Clearview Library District
Windsor, Colorado

Financial Statements

December 31, 2018

Clearview Library District

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December 31, 2018

HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditors' Report

Board of Trustees
Clearview Library District
Windsor, Colorado

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Clearview Library District as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Clearview Library District, as listed in the table of contents.

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

Auditors' Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Clearview Library District Friends and Foundation. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Clearview Library District as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Hinkle & Company, PC

Greenwood Village, Colorado
July 26, 2019

Clearview Library District

Management's Discussion and Analysis

As management of the Clearview Library District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2018. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Overview of the Financial Statements

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

<u>Government-wide Financial Statements</u>

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

- The *Statement of Net Position.* This is the government-wide statement of financial position presenting information that includes all of the District's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of District infrastructure, in addition to the financial information provided in this report.

- The *Statement of Activities* reports how the District's net position changed during the current year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by the District's taxpayers.

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

<u>Fund Financial Statements</u>

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

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

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

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

Notes to Financial Statements

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

Other Information

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

As discussed, the district reports major funds in the basic financial statements. The District reports one such fund – the General Fund.

Government-Wide Financial Analysis

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

Financial Analysis of the Funds

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

		2018	Total
Cash and Investments	$	2,247,479	21.64%
Accounts Receivable		6,413	0.06%
Property Taxes Receivable		3,510,956	33.80%
Prepaid Expenses		52,098	0.50%
Capital Assets, Not Being Depreciated		2,016,766	19.42%
Capital Assets, Net of Accumulated Depreciation		2,553,406	24.58%
Total Assets	$	10,387,118	100.00%
Pensions, Net of Accumulated Amortization	$	174,626	88.50%
OPEB, Net of Accumulated Amortization		22,689	11.50%
Deferred Outflows	$	197,315	100.00%

Accounts Payable	$	36,022	1.45%
Advances from Grantors		5,316	0.21%
Noncurrent Liabilities			
Due Within One Year		34,120	1.38%
Due in More Than One Year		19,934	0.80%
Net Pension Liability		2,381,088	96.15%
Total Liabilities	$	2,476,480	100.00%

Property Taxes	$	3,517,188	90.19%
Deferred inflows - Pension		379,917	9.74%
Deferred Inflows - OPEB		2,484	0.06%
Deferred Inflows of Resources	$	3,899,589	100.00%

Net Investment in Capital Assets	$	4,732,642	112.46%
Restricted		81,280	1.93%
Unrestricted		(605,558)	-14.39%
Total Net Position	$	4,208,364	100%

Revenues			2018	Percent of Total
	Program Revenues			
	Charges for Services	$	27,522	1.03%
	Operating Grants and Contributions	$	30	0.00%
	General Revenues			
	Taxes	$	2,677,993	100.53%
	Interest Income	$	46,288	1.74%
	Loss on disposal of asset	$	(94,370)	-3.54%
	Misc.	$	6,283	0.24%
	Total Revenues	$	2,663,746	100.00%
Expenses				
	Library Services	$	3,057,227	98.67%
	Capital Outlay	$	41,292	1.33%
	Total Expenses	$	3,098,519	100.00%
Change in Net Position		$	(434,773)	

Financial Highlights

- As of December 31, 2018 the District's net pension liability was $2,381,088 which is a 4.55% decrease from 2017. $4,732,642 of the District's net position is reflected in the net investment in capital assets. $81,280 is restricted for emergencies.
- The District is reliant on property tax revenue to support operations. During 2018, taxes provided 99.51% of the District's total revenue.

- Beginning with tax collection year 2002, the annual authorized combined operating and debt service mill levy is 3.546. Since 2001, the voters allowed the District to collect, keep and expend all revenues related to this levy. It was also exempted from the old law 5.5% property tax revenue limitation. This has prevented the "ratchet-down" effect that the Taxpayer's Bill of Rights used to have on the District's property tax revenue.
- During 2011, the District retired the remaining $110,000 of its general obligation bonds, leaving it with no long-term debt.
- The District maintains a current ratio of 30.6 to 1 which is current assets of $2,305,990 and current liabilities of $75,458.
- The District had governmental expenses exceed revenues for 2018 in the amount of $482,329 with ending fund balances totaling $4,036,129. Excess expense over revenues of the General Fund was more than the amount of $368,323 shown in the Governmental Funds by $434,773 due to depreciation of $241,814; capital outlays of $173,714; compensated absences of a decrease of $280; loss on disposal of assets of $94,370; and net effect of pension liability of an increase of $634,128.
- During 2018, in addition to the regular additions to the book inventory, the District added $52,806 in furniture and equipment improvements here. Disposals of fixed assets during 2018 included the normal culling of the book inventory and retirement of equipment.
- For the second consecutive year, the Library Board voted to put a mill levy increase on the November ballot to secure funding for the building of a 38,000 sq. ft. library to replace the current library. Once again the increase was rejected by the voters, preventing the construction.
- The Universal Service funds offset district expense by a little more than $17,000 during 2018, a fifty percent match in funds for district investments in mobile data access for the bookmobile, library internet access and speed improvements, and internal switch upgrades to support the move to a 1 gigabyte internet connection at the library.
- New Tech Logic self-check kiosks were installed during 2018 replacing the Bibliotheca kiosks.
- Printing fees for patrons up to two dollars per day were removed in 2018 in order to streamline services and provide patrons with more value for their library tax dollar investment.

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 financial information should be addressed to Clearview Library District, 720 Third St., Windsor, Colorado 80550, or you may call the library director at (970) 686-5603.

Basic Financial Statements

Clearview Library District

Statement of Net Position

December 31, 2018

	Primary Government
	Governmental Activities
Assets	
Cash and Investments	$ 2,247,479
Accounts Receivable	6,413
Property Taxes Receivable	3,510,956
Prepaid Expenses	52,098
Capital Assets, Not Being Depreciated	1,870,110
Capital Assets, Net of Accumulated Depreciation	2,700,062
Total Assets	10,387,118
Deferred Outflows of Resources	
Pensions, Net of Accumulated Amortization	174,626
OPEB, Net of Accumulated Amortization	22,689
Liabilities	
Accounts Payable	36,022
Advances from Grantors	5,316
Noncurrent Liabilities:	
Due Within One Year	34,120
Due in More Than One Year	19,934
Net Pension Liability	2,183,088
Net OPEB Liability	198,000
Total Liabilities	2,476,480
Deferred Inflows of Resources	
Property Taxes	3,517,188
Deferred Inflows - Pension	379,917
Deferred Inflows - OPEB	2,484
Total Deferred Inflows of Resources	3,899,589
Net Position	
Net Investment in Capital Assets	4,732,642
Restricted	81,280
Unrestricted	(605,558)
Total Net Position	$ 4,208,364

Clearview Library District

Statement of Activities

For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grant and Contributions	Net (Expense) Revenue and Change in Net Position: Governmental Activities
Primary Government				
Governmental Activities				
Library Services	$ 3,057,227	$ 27,522	$ 30	$ (3,029,675)
Capital Outlay	41,292	-	-	(41,292)
Total Primary Government	$ 3,098,519	$ 27,522	$ 30	$ (3,070,967)

General Revenues	
Taxes	2,677,993
Interest Income	46,288
Loss on disposal of capital assets	(94,370)
Miscellaneous	6,283
Total General Revenues and Special Item	2,636,194
Change in Net Position	(434,773)
Net Position, *Beginning of year*	4,643,137
Net Position, *End of year*	$ 4,208,364

Clearview Library District
Balance Sheet
Governmental Funds
December 31, 2018

	General
Assets	
Cash and Investments	$ 2,247,479
Accounts Receivable	6,413
Property Taxes Receivable	3,510,956
Prepaid Items	52,098
Total Assets	5,816,946
Liabilities	
Accounts Payable	36,022
Other Accrued Liabilities	5,316
Total Liabilities	41,338
Deferred Inflows of Resources	
Property Taxes	3,517,188
Fund Balance	
Nonspendable:	
Prepaid Items	52,098
Restricted for:	
Emergencies	81,280
Committed:	
Operating reserve	659,025
Capital reserve	212,555
Long-term building	299,621
Unrestricted, Unassigned	953,841
Total Fund Balance	2,258,420
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 5,816,946

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

Total Fund Balance of Governmental Funds	$ 2,258,420
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	4,570,172
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds.	
Accrued compensated absences	(54,054)
Net pension liability	(2,183,088)
OPEB liability	(198,000)
Deferred Outflows - Pension	174,626
Deferred Outflows - OPEB	22,689
Deferred Inflows - Pension	(379,917)
Deferred Inflows - OPEB	(2,484)
Total Net Position of Governmental Activities	$ 4,208,364

See Notes to the Financial Statements.

Clearview Library District

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2018

	General
Revenues	
Property Taxes	$ 2,486,825
Specific Ownership Taxes	191,168
Charges for Services	27,522
Contributions	30
Investment Income	46,288
Miscellaneous	6,283
Total Revenues	2,758,116
Expenditures	
Current	
Library Services	2,301,913
Capital Outlay	94,098
Total Expenditures	2,396,011
Excess of Revenues over Expenditures	362,105
Net Change in Fund Balance	362,105
Fund Balance, *Beginning of year*	1,896,315
Fund Balance, *End of year*	$ 2,258,420

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

Net Change in Fund Balance of Governmental Funds	$ 362,105
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.	
Depreciation expense	(241,814)
Capital outlays	173,714
Loss on disposal of capital assets	(94,370)
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.	
Accrued compensated absences	(280)
Net pension liability	311,401
OPEB liability	(14,144)
Deferred Outflows - Pension	(566,271)
Deferred Outflows - OPEB	10,073
Deferred Inflows - Pension	(372,703)
Deferred Inflows - OPEB	(2,484)
Change in Net Position of Governmental Activities	$ (434,773)

See Notes to Financial Statements.

Note 1: Summary of Significant Accounting Policies

The Clearview Library District was formed on August 25, 1985, by the Town of Windsor and the Weld RE4 School District. The District is governed by a five-member Board of Trustees appointed in accordance with the by-laws of District.

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

Reporting Entity

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

The Clearview Library District Foundation (the Foundation) is a non-profit organization with the purpose to assist in the promotion, development and enhancement of the facilities and educational programs of the District. The Foundation is reported as a discretely presented component unit in the District's financial statements. Separate financial statements for the Foundation may be obtained by writing to 720 3rd Street, Windsor, Colorado 80550.

Government-wide and Fund Financial Statements

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements *(Continued)*

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

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

Assets, Liabilities and Net Position/Fund Balance

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

<u>Assets, Liabilities and Net Position/Fund Balance</u> *(Continued)*

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

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

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

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

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

Pensions - The District participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to and deductions from the LGDTF's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the 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.

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

Property Taxes

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

Risk Management

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

Note 2: Cash and Investments

A summary of cash and investments at December 31, 2018, follows:

Petty Cash	$ 733
Deposits	139,980
Investment	2,106,766
	$ 2,247,479

Deposits

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

Note 2: Cash and Investments (Continued)

Investments

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

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

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

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

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

Local Government Investment Pool - At December 31, 2018, the District had $2,106,766 invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating Colotrust. Colotrust operates in conformity with the Securities and Exchange Commission's Rule 2a-7, with each share valued at $1. Colotrust is rated AAAm by Standard and Poor's. Investments of Colotrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Fair Value Measurements - The District reports its investments using the fair value measurements established by generally accepted accounting principles. As such, a fair value hierarchy categorizes the inputs used to measure the fair value of the investments into three levels. Level 1) inputs are quoted prices in active markets for identical investments; Level 2) inputs include quoted prices in active markets for similar investments, or other observable inputs; and Level 3) inputs are unobservable inputs. At December 31, 2018, the District's investment in Colotrust was reported at the net asset value per share, measured utilizing quoted prices in active markets for similar investments (Level 2 inputs).

Clearview Library District
Notes to Financial Statements
December 31, 2018

Note 3: Capital Assets

Capital asset activity for the year ended December 31, 2018, is summarized below.

	Balance 12/31/17	Additions	Deletions	Balance 12/31/18
Capital Assets, *not being depreciated*				
Land	$ 1,037,824	$ -	$ -	$ 1,037,824
Construction in Progress	832,286	-	-	832,286
Total Capital Assets, *not being depreciated*	1,870,110	-	-	1,870,110
Capital Assets, *being depreciation*				
Buildings and Improvement	$ 3,166,664	$ -	$ -	$ 3,166,664
Land Improvements	146,656	-	-	146,656
Books	719,294	120,908	(160,971)	679,231
Furniture and Equipment	854,924	52,806	(81,106)	826,624
Total Capital Assets, *being depreciation*	4,887,538	173,714	(242,077)	4,819,175
Less Accumulated Depreciation:				
Buildings and Improvement	(1,139,175)	(82,867)	-	(1,222,042)
Land Improvements	(104,147)	(4,415)	-	(108,562)
Books	(218,113)	(64,538)	69,392	(213,259)
Furniture and Equipment	(563,571)	(89,994)	78,315	(575,250)
Total Accumulated Depreciation	(2,025,006)	(241,814)	147,707	(2,119,113)
Total Capital Assets, being depreciated	2,862,532	(68,100)	(94,370)	2,700,062
Capital Assets, Net	$ 4,732,642	$ (68,100)	$ (94,370)	$ 4,570,172

Note 4: Long-Term Debt

Following is a summary of long-term debt transactions for the year ended December 31, 2018.

	Balance 12/31/17	Additions	Deletions	Balance 12/31/18	Due Within One Year
Compensated Absences	$ 53,774	$ 280	$ -	$ 54,054	$ 34,120

Note 5: 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 the 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 financial report that includes information on the LGDTF. That report may 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 may elect to withdraw their contributions upon termination of employment and may be eligible to receive a matching amount if five years of service credit is earned and certain other criteria is met. 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 of 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 the benefits.

Contributions - The District and eligible employees are required to contribute to the LGDTF at rates established by 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 for calendar years 2017 and 2018 was 13.7% of covered salaries. However, a portion of the District's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 6). The District's contributions to the LGDFT for the year ended December 31, 2018, were $158,517 equal to the required contributions.

Note 5: Defined Benefit Pension Plan (Continued)

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

At December 31, 2018, the District reported a net pension liability of $2,183,088 representing its proportionate share of the net pension liability of the LGDTF. The net pension liability was measured at December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Changes in assumptions and other inputs since the prior measurement date did not significantly affect the total pension liability. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. 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, 2017, relative to the contributions of all participating employers. The District's proportion was 0.1960687538% which was an decrease of 0.011368753890% from its proportion measured at December 31, 2016.

For the year ended December 31, 2018, the District recognized pension expense of $245,915. At December 31, 2018, 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	$ 16,109	$ -
Net difference between projected and actual earnings on plan investments	-	379,917
Contributions subsequent to the measurement date	158,517	-
Total	$ 174,626	$ 379,917

District contributions subsequent to the measurement date of $158,517 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended December 31,	
2019	$ (52,138)
2020	(154,325)
2021	(157,345)
Total	$ (363,808)

Note 5: Defined Benefit Pension Plan (Continued)

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

Actuarial Assumptions - The actuarial valuation as of December 31, 2016, determined the total pension liability using the following actuarial assumptions and other inputs. On November 18, 2016, PERA's governing board adopted revised economic and demographic assumptions, which were effective on December 31, 2017, which were reflected in the roll forward calculation of the total pension liability from December 31, 2016, to December 31, 2017, as follows:

Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.5% - 10.45%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate[1]	7.25%
Post-retirement benefit increases:	
Hired prior to 1/1/07	2.00%
Hired after 12/31/06	ad hoc

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

Mortality rates were based on the RP-2000 Combined Mortality Table for Males and 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, 2015, 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.

Note 5: Defined Benefit Pension Plan (Continued)

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

The most recent analysis of the long-term expected rate of return was presented to the PERA governing board on November 18, 2016, and included the target allocation and best estimates of geometric real rates of return for each major asset class, as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and the employer contributions will be made at the rates specified in State statutes, which currently establish static contribution rates through 2017. When the actuarially determined funding ratio reaches 103%, the employer contribution rate will decrease .5% 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 District's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as the District's proportionate share of the net pension liability if it were calculated using a discount that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate, as follows:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 3,476,952	$ 2,183,088	$ 1,104,467

Note 5: Defined Benefit Pension Plan (Continued)

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

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

Note 6: Postemployment Healthcare Benefits

General Information

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

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

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

Contributions - As established by Title 24, Article 51, Section 208 of the CRS, 1.02% of the District's contributions to the District Division Trust Fund (SDTF) (See Note 5) is apportioned to the HCTF. No employee contributions are required. These contribution requirements are established and may be amended by the State Legislature. The District's apportionment to the HCTF for the year ended December 31, 2018, was $12,616 equal to the required amount.

Note 6: Postemployment Healthcare Benefits (Continued)

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

At December 31, 2018, the District reported a net OPEB liability of $198,000 representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2017.

The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year ended December 31, 2017, relative to the contributions of all participating employers. At December 31, 2017, the District's proportion was 0.015235466%, which was an increase of 0.00105489% from its proportion measured at December 31, 2016.

For the year ended December 31, 2018, the District recognized OPEB expense of $15,717. At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 752	$ -
Net difference between projected and actual earnings on plan investments	-	2,484
Changes in proportion	9,186	-
Contributions subsequent to the measurement date	12,751	-
Total	$ 22,689	$ 2,484

District contributions subsequent to the measurement date of $12,751 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended December 31,	
2018	$ 1,602
2019	1,602
2020	1,602
2021	2,430
2022	218
Total	$ 7,454

Note 6: Postemployment Healthcare Benefits (Continued)

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

Actuarial Assumptions - The actuarial valuation as of December 31, 2017, determined the total OPEB liability using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

Price inflation	7.25%
Real wage growth	0.0%
Wage inflation	5.0%
Salary increases, including wage inflation	2.4%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	1.1%
Discount rate	3.5%
Heath care cost trend rates:	
Service-based premium subsidy	3.5%
Medicare plans	7.25%
Medicare Part A premiums: 3% for 2017, gradually rising to 4.25% in 2023	

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

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

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

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

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

Note 6: Postemployment Healthcare Benefits (Continued)

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 222,614	$ 198,000	$ 176,991

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

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Proportionate share of the net OPEB liability	$ 192,552	$ 198,000	$ 204,562

OPEB Plan Fiduciary Net Position - Detailed information about the HCTF's fiduciary net position.

Note 7: Commitments and Contingencies

TABOR Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation, but the District believes it is in substantial compliance with the Amendment.

Note 7: Commitments and Contingencies (Continued)

TABOR Amendment *(Continued)*

In November 2001, electors within the District authorized the District to collect and keep and expend all revenues received and to continue to levy its operating mill levy of 3.546 mills in 2002, and each year thereafter.

The District has established a reserve for emergencies, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2018, the emergency reserve of $81,280 was reported as restricted fund balance in the General Fund.

Note 8: Change in Accounting Principle

For the year ended December 31, 2018, the District adopted the standards of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result, net position of the governmental activities at December 31, 2017, 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 OPEB at December 31, 2018, were not available and have not been reported in the financial statements.

	Governmental Activities
Net Position, December 31, 2017, *as Originally Stated*	$ 4,814,377
Deferred Outflows of Resources	12,616
Net OPEB Liability	(183,856)
Net Position, December 31, 2017, *as Restated*	$ 4,643,137

Required Supplementary Information

Clearview Library District

Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Property Taxes	$ 2,497,016	$ 2,486,825	$ (10,191)
Specific Ownership Taxes	170,000	191,168	21,168
Charges for Services	21,750	27,522	5,772
Contributions	-	30	30
Investment Income	20,000	46,288	26,288
Miscellaneous	21,532	6,283	(15,249)
Total Revenues	2,730,298	2,758,116	27,818
Expenditures			
Current			
Library Services	2,679,956	2,301,913	378,043
Capital Outlay	50,000	94,098	(44,098)
Total Expenditures	2,729,956	2,396,011	333,945
Net Change in Fund Balance	$ 342	362,105	$ 361,763
Fund Balance, *Beginning of year*		1,896,315	
Fund Balance, *End of year*		$ 2,258,420	

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

Changes in Assumptions and Other Inputs

For the year ended December 31, 2018, the total pension liability was determined by an actuarial valuation as of December 31, 2016. The following programming and methodology changes were made since the prior actuarial valuation as of December 31, 2016.

- Valuation of the full survivor benefit without any reduction for possible remarriage.
- Reflection of the employer match on separation benefits for all eligible years.
- Reflection of one year of service eligibility for survivor annuity benefit.
- Refinement of the 18-month annual increase timing.
- Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- Recognition of merit salary increases in the first projection year.
- Elimination of the assumption that 35% of future disabled members elect to receive a refund.
- Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
- Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

Note 2: Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

State statutes require that all funds have legally adopted budgets and appropriations. Total expenditures may not exceed the amounts appropriated at the fund level. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). For the year ended December 31, 2018, the District did not adopt a budget for the Capital Reserve Fund because no expenditures were anticipated.

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

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