not deemed to be exposed to interest rate risk.

**Concentrations of Credit Risk – Deposits and Investments**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer or institution. The District holds 7% of its cash deposits in one financial institution and 90% in a second institution. The District holds 55% of its certificates of deposits in one financial institution and 44% in a second institution.

**NOTE 5 - LONG-TERM LEASE**

The District has a 99-year lease agreement with the City of Rifle (the City) for use of a parking structure adjacent to the District’s library in the City.

**NOTE 6 - CAPITAL ASSETS**

	Balance January 1, 2011	Additions	Deletions	Adjustments	Balance December 31, 2011
Capital assets not being depreciated:					
Land	\$ -	\$ 675,321	\$ -	\$ 102,010	\$ 777,331
Construction-in-progress	84,242	2,302,729	-	-	2,386,971
<i>Non-Depreciated Capital Assets</i>	84,242	2,978,050	-	102,010	3,164,302
Capital assets being depreciated:					
Building and improvements	12,352,314	232,362	(489,273)	(238,967)	11,856,436
Library materials	5,373,008	282,993	(226,063)	-	5,429,938
Furniture and equipment	958,519	25,871	(80,783)	-	903,607
<i>Depreciated Capital Assets</i>	18,683,841	541,226	(796,119)	(238,967)	18,189,981
<i>Total Capital Assets</i>	18,768,083	3,519,276	(796,119)	(136,957)	21,354,283
Less accumulated depreciation:					
Building and improvements	1,176,178	253,686	-	(136,957)	1,292,907
Library materials	1,858,190	286,863	-	-	2,145,053
Furniture and equipment	99,779	134,210	(80,783)	-	153,206
<i>Total Accumulated Depreciation</i>	3,134,147	674,759	(80,783)	(136,957)	3,591,166
<i>Capital Assets, Net</i>	\$ 15,633,936	\$ 2,844,517	\$ (715,336)	\$ -	\$ 17,763,117

Total depreciation expense for 2011 was \$674,759 of which \$134,213 was charged to the administrative function, \$253,686 was charged to the property and equipment maintenance and upkeep function, and \$286,860 charged to the programming and library services function.

**NOTE 7 - COMPENSATED ABSENCES**

The District had \$99,757 in compensated absences as of December 31, 2011, comprised of vacation pay, with certain limitations, that will be due if employees terminate their employment with the District.

	Beginning Balance	Additions	Payments	Ending Balance
Total Accrued compensated absences	\$ 92,705	\$ 101,289	\$ (94,237)	\$ 99,757

**NOTE 8 - CERTIFICATES OF PARTICIPATION**

Series 2009, Certificates of Participation, dated September 2, 2009, with interest at 2.0% to 5.375% are certificates which mature in varying amounts through 2027. Interest is payable semiannually.

Series 2010, Certificates of Participation, dated October 21, 2010, with interest at 2.0% to 4.5% are certificates which mature in varying amounts through 2027. Interest is payable semiannually.

Changes in Certificates of Participation for the year ended December 31, 2011 are as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Certificates of participation	\$ 22,420,000	\$ -	\$ (930,000)	\$ 21,490,000
Original issue discount	(89,228)	-	5,334	(83,894)
Original issue premium	166,646	-	(9,939)	156,707
Total proceeds	<u>\$ 22,497,418</u>	<u>\$ -</u>	<u>\$ (934,605)</u>	<u>\$ 21,562,813</u>

In compliance with the terms of the Certificate of Participation agreement, the District must appropriate funds each year to make the required payments. Appropriation is made through a resolution of the District's Board. The appropriation is included in the next year's budget after Board approval.

The District's Certificates of Participation will mature as follows:

	Principal	Interest	Total
2012	\$ 985,000	\$ 845,617	\$ 1,830,617
2013	1,005,000	825,916	1,830,916
2014	1,030,000	803,041	1,833,041
2015	1,055,000	776,741	1,831,741
2016	1,080,000	748,617	1,828,617
2017 - 2021	5,975,000	3,181,121	9,156,121
2022 - 2026	7,310,000	1,842,781	9,152,781
Thereafter	3,050,000	157,682	3,207,682
	<u>\$ 21,490,000</u>	<u>\$ 9,181,516</u>	<u>\$ 30,671,516</u>

**NOTE 9 - OPERATING LEASES**

During the year ended December 31, 2011, the District leased office equipment under three non-cancelable operating leases at \$2,601 per month, which expired between September 2014 and October 2016. The District also leases an administrative office for one branch location for \$3,000 per month under a non-cancelable operating lease which expired in December 2011 but was extended until April 2012.

Minimum rental payments for the years ending December 31 under operating leases with a remaining lease term in excess of twelve months are as follows:

	Administrative Offices	Office Equipment
2012	\$ 9,000	\$ 31,211
2013	-	31,211
2014	-	26,171
2015	-	15,423
2016	-	12,074
<i>Total</i>	<u>\$ 9,000</u>	<u>\$ 116,090</u>

The District leases space for its branch libraries under operating leases. The lease terms vary depending on the location and are summarized below.

Branch	Lease Termination Date	Lease Rental Amounts	Prepaid Through	Other Terms
Carbondale	12/31/2013	\$30 annually	2013	Three additional ten-year renewal options
Glenwood Springs	3/1/2081	\$1 annually	2013	
Parachute	2/28/2032	\$10 annually	2032	
Silt	2/28/2013	\$1 annually	2013	
Rifle	3/1/2082	\$1 annually	2083	

**NOTE 10 - RETIREMENT PLAN**

The District provides a retirement plan for eligible District employees in the Colorado County Officials and Employees Retirement Association (CCOERA) (the Plan). The Plan is a defined contribution money purchase plan. Employees participate in the Plan immediately upon employment. The employees and the District each contribute 5% of gross wages. The District’s contributions for each employee plus earnings are fully vested after five years of continuous service. District contributions and related interest forfeited by employees who leave employment before fully vesting are returned to the Plan to reduce future retirement requirements. The District made no contributions to the Plan in 2011.

**Deferred Compensation Plan**

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

All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held for the exclusive benefit of the participants or their beneficiaries. The District has no ownership interest in the Plan, nor is the District liable for any losses under the Plan.

**NOTE 11 - COMMITMENTS AND CONTINGENCIES**

**Risk**

The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; volunteer injuries; natural disasters; and employee health, dental, vision and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in 2011.

**Commitments**

The District had signed contracts relating to ongoing construction projects and new construction occurring in 2012. The signed contracts follow:

Construction services	Silt library	\$ 1,793,000
Architect services	Glenwood Springs library	\$ 822,000
Construction services	Glenwood Springs library	\$ 256,000
Construction services	Carbondale library	\$ 487,000

The contracts relating to the Glenwood Springs library are in partnership with Colorado Mountain Junior College District.

**NOTE 12 - SUBSEQUENT EVENTS**

The District has evaluated subsequent events through May 10, 2012 the date at which the financial statements were available to be issued, and determined that no events have occurred that required disclosure.



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**Required Supplemental Information**

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**GARFIELD COUNTY PUBLIC LIBRARY DISTRICT**

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL – GENERAL FUND**

For the year ended December 31, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Sales taxes, gross	\$ 2,800,000	\$ 2,125,000	\$ 2,634,900	\$ 509,900
Sales tax refund	-	-	(704,193)	(704,193)
Intergovernmental revenue	-	243,750	243,750	-
Gifts and donation	-	-	22,749	22,749
Interest	9,000	9,000	3,818	(5,182)
Fines, fees and other revenue	95,000	105,000	117,569	12,569
<i>Total Revenues</i>	<u>2,904,000</u>	<u>2,482,750</u>	<u>2,318,593</u>	<u>(164,157)</u>
<b>EXPENDITURES</b>				
Personnel	2,268,803	2,265,881	2,331,603	(65,722)
Capital outlay	210,000	186,000	234,492	(48,492)
Purchased services and consulting	229,220	237,000	241,806	(4,806)
Programs and library services	557,037	442,760	422,516	20,244
Administrative	71,000	67,000	58,092	8,908
Property and equipment maintenance	35,000	16,000	15,529	471
Advertising and printing	14,000	4,900	9,432	(4,532)
Miscellaneous	500	2,000	2,887	(887)
<i>Total Expenditures</i>	<u>3,385,560</u>	<u>3,221,541</u>	<u>3,316,357</u>	<u>(94,816)</u>
<i>Deficiency of Revenues Under Expenditures</i>	(481,560)	(738,791)	(997,764)	(258,973)
<b>OTHER FINANCING SOURCES</b>				
Transfers (to)/from other funds	500,000	407,000	605,038	198,038
<i>Net Change in Fund Balance</i>	<u>\$ 18,440</u>	<u>\$ (331,791)</u>	<u>(392,726)</u>	<u>\$ (60,935)</u>
<b>Fund Balance - beginning of the year</b>			<u>2,357,525</u>	
<b>Fund Balance - end of the year</b>			<u>\$ 1,964,799</u>	

**GARFIELD COUNTY PUBLIC LIBRARY DISTRICT**

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL – CAPITAL IMPROVEMENT FUND**

For the year ended December 31, 2011

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Property taxes	\$ 3,000,000	\$ 3,000,000	\$ 3,415,026	\$ 415,026
Specific ownership taxes	150,000	150,000	154,391	4,391
Grants	-	-	110,390	110,390
Gifts and donations	-	-	50,366	50,366
Interest	40,000	40,000	88,577	48,577
<i>Total Revenues</i>	<u>3,190,000</u>	<u>3,190,000</u>	<u>3,818,750</u>	<u>628,750</u>
<b>EXPENDITURES</b>				
Capital outlay	10,870,000	4,092,000	3,182,350	909,650
Debt service				
Principal	930,000	930,000	930,000	-
Interest	870,000	870,000	884,231	(14,231)
Personnel	-	93,000	-	93,000
Property and equipment maintenance	658,600	371,000	501,817	(130,817)
Administrative	650,000	60,000	69,567	(9,567)
Purchased services and consulting	85,000	105,000	132,171	(27,171)
<i>Total Expenditures</i>	<u>14,063,600</u>	<u>6,521,000</u>	<u>5,700,136</u>	<u>820,864</u>
<i>Deficiency of Revenues Under Expenditures</i>	<u>(10,873,600)</u>	<u>(3,331,000)</u>	<u>(1,881,386)</u>	<u>1,449,614</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (to)/from other funds	<u>(500,000)</u>	<u>(407,000)</u>	<u>(605,038)</u>	<u>(198,038)</u>
<i>Net Change in Fund Balance</i>	<u>\$ (11,373,600)</u>	<u>\$ (3,738,000)</u>	<u>(2,486,424)</u>	<u>\$ 1,251,576</u>
<b>Fund Balance - beginning of the year</b>			<u>19,238,126</u>	
<b>Fund Balance - end of the year</b>			<u>\$ 16,751,702</u>	