

**PINE RIVER PUBLIC LIBRARY DISTRICT
BAYFIELD, COLORADO**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

December 31, 2023

PINE RIVER PUBLIC LIBRARY DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Pine River Public Library District
Bayfield, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, and the major fund, of Pine River Public Library District, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Pine River Public Library District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund, of Pine River Public Library District, as of December 31, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pine River Public Library District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pine River Public Library District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Pine River Public Library District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pine River Public Library District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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.

FredrickZink & Associates, PC

FredrickZink & Associates, PC
Durango, Colorado
July 3, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Pine River Public Library District (the "District"), we offer this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2023. We encourage the readers to consider this Management's Discussion and Analysis (MD&A) in conjunction with the District's financial statements, which follow this MD&A.

Background Information

In 1930, six members of the Bayfield Study Club formed the first Board of Directors of the Bayfield Public Library. In 1934, the Board purchased the old bank building on Mill Street for \$1,500 and began raising money to furnish the building and buy books. The Library ran solely on the efforts of volunteers until 1941 when the Town Clerk was paid to also act as Town Librarian. In 1972 the Pine River Public Library District was formed and property tax revenues were to fund operations and services, and in 1976, a full-time librarian was hired. The Library operated in the old bank building on Mill Street in Bayfield until it moved to its present location on Bayfield Center Drive in March 2004. In 2010, the Board of Trustees voted to expand the facility. The project started in July of 2012 and was completed in February 2013. A garden and outdoor learning area was also added during 2013. In February 2014, the Pine River Public Library was named "Best Small Library in America" by *Library Journal*. In 2017, the Library partnered with the Town of Bayfield to build the Bayfield Library Park on the Library's one-acre parcel to the west of the library. The park was 86% financed available through Grants from GOCO and the Colorado Health Foundation.

In 2018, the Library went to the District's voters for a 2 mill increase in property taxes to cover shortfalls in revenues due to increased operating costs and reduced production in oil and gas. The vote failed by 9 votes.

In 2019, the Library went back to the District's voters for a 1.5 mill increase in property taxes and the issue passed with 58.7% of the vote.

Today's 12,000 square foot Pine River Library is home to almost 40,000 items including books, audiobooks, public access computers, tablets, and more. The library includes more than 80 public computers, a Community Room, two smaller meeting rooms, a media hub, a children's imagination room, comfortable chairs for reading, and a large selection of books, magazines, audio and video materials, online databases, and downloadable media including audio, video, music, and e-books. Library staff also provide additional services such as: passport applications, notary services, hunting and fishing license applications, etc.

Financial Highlights

- The District's total assets exceeded its liabilities and deferred inflows of resources on December 31, 2023 by \$4,831,956. This represented an increase of \$106,563 from the net position at December 31, 2022. This perspective on net position includes spendable resources as well as the investment in buildings, collections, and other capital assets of \$3,220,870, including restricted emergency reserves of \$25,540.
- During the year, the District's expenses of \$858,096 were \$223,619 less than the \$1,081,715 generated in program and general revenues for governmental activities.
- The District's general fund reported an ending fund balance of \$1,629,076, an increase of \$223,619 in comparison to the prior year. The portion of the total fund balance for the General Fund that is unrestricted and available for spending at the District's discretion is \$1,580,280.

Overview of the Financial Statements

This annual report consists of a series of financial statements and notes to the statements. The statements are organized so the reader can understand the District as a whole and then proceed to provide an increasingly detailed look at specific financial activities.

The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements.

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the District as a whole and present a

longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short-term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for the appropriations budget.

The notes to the financial statements provide narrative explanations and additional data needed for full disclosure in the government-wide statements and the fund financial statements.

Reporting the District as a Whole

Government-wide Financial Statements

The analysis of the District's overall financial condition and operations is presented in the Statement of Net Position and the Statement of Activities. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These statements apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as fees received from individuals and entities from outside the District and grants (program revenues), and revenues provided by taxpayers (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in them. The District's net position (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider non-financial factors as well, such changes in the District's property tax base and condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, the District is reporting its governmental activities. The District currently has no business-type activities or component units as defined by GASB.

Governmental activities – the District's financial activities center on promoting the establishment and development of publicly supported library services. The District's revenue consists primarily of funds received from property taxes, specific ownership taxes, and charges for service.

Reporting the District's Fund

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on the activities of the District's individual governmental funds and are divided into two parts: 1) the "modified accrual basis statements" and 2) the "budgetary basis statements".

The financial statements on pages 9 and 11 of the audit focuses on assets that can readily be converted into cash in the short term and liabilities that will be settled in the short term. Governmental funds are reported using modified accrual accounting, which recognizes expenditures when the liability is incurred and revenue when measurable and available. The modified accrual accounting method provides a short-

term spending focus, which helps the reader assess the amount of financial resources immediately available to finance the District's programs.

The annual budgets shown in the "budgetary basis statements" are prepared as described in the summary of significant accounting policies in the notes to the financial statements. These budgets are presented using the modified accrual basis of accounting and are found in the Required Supplementary Information section.

The "budgetary basis statements" for the General Fund, demonstrate how the District complied with the year's approved budget. The budgetary comparison schedule are presented using the same classifications as those used in the legal budget document.

Notes to the Basic Financial Statements

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

The notes to the basic financial statements can be found on pages 15 through 23.

Government-Wide Financial Analysis

The Statement of Net Position and the Statement of Activities present the District's financial information as a whole.

Condensed Statement of Net Position

	2023	2022
Current and other assets	\$ 2,745,181	\$ 2,323,250
Capital assets, net	3,220,870	3,326,157
Total assets	5,966,051	5,649,407
Current liabilities	50,772	44,217
Noncurrent liabilities	17,990	6,221
Total liabilities	68,762	50,438
Deferred inflows of financial resources	1,065,333	873,576
Total liabilities and deferred inflows of financial resources	1,134,095	924,014
Net position		
Net investment in capital assets	3,220,870	3,326,157
Restricted net position	25,540	24,926
Unrestricted net position	1,585,546	1,374,310
Total net position	\$ 4,831,956	\$ 4,725,393

The District's assets exceeded its liabilities and deferred inflows by \$4,831,956 as of December 31, 2023, an increase in the District's net position of \$106,563 during 2023. This overall increase is mainly due to decreases in expenses and conservative spending. The District reports \$3,220,870 invested in capital assets, which includes land, buildings, library materials, furniture and equipment. The District uses capital assets to provide services to patrons; consequently, these assets are not available for future spending. The remaining portions

of the District's net position are classified as either restricted or unrestricted. The restricted portion includes \$25,540 for an emergency reserve. Of the remaining \$1,585,546, \$1,202,788 is committed as follows:

Six months emergency operating expenses	\$ 436,788
Educational fund	16,000
Facility repair and improvement	450,000
Reserve Fund	<u>300,000</u>
Total committed fund balance	<u>\$1,202,788</u>

The District's appraised valuation of taxable property increased from \$202,594,480 to \$218,394,060 an increase of 7.8%. This increase is attributable largely to property reappraisals. The District's total property taxes assessed for 2023 were \$1,065,333. This is an increase of \$254,955 from the \$810,378 assessed in 2022.

The District's Changes in Net Position

Condensed Statement of Activities

	2023	2022
Program revenue		
Charges for services	\$ 11,186	\$ 10,876
Grants and contributions	23,268	30,253
General revenues		
Property and other taxes	971,169	904,947
Interest	76,092	25,261
Total Revenue	<u>1,081,715</u>	<u>971,337</u>
Program expenses		
Primary government	975,152	869,197
Change in net position	<u>106,563</u>	<u>102,140</u>
Net position – beginning	<u>4,725,393</u>	<u>4,623,253</u>
Net position – ending	<u>\$ 4,831,956</u>	<u>\$ 4,725,393</u>

Fund Financial Analysis

On December 31, 2023, the District reported a fund balance of \$1,629,076 in the General Fund. Of that, \$25,540 is reserved for emergencies under TABOR. Of the remaining fund balances, \$677,492 is available for future commitments and is unassigned, \$1,202,788 is committed by the Board of Trustees and \$23,256 is nonspendable prepaid expenditures.

The General Fund balance increased in 2023 by \$223,619 due to conservative spending, unexpected revenue, and lower personnel expenditures.

Property taxes are the most significant source of revenues for the Library. Property taxes (\$860,244) accounted for 80% of total revenues (\$1,081,715). Specific ownership taxes which are a type of property tax, consist of vehicle taxes collected by La Plata County, and other taxes (\$110,925) and were also a significant source of revenue accounting for approximately 10% of total revenues. Grants and contributions (\$23,268) made up 2% of the District's revenue and the remaining funds came from investment interest and collection revenues.

Budgetary Highlights

Over the course of the year, the District revised its budget. Actual expenditures were \$16,059 below the final budget amounts and resources available were \$24,611 above the final budgeted amount.

Significant budget variances from the final were as follows:

Account	2023 Actual	2023 Final Budget	Budget Variance	Reason
Revenues:				
Specific ownership and other taxes	110,925	93,000	10,925	Unexpected increase
Grants and contributions	23,268	21,000	2,268	Unexpected grant awards
Interest	76,092	70,000	6,092	Unexpected increase due to change in rates/ROI
Expenditures:				
Administrative operations	37,593	46,600	9,007	Unexpected decrease
Personnel	526,457	531,745	5,288	Lower personnel costs

Capital Assets

The District's investment in capital assets as of December 31, 2023, totals \$3,220,870 net of accumulated depreciation. These assets include buildings, land, furniture, equipment, books, and audiovisual equipment. Additional information on the District's capital assets can be found in Note 1 and 4 of the financial statements.

There were no major capital asset transactions during the calendar year 2023.

Economic Factors and Next Year's Budget Outlook

The District derives nearly all its revenues from property taxes, any change in assessed property values has a significant impact on the budget. Overall revenue for 2024 is anticipated to be higher than 2023 thanks to an increase in the number and value of properties in the district. In 2023 there was a statewide reduction to the assessment rate in Colorado. The district had voter approval to increase the general operating levy to supplement the rate adjustment but the Board of Trustees chose not to pursue that option. There were further legislative changes reducing residential assessment rates by \$50,000 per property and other reductions for commercial properties. Despite those reductions, Pine River Library is expected to receive 21% more than in 2023. The predicted Library expenditures for 2024 is \$978,821 which represents a 14% overall increase. Plus an additional \$20,000 is budgeted for furniture, a capital improvement. 2024 property taxes are expected to increase to \$1,044,026 with another \$146,000 coming from other sources. The Library's operating and capital costs total \$998,821 for 2024; the remaining \$191,205 will be added to reserves for future needs.

Proposed and future possible legislative changes mean that revenue may decrease in the future. Property values across the district are climbing but oil and gas production may cancel out some of those gains. As a result, the Board of Trustees is conservative when budgeting each fiscal year and is equally diligent when monitoring each year's budget to ensure the longevity of the District.

Looking to the future, the Board understands that the facility is aging and will eventually command major maintenance and repair expenses. There is an awareness that there may be a need for an addition to the building to accommodate Bayfield's growing population in years to come. Because of increasing costs and possible statewide economic changes, the Board of Trustees anticipate that eventually operational costs will exceed revenue. In order to create long term financial security, the Board of Trustees committed funds for emergencies, education, capital improvements and inflationary increases.

In 2023 the library parking lot was repaired and cracks were resealed along with some exterior painting projects. Library staff completed a comprehensive strategic plan in 2022. One of the resulting initiatives was the formation of a Library of Things. Additional funding was provided by the Friends of the Library and items were purchased in 2023 along with custom built furniture to house the new collection.

The Friends of the Library are donating funds in 2024 to support a new Learn Over Lunch program aimed at seniors in our community another strategic plan initiative.

In order to attract and maintain qualified and experienced staff personnel costs will be increased in 2024.

The Library's Board of Trustees is committed to providing the community with the highest level of service.

Contacting the District's Financial Management

This report is designed to provide an overview of the District's finances. Questions concerning any of the information found in this report or requests for additional information should be directed to Brenda Marshall, Director, Pine River Library District, P.O. Box 227, Bayfield, CO 81122, or you may call 970-884-2222. Interested citizens can also visit the District's website at www.prlibrary.org.

BASIC FINANCIAL STATEMENTS

PINE RIVER PUBLIC LIBRARY DISTRICT

STATEMENT OF NET POSITION

December 31, 2023

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash and investments.....	\$ 1,648,759
Due from county treasurer.....	7,833
Property taxes receivable.....	1,065,333
Prepaid items.....	23,256
Total current assets.....	<u>2,745,181</u>
Noncurrent assets	
Capital assets, not being depreciated.....	866,456
Capital assets, depreciated, net of accumulated depreciation.....	2,354,414
Total noncurrent assets.....	<u>3,220,870</u>
Total assets.....	<u>\$ 5,966,051</u>
LIABILITIES	
Current liabilities	
Accounts payable.....	\$ 24,650
Accrued liabilities.....	26,122
Total current liabilities.....	<u>50,772</u>
Noncurrent liabilities	
Compensated absences.....	17,990
Total liabilities.....	<u>\$ 68,762</u>
DEFERRED INFLOWS OF RESOURCES	
Property taxes.....	\$ 1,065,333
Total deferred inflows of resources.....	<u>\$ 1,065,333</u>
NET POSITION	
Net investment in capital assets.....	\$ 3,220,870
Restricted	
Declared emergencies.....	25,540
Unrestricted.....	1,585,546
Total net position.....	<u>\$ 4,831,956</u>

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

PINE RIVER PUBLIC LIBRARY DISTRICT

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2023

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Governmental activities:				
Public library.....	\$ 975,152	\$ 11,186	\$ 23,268	\$ (940,698)
General revenues				
Property taxes.....				860,244
Specific ownership and other taxes.....				110,925
Interest.....				76,092
Total general revenues				1,047,261
Change in net position				106,563
Net position, beginning				4,725,393
Net position, ending				\$ 4,831,956

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

PINE RIVER PUBLIC LIBRARY DISTRICT

BALANCE SHEET - GOVERNMENTAL FUND

December 31, 2023

	<u>General Fund</u>
ASSETS	
Cash and investments.....	\$ 1,648,759
Due from county treasurer.....	7,833
Property taxes receivable.....	1,065,333
Prepaid items.....	<u>23,256</u>
Total assets	<u><u>\$ 2,745,181</u></u>
LIABILITIES	
Accounts payable.....	\$ 24,650
Accrued liabilities.....	<u>26,122</u>
Total liabilities	<u>50,772</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes.....	<u>1,065,333</u>
Total deferred inflows of resources	<u>1,065,333</u>
FUND BALANCE	
Nonspendable	
Prepaid items.....	23,256
Restricted	
Declared emergencies.....	25,540
Committed	
Personnel Education.....	16,000
Capital outlay.....	450,000
Contingencies.....	436,788
Inflationary reserve.....	300,000
Unassigned.....	<u>677,492</u>
Total fund balance	<u>1,629,076</u>
Total liabilities, deferred inflows of resources and fund balance	<u><u>\$ 2,745,181</u></u>

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

PINE RIVER PUBLIC LIBRARY DISTRICT

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION December 31, 2023

Total fund balance - governmental fund	\$ 1,629,076
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the fund.....	3,220,870
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the fund.....	<u>(17,990)</u>
Total net position - governmental activities	<u><u>\$ 4,831,956</u></u>

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

PINE RIVER PUBLIC LIBRARY DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND For the Year Ended December 31, 2023

	<u>General Fund</u>
REVENUES	
Taxes.....	\$ 971,169
Grants and contributions.....	23,268
Charges for services.....	11,186
Interest.....	76,092
Total revenues.....	<u>1,081,715</u>
EXPENDITURES	
Current	
Library operations.....	858,096
Total expenditures.....	<u>858,096</u>
Net change in fund balance.....	<u>223,619</u>
Fund balance, beginning.....	<u>1,405,457</u>
Fund balance, ending.....	<u>\$ 1,629,076</u>

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

PINE RIVER PUBLIC LIBRARY DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2023

Net change in fund balance - total governmental fund..... \$ 223,619

Amounts reported for governmental activities in the statement of activities are different because:

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

Capital asset additions.....	45,765	
Depreciation expense.....	<u>(151,052)</u>	
Net difference in capital outlay treatment.....		(105,287)

Governmental funds do not record the change in accrued compensated absences during the year as an expenditure. However, in the statement of activities, this change is shown as additional expense. This is the amount of decrease in accrued compensated absences in the current year.....

	<u>(11,769)</u>	
Change in net position - governmental activities.....	\$	<u>106,563</u>

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

PINE RIVER PUBLIC LIBRARY DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Pine River Public Library District (the "District") is a Colorado special district created December 4, 1972. The District is governed by a Board of Trustees, who are appointed by the Board of Commissioners of La Plata County. The purpose of the District is to promote the establishment and development of publicly supported library services.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting entity

As required by generally accepted accounting principles, these financial statements present the District (the primary government) and its component units. Component units are legally separate organizations for which the appointed officials of the primary government are financially accountable, or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the District's financial statements to be misleading or incomplete. Based upon the foregoing criteria, there are no component units included in the accompanying financial statements.

B. Nature of operations

The District provides library services for the general public, primarily the Town of Bayfield, La Plata County, Colorado and the surrounding area.

C. Basis of accounting and presentation

Government-Wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The District does not allocate indirect expenses to functions in the statement of activities. 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. For identifying the function to which program revenue pertains, the determining factor for charges for services is which function generates the revenue.

For grants and contributions, the determining factor is to which function the revenues are restricted. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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 liabilities are incurred, regardless of the timing of related cash flows.

Fund Financial Statements

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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences are recorded only when payment is due.

PINE RIVER PUBLIC LIBRARY DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued

December 31, 2023

Governmental Fund Types

The accounts of the District are organized on the basis of funds. Each fund is considered an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other assets together with all related liabilities, obligations, reserves and equities, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The District used the following fund during 2023:

Governmental Fund - The general fund is used to account for all financial resources of the District. The general fund balance is available to the District for any purpose, provided it is expended or transferred according to the general laws of Colorado and the bylaws of the District.

D. Cash and cash equivalents

The District's cash and cash equivalents is comprised of demand deposits and highly liquid investments with original maturities of three months or less from the date of acquisition.

E. Investments

Investments are reported at fair value, except for money market funds and participating interest-earning investment contracts that mature within one year of the date of their acquisition which are stated at cost. Fair values are based on published market prices. The governmental investment pool operates in accordance with appropriate state laws and regulations. The value of the pool is reported at amortized cost which, in most cases, approximates the fair values of the pool shares.

Under Colorado statutes, the District may lawfully invest eligible funds in the following securities:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of the 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
- Guaranteed investment contracts
- Certain corporate bonds

F. Receivables

All trade and property tax receivables are reported net of an allowance for uncollectible amounts, when applicable. No allowance for uncollectible amounts was deemed necessary by Management for 2023.

G. Prepaid expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2023, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is classified as nonspendable, as this amount is not available for general appropriation.

PINE RIVER PUBLIC LIBRARY DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued

December 31, 2023

H. Capital assets

Capital assets, which include land, buildings, furniture, equipment, technology, and library materials, are reported in the government-wide financial statements. In the governmental fund financial statements, capital assets are charged to expenditures when purchased. Capital assets, which are defined as assets with an initial, individual cost of \$5,000 or more, with the exception of library materials capitalized regardless of cost, and an estimated useful life of more than one year, are recorded at historical cost or estimated historical cost if historical cost is not available. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the District values these capital assets at the estimated fair value of the item at the date of donation. Capital assets of the District are depreciated using the straight-line method. The composite method is used in the depreciation of library materials. These assets are depreciated over the following estimated useful lives:

Asset	Years
Buildings	10 - 40
Land improvements	10 - 28
Furniture, equipment, and technology	5 - 10
Library collection	4 - 7

I. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense or expenditure) until then. The District does not have any items that qualify for reporting in this category.

The government reports both deferred inflows, which arise under the full accrual and modified accrual basis of accounting. Deferred property taxes are reported as a deferred inflow for both the governmental activities presentation and governmental funds balance sheet. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced.

J. Compensated absences

The liability for compensated absences reported in the government-wide financial statements consists of unused paid time off (PTO), based on the employee's length and hours of service. The maximum of 60 hours of unused time may accrue for each employee at any given time. At year end, the estimated value of compensated absences was \$17,990.

K. Accrued liabilities and long-term obligations

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

PINE RIVER PUBLIC LIBRARY DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued

December 31, 2023

L. Net position or fund balances

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “net position”.

Net Position - Net position is assets minus liabilities plus deferred inflows of resources. Net investment in capital assets consist of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

Fund Balance - Generally, fund balance reflects assets minus liabilities and deferred inflows of resources. Financial reporting standards establish criteria for classifying fund balance amounts into specifically defined categories to make the nature and extent of constraints on these amounts more useful and understandable. The categories comprise a hierarchy based on the extent to which constraints must be honored for a specified purpose and for which amounts can be spent. Fund balances of governmental funds may be categorized as nonspendable, restricted, committed, assigned, and unassigned.

Nonspendable Fund Balance - cannot be spent because it is either in nonspendable form or is legally or contractually required to be maintained intact. Examples include items not expected to be converted to cash such as inventories and prepaid assets.

Restricted Fund Balance - is restricted for specific purposes based on constraints externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance - is constrained for a specific purpose by formal action (resolution or ordinance) adopted by the Board of Trustees, and can be rescinded only through the same type of formal action used to establish the original commitment. Trustee actions require either an ordinance or resolution. Both are equally binding for their respective purposes and are mutually exclusive, not interchangeable with one another.

Assigned Fund Balance - is constrained for specific purposes as determined by management and the Board of Trustees through the budget process. The Executive Director is the only employee authorized to assign fund balance.

Unassigned Fund Balance - is unconstrained and comprised of residual uncategorized fund balance amounts. The General Fund reports a positive unassigned fund balance.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted resources are available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are considered to be reduced first, followed by assigned amounts and then unassigned amounts.

M. Program revenues

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

PINE RIVER PUBLIC LIBRARY DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued

December 31, 2023

N. Property taxes

Property taxes for the current year are certified in arrears to La Plata County on December 15 and attach as a lien on property the previous January 1. For example, property taxes owed in 2023 were certified to the County in December 2022 and were available for collection on the due date, January 1, 2024. Property taxes are payable in full by April 30 or in two equal installments due February 28 and June 15. La Plata County bills and collects property taxes for all taxing districts in the County. The property tax receipts collected by La Plata County are remitted to the District in the subsequent month.

Property taxes are reported as a receivable and as deferred inflows of resources when the District has an enforceable legal claim to the taxes and as revenue when available for collection in the following year.

O. Specific ownership taxes

Specific ownership taxes are collected by La Plata County for motor vehicles and other personal property registered in the District's assessment area. Specific ownership taxes are recorded as revenue when collected by La Plata County.

P. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The District adopts an annual budget for the General Fund. All annual appropriations lapse at fiscal year-end. The District does not report encumbered balances as of December 31, 2023 as all encumbrances lapse at year-end.

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

- Budgets are required by state law for all funds. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year end.
- Public hearings are conducted by the Board of Trustees to obtain citizen comments.
- Prior to December 31, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. The annual budget is presented on the modified accrual basis of accounting that is consistent with generally accepted accounting principles.

PINE RIVER PUBLIC LIBRARY DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued

December 31, 2023

3. DEPOSITS AND INVESTMENTS

Deposits and investments of the District consist of the following:

<u>Deposits</u>	
Cash - demand deposits	\$ 160,030
Cash - certificates of deposit	<u>52,398</u>
Total deposits	212,428
 <u>Investments</u>	
Colorado Local Government Liquid Asset Trust	<u>1,436,331</u>
Total cash and investments	<u>\$ 1,648,759</u>

The District's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) 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 the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories, as of December 31, 2023, all of the District's deposits as shown above were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

The District has transaction accounts that are covered under Federal Deposit Insurance Corporation (FDIC) insurance. The FDIC insurance limit for cash accounts is \$250,000. The carrying amount of the District's deposits as of December 31, 2023 was \$212,035. The bank balances were \$233,163, which are covered by federal deposit insurance.

The District invested \$1,436,331 in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Trust operates under the authority and in conformity with Part 6 of Article 75 of Title 24 of the Colorado State Revised Statutes. Investment objective and strategies of the Trust are to seek preservation of principal, liquidity, and current income through investment in a diversified portfolio of short-term marketable securities. The Trust offers same day access to the investment funds and there are no maximum transaction amounts and withdrawals may be made daily. COLOTRUST PLUS+ and COLOTRUST PRIME are rated 'AAAm' by S&P Global Ratings. The Trust's financial statements can be obtained on its website at <http://www.colotrust.com/about>.

The District's investment in the Trust are stated at fair value in accordance with Paragraph 4 of GASB Statement 79 and Paragraph 11 of GASB Statement 31, therefore the investment is not required to be categorized within the fair value hierarchy for purposes of Paragraph 81a(2) of GASB Statement 72. At this time, the District does not hold investments carried at fair value as defined by GASB 72.

GASB Statement 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end as if so, the reporting of certain related disclosures:

Credit risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. State statutes limit certain investments to those with specified ratings from nationally recognized statistical rating organizations, depending on the type of investment. At year end, the District was not significantly exposed to credit risk.

PINE RIVER PUBLIC LIBRARY DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued

December 31, 2023

Custodial credit risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2023, the District did not hold any such investments requiring additional disclosure.

Concentration of credit risk - The District places no limit on the amount that may be invested in any one issuer, except for corporate securities. As of December 31, 2023, the District did not hold any such investments requiring additional disclosure.

Interest rate risk - Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of COLOTRUST PLUS+ at December 31, 2023, is 78 days. As of December 31, 2023, the District did not hold any investments with a maturity over 24 months.

Colorado Local Government Liquid Asset Trust (the Trust) earned investment income of \$75,861 at 5.5817% in 2023.

Foreign currency risk - This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

4. CAPITAL ASSETS

A summary of changes in general capital assets during the year ended December 31, 2023 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 866,456	\$ -	\$ -	\$ 866,456
Capital assets being depreciated:				
Building	2,922,062	-	-	2,922,062
Land improvements	472,888	-	-	472,888
Furniture and equipment	416,510	-	-	416,510
Library collection	421,668	45,765	(25,409)	442,024
Technology	106,318	-	-	106,318
Total depreciable capital assets	4,339,446	45,765	(25,409)	4,359,802
Accumulated depreciation				
Building	(890,792)	(75,811)	-	(966,603)
Land improvements	(224,187)	(21,778)	-	(245,965)
Furniture and equipment	(384,154)	(13,620)	-	(397,774)
Library collection	(282,285)	(33,310)	25,409	(290,186)
Technology	(98,327)	(6,533)	-	(104,860)
Total accumulated depreciation	(1,879,745)	(151,052)	25,409	(2,005,388)
Capital assets being depreciated, net	2,459,701	(105,287)	-	2,354,414
Governmental activities capital assets, net	\$ 3,326,157	\$(105,287)	\$ -	\$ 3,220,870

Depreciation expense for the year ended December 31, 2023 was \$151,052 and was charged to government activities expense.

PINE RIVER PUBLIC LIBRARY DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued

December 31, 2023

5. PROPERTY TAXES RECEIVABLE

The District reports deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The \$1,065,333 of property taxes receivable is unavailable revenue representing property tax levied in 2023 but not available until 2024.

6. EMPLOYEE BENEFIT PLANS

The District offered health benefits to employees working 30 hours or more. The Plan provided individual health insurance policy premiums of an employee and dependents up to \$400 per month (\$4,800 per year). Staff members were also offered Flexible Spending Accounts (FSA), life insurance, as well as, IRA Match of up to 3%. The District's total employer health insurance contributions and IRA matching contribution for the year ended December 31, 2023 was \$23,742 and \$9,657, respectively. Employees have access to an Employee Assistance Program if needed.

7. COLORADO TABOR

In November 1992, the people of the State of Colorado passed an amendment to the State's constitution (Article X, Section 20) known as the Taxpayer's Bill of Rights (TABOR), which was effective December 31, 1992. TABOR's intended purpose was to reasonably restrain the growth of government by imposing spending and revenue limits on the state and any local government, excluding enterprises. Provisions of TABOR require, among other things, that:

- Each district shall reserve for use in declared emergencies 3% or more of its fiscal year spending (as defined by TABOR) excluding bonded debt service, and this amount is set aside as part of reserved fund balance, called "declared emergencies".
- If revenue from sources not excluded from fiscal year spending exceeds the limits prescribed by TABOR in dollars for that fiscal year, the excess shall be refunded in the next fiscal year unless voters approve a revenue change as an offset. Revenue collected, kept, or spent illegally since four full fiscal years before an individual or class action enforcement suit is filed shall be refunded with 10% annual simple interest from the initial conduct.
- With minor exceptions, advance voter approval is required for any new tax, tax rate increase, or mill levy above that for the prior year or creation of any multiple-fiscal year direct or indirect district debt or other financial obligation without certain cash reserve amounts or a non-appropriation clause contained within the legal.

At December 31, 2023, the District had restricted \$25,540 in the General Fund for declared emergencies.

8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District carries commercial insurance for the risks of loss, including worker's compensation and employee accident insurance. There were no significant reductions in insurance coverage from the prior year, and there have been no settlements that exceed the District's insurance coverage during the past year.

PINE RIVER PUBLIC LIBRARY DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued

December 31, 2023

9. COMMITMENTS AND CONTINGENCIES

A. Grants

The District periodically receives federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. District management believes disallowances, if any, will be immaterial.

B. Claims and litigation

The District is unaware of any pending or threatened litigation that might have a material effect on the financial statements.

10. SUBSEQUENT EVENT

The District has evaluated subsequent events through July 3, 2024, the date which the financial statements were available to be issued. Except as described below, there were no material subsequent events that required additional disclosure in the financial statements.

In January 2024, the certificate of deposit matured and was not renewed.

In January 2024, the District received a \$22,969 donation from an unrelated individual.

The State of Colorado passed SB23B-001 requiring reimbursement to local governments for lost property tax revenue resulting from reductions in valuations enacted in 2022. As a result, the District received \$46,974 during May 2024.

REQUIRED SUPPLEMENTARY INFORMATION

PINE RIVER PUBLIC LIBRARY DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GENERAL FUND - BUDGET AND ACTUAL For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Property taxes.....	\$ 873,576	\$ 856,104	\$ 860,244	\$ 4,140
Specific ownership and other taxes.....	93,000	100,000	110,925	10,925
Total taxes.....	966,576	956,104	971,169	15,065
Grants and contributions.....	14,000	21,000	23,268	2,268
Service charges and fees.....	7,500	10,000	11,186	1,186
Interest.....	5,000	70,000	76,092	6,092
Total revenues	993,076	1,057,104	1,081,715	24,611
EXPENDITURES				
Books and materials.....	89,600	94,800	91,709	3,091
Programming.....	16,100	16,100	15,824	276
Repairs and maintenance.....	69,900	83,700	84,255	(555)
Facility fees.....	4,500	4,500	4,746	(246)
Utilities.....	19,500	19,500	19,512	(12)
Technology.....	40,000	40,000	40,709	(709)
Small furniture and equipment.....	5,000	11,000	11,433	(433)
Treasurer's fee.....	26,210	26,210	25,858	352
Administration operations.....	39,200	46,600	37,593	9,007
Personnel.....	588,543	531,745	526,457	5,288
Total library operations.....	898,553	874,155	858,096	16,059
Capital outlay.....	15,000	-	-	-
Total expenditures	913,553	874,155	858,096	16,059
Net change in fund balance	\$ 79,523	\$ 182,949	223,619	\$ 40,670
Fund balance, beginning				1,405,457
Fund balance, ending				\$ 1,629,076

See accompanying Independent Auditor's Report.