



Lyons Regional Library District

Financial Statements and Supplementary
Information

For the Year Ended December 31, 2019



Lyons Regional Library District

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Independent Auditor's Report

Board of Directors
Lyons Regional Library District
Lyons, Colorado

We have audited the accompanying financial statements of the governmental activities, the combined discretely presented component units and each major fund of the Lyons Regional Library District (the "District"), as of December 31, 2019, and for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 entity's 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the combined discretely presented component units and each major fund of the Lyons Regional Library District as of December 31, 2019, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Emphasis of a Matter

The COVID-19 outbreak in 2020 (see Note 7) has caused business disruption in a variety of industries, markets and geographic regions, which has resulted in considerable uncertainty as to the financial impact and duration, which cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 10, and the General Fund budgetary comparison information on page 26 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 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Capital Fund budgetary comparison information on page 27 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The budgetary comparison information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated in all material respects in relation to the financial statements as a whole.

ACM LLP

Greeley, Colorado
September 11, 2020

**LYONS REGIONAL LIBRARY DISTRICT
Management's Discussion and Analysis
For the Year Ended December 31, 2019**

This section of the annual financial report offers readers of the Lyons Regional Library District (the "District") financial statements, management's discussion and analysis of the District's financial performance during the year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with additional information furnished in the District's financial statements, which immediately follow this section.

Background Information

The District was formed in 2015 to provide library services to the citizens in and around Lyons, Colorado. The predominant fund approach for the District was comprised of two basic funds, the General Fund and the Capital Fund.

Financial Highlights

- The District's financial status improved over the course of the 2019 fiscal year. Total net position increased \$965,173 or 66.47 percent.
- General revenues account for \$503,149 of all revenues. There were no program specific revenues in the form of charges for services, but there were capital grants and contributions of \$966,702.
- The District had \$504,678 in expenses related to governmental activities; all of which was offset by program specific capital grants and contributions of \$966,702. General revenues consisting of property and specific ownership taxes of \$500,719 and other revenues were adequate to provide for these programs.
- During 2019, the District capitalized \$2,069,035 on capital outlays, consisting primarily of construction costs relating to a new library building. See the Capital Assets section of this management's discussion and analysis for more information.
- The District had \$1,439,710 of outstanding long-term debt at December 31, 2019.

Overview of the Financial Statements

This annual financial report consists of three parts: management's discussion and analysis, the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements. The governmental fund statements tell how basic services were financed in the short-term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information and a section of other supplementary information.

**LYONS REGIONAL LIBRARY DISTRICT
Management's Discussion and Analysis
For the Year Ended December 31, 2019**

Detailed in the following diagram are how the various parts of this annual report are arranged and relate to one another.

Table 1

**Organization of the Lyons Regional Library District
Annual Financial Report**

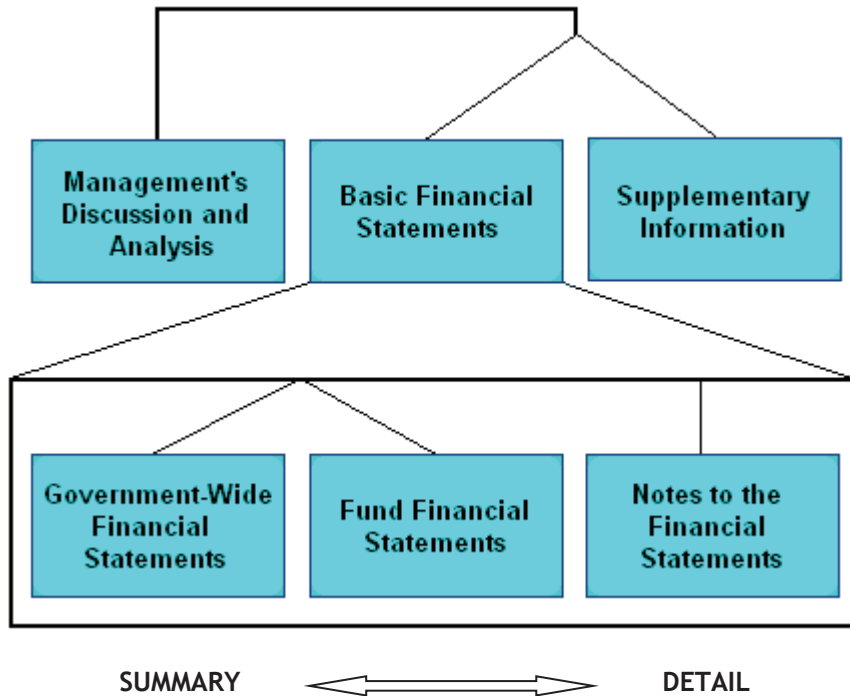


Table 2, displayed on the following page, summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the two types of financial statements, government-wide and fund financial statements, found in the basic financial statements.

**LYONS REGIONAL LIBRARY DISTRICT
Management's Discussion and Analysis
For the Year Ended December 31, 2019**

Table 2

Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Financial Statements Governmental Fund
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary
Required Financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

Government-wide Statements

The government-wide statements are designed to provide readers a broad overview of the District's finances, in a manner similar to a private-sector business. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. These statements provide both short-term and long-term information about the District's overall financial status.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between these items 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 is improving or deteriorating. To assess the District's overall health, you need to consider additional non-financial factors such as the condition of buildings and equipment.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flow in future fiscal periods.

**LYONS REGIONAL LIBRARY DISTRICT
Management's Discussion and Analysis
For the Year Ended December 31, 2019**

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). Included in governmental activities are most of the District's basic services such as basic library services.

The basic government-wide financial statements can be found on pages 11-12 of this report.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- *Governmental fund:* The District's basic services are included in the governmental funds, generally focusing on (1) inflows and outflows of cash and other financial assets and (2) balances remaining at year-end which are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine financial resources that may be available in the near term to finance the District's programs. Because this information does not encompass the long-term focus of the government-wide statements, a reconciling schedule is included on the governmental fund statements explaining the relationship (or difference) between them.

The District maintains two governmental funds, the General Fund and the Capital Fund, both of which are considered major funds. The basic governmental fund financial statements can be found on pages 13-15 of this report.

Notes to the 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 financial statements can be found on pages 16-25 of this report.

Financial Analysis of the District as a Whole

Net Position and Changes in Net Position

The District's net position was larger on December 31, 2019, than it was the year before, increasing 66.47 percent to \$2,417,265. Table 3, displayed on the following page, provides a summary of the District's net position at December 31 2019, and 2018.

**LYONS REGIONAL LIBRARY DISTRICT
Management's Discussion and Analysis
For the Year Ended December 31, 2019**

**Table 3
Condensed Statement of Net Position**

	2019	2018
Assets		
Current assets	\$729,862	\$ 2,564,379
Depreciable Capital assets, net	\$3,229,902	\$ -
Construction in Progress (non-depreciable)	-	1,211,225
	3,959,764	3,775,604
Total assets		
Liabilities		
Current liabilities	22,382	379,730
Long-term liabilities	1,439,710	1,470,706
	1,462,092	1,850,436
Total liabilities		
Deferred inflows of resources		
Deferred property tax revenue	80,407	473,076
	80,407	473,076
Total deferred inflows of resources		
Net position		
Net investment in capital assets	1,790,192	705,514
Restricted for:		
Emergencies	44,100	36,900
Debt Service	88,221	88,221
Unrestricted	494,752	621,457
	\$ 2,417,265	\$ 1,452,092
Total net position		

Table 4, displayed on the following page, provides a summary of the changes in net position. Following Table 4 is specific discussion related to overall revenues and expenses.

**LYONS REGIONAL LIBRARY DISTRICT
Management's Discussion and Analysis
For the Year Ended December 31, 2019**

**Table 4
Condensed Statement of Activities**

Years Ended December 31,	2019	2018
Revenues		
Program revenues		
Operating grants & contributions	\$ 966,702	\$ 711,371
General revenues		
Property Taxes	472,595	466,486
Specific Ownership Taxes	28,124	27,496
Earnings on investments	1,418	21,378
Other	1,012	1,660
Total revenue	1,469,851	1,228,391
Expenses		
Library Activities	454,342	299,902
Interest on long term debt	50,336	94,478
Total expenses	504,678	394,380
Increase in net position	\$ 965,173	\$ 834,011

Operating grants and contributions, followed by property and specific ownership taxes account for most of the District's revenue, contributing 65.8 cents and 34.1 cents, respectively, for every dollar raised and the remaining .16 cents came from earnings on investments and from other sources.

The District expenses predominantly relate to payment for library services as well as the construction of a new library facility Colorado for 2019, and 2018.

The statement of activities shows the cost of program services and the related charges for services and grants offsetting those costs. Table 5 reflects each program's total cost and net cost of services. That is, it identifies the cost of these services supported by unrestricted property taxes.

**Table 5
Net Cost of Governmental Activities**

	<u>Total Cost</u>	<u>Net Cost of Services</u>
Library activities	\$ (454,342)	\$ 512,360
Interest on long-term debt	(50,336)	(50,336)
Total	\$ (504,678)	\$ 462,024

**LYONS REGIONAL LIBRARY DISTRICT
Management's Discussion and Analysis
For the Year Ended December 31, 2019**

Financial Analysis of District's Funds

Governmental Activities

The increase in net position for governmental activities was \$965,173 in the 2019 fiscal year.

The governmental funds monitor cash resources and expenditures. Capital outlay expenditures are not considered an expense on the government-wide statement of activities. Rather, these costs are written off over time as depreciation expense. The District capitalized \$2,069,035 in capital outlay during 2019.

The District recognized \$50,358 in depreciation expense during 2019, as the District's newly-constructed facility came online July 1, 2019.

General Fund

The General Fund was established and is continually funded to provide for the daily activities, salaries, expenses, and operating costs of the District. This fund provides for functional areas of the organization - administration, buildings and grounds, and intergovernmental payments. The primary funding source for the General Fund is taxation of real property. Other sources of income for the General Fund include earnings on investments and other sources.

General Fund Budgetary Highlights

The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The District's budget for the General Fund anticipated that expenditures would exceed revenues by \$5,000. The actual results for the year show a \$108,578 excess of revenues over expenditures in the General Fund for 2019.

It should be noted that the District's budget format is designed to establish and monitor divisional functions of the District's operations to more closely align expenses with the areas of responsibility. These divisions are set up as cost centers for accountability in each of the following areas:

- Operating expenses
- Salaries and benefits
- Capital Outlay
- Debt Service

The District must maintain a 3% emergency reserve as a part of the TABOR Amendment (Taxpayer Bill of Rights). At December 31, 2019, the District's TABOR reserve amounted to \$44,100.

Capital Assets and Debt Administration

Capital Assets

By the end of 2019, the District had invested \$3,280,260 in the construction of a new library facility. There has been \$50,358 in depreciation expense recorded as of December 31, 2019, as the building was placed in service on July 1, 2019. This amount represents an increase of \$2,018,677, or 166.66 percent from last year.

Long-Term Debt

During 2018, the District issued \$1,460,000 of certificates of participation ("COPs") to finance the construction of the District's new library facility. Additional information on the District's debt can be found in Note 4 of the Notes to Financial Statements, on page 23.

**LYONS REGIONAL LIBRARY DISTRICT
Management's Discussion and Analysis
For the Year Ended December 31, 2019**

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District at PO Box 619, Lyons, CO 80540.

Basic Financial Statements

Lyons Regional Library District

Statement of Net Position

December 31, 2019

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 558,789
Property taxes receivable	82,852
Restricted cash	88,221
Depreciable capital assets, net	3,229,902
Total assets	3,959,764
Liabilities	
Accrued expenses	22,185
Payroll taxes payable	197
Non-current liabilities:	
Due within one year	30,000
Due in more than one year	1,409,710
Total liabilities	1,462,092
Deferred inflows of resources	
Deferred property tax revenue	80,407
Total deferred inflows of resources	80,407
Net Position	
Net investment in capital assets	1,967,133
Restricted for:	
Emergencies	44,100
Debt service	88,221
Unrestricted	317,811
Total net position	\$ 2,417,265

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

Lyons Regional Library District
Statement of Activities
Year Ended December 31, 2019

		Program Revenues		Capital	Net Revenue (Expense) and Changes in Net Position
	Expenses	Charges for Service	Grants and Contributions	Governmental Activities	
Governmental activities					
Library activities	\$ 454,342	\$ -	\$ 966,702		\$ 512,360
Interest on long-term debt	50,336	-	-		(50,336)
Total governmental activities/Primary Government	\$ 504,678	\$ -	\$ 966,702		462,024
General revenues:					
Property taxes					472,595
Specific ownership taxes					28,124
Earnings on investments					1,418
Other					1,012
Total general revenues					503,149
Change in net position					965,173
Net position at beginning of year					1,452,092
Net position at end of year					\$ 2,417,265

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

Lyons Regional Library District
Balance Sheet
Governmental Funds
December 31, 2019

	General Fund	Capital Fund	Total
Assets			
Cash and cash equivalents	\$ 381,848	\$ 176,941	\$ 558,789
Property taxes receivable	82,852	-	82,852
Restricted cash	88,221	-	88,221
Total assets	\$ 552,921	\$ 176,941	\$ 729,862
Liabilities, deferred inflows of resources and fund balance			
Liabilities			
Accounts payable	\$ 22,185	\$ -	\$ 22,185
Payroll taxes payable	197	-	197
Total liabilities	22,382	-	22,382
Deferred inflows of resources			
Deferred property tax revenue	80,407	-	80,407
Total deferred inflows of resources	80,407	-	80,407
Fund balance			
Restricted for emergency reserve	44,100	-	44,100
Restricted for debt service	88,221	-	88,221
Restricted for capital investment	-	176,941	176,941
Unassigned	317,811	-	317,811
Total fund balance	450,132	176,941	627,073
Total liabilities, deferred inflows of resources and fund balance	\$ 552,921	\$ 176,941	\$ 729,862

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

Total fund balance - Governmental funds \$ 627,073

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. This is the amount included in construction in progress as of December 31, 2019.

Capital assets	\$ 3,280,260	
Accumulated depreciation	(50,358)	3,229,902

Long-term liabilities are not due and payable from current financial resources and therefore are not reported as liabilities on the fund financial statements.

Certificates of participation	\$ (1,430,000)	
Premium on Certificates of participation	(9,710)	(1,439,710)
Total net position - governmental activities		\$ 2,417,265

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

Lyons Regional Library District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year Ended December 31, 2019

	General Fund	Capital Fund	Total
Revenues			
Taxes	\$ 500,719	\$ -	\$ 500,719
Grants and contributions	16,202	950,500	966,702
Earnings on investments	1,282	136	1,418
Other	1,012	-	1,012
Total revenues	519,215	950,636	1,469,851
Expenditures			
Current:			
Operating expenses	100,150	74,679	174,829
Salaries and benefits	184,270	-	184,270
Capital outlay	45,881	2,069,035	2,114,916
Debt service			
Principal	30,000	-	30,000
Interest	50,336	-	50,336
Total expenditures	410,637	2,143,714	2,554,351
Excess (deficiency) of revenues over expenditures	108,578	(1,193,078)	(1,084,500)
Other financing sources (uses)			
Transfers in (out)	(36,279)	36,279	-
Total other financing sources (uses)	(36,279)	36,279	-
Change in fund balance	72,299	(1,156,799)	(1,084,500)
Fund balance at beginning of year	377,833	1,333,740	1,711,573
Fund balance at end of year	\$ 450,132	\$ 176,941	\$ 627,073

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

Lyons Regional Library District
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balance with the Government-wide Statement of Activities
Year Ended December 31, 2019

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

Net change in fund balance	\$ (1,084,500)	
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

Depreciation	\$ (50,358)	
Capital outlay	<u>2,069,035</u>	2,018,677

Long-term liabilities, including certificates of participation, and the related unamortized premiums are not due and payable in the current period; therefore, not reported in the funds.

Certificates of participation payable	\$ 30,000	
Deferred premium	996	30,996

Change in net position - governmental activities	\$ 965,173	
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The accompanying notes are an integral part of these financial statements.

Lyons Regional Library District
Notes to Financial Statements
December 31, 2019

1. Summary of Significant Accounting Policies

The financial statements of the Lyons Regional Library District (the “District” or “Library”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District’s accounting policies are described below.

Reporting Entity

As required by GAAP, these financial statements present the District and its component units, entities for which the District is considered to be financially accountable. The District has no blended component units. Each discretely presented component unit is reported in a separate column in the following condensed financial information below.

Condensed statement of net position information:

<i>December 31, 2019</i>	Lyons Regional Library District Foundation	Friends of the Lyons Depot Library	Total Discretely Presented Component Units
Assets			
Cash and cash equivalents	\$ 179,419	\$ 24,376	\$ 203,795
Total assets	179,419	24,376	203,795
Net position			
Net position - restricted for District support	179,419	24,376	203,795
Total net position	\$ 179,419	\$ 24,376	\$ 203,795

Condensed statement of activities information:

<i>Year Ended December 31, 2019</i>	Lyons Regional Library District Foundation	Friends of the Lyons Depot Library	Total Discretely Presented Component Units
Revenues			
Contributions and member dues and interest earnings	\$ 165,706	\$ 16,196	\$ 181,902
Total revenues	165,706	16,196	181,902
Expenses			
Operating expenses	1,329	14,199	15,528
Donations to the District	200,000	17,509	217,509
Total expenses	201,329	31,708	233,037
Change in net position	(35,623)	(15,512)	(51,135)
Beginning net position, as previously reported	215,042	39,888	254,930
Ending net position	\$ 179,419	\$ 24,376	\$ 203,795

Lyons Regional Library District

Notes to Financial Statements

December 31, 2019

Lyons Regional Library District Foundation

The Lyons Regional Library District Foundation (the “Foundation”) is a separate 501(c)(3) organization created to raise funds for the District, primarily to support the construction of a new library facility. The Foundation is a major discretely presented component unit.

Friends of the Lyons Depot Library

The Friends of the Lyons Depot Library (“Friends”), is a separate 501(c)(3) organization formed to provide support to the District through the collection of small contributions, dues and event revenues. Friends is not a major discretely presented component unit.

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 of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, charges for services and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user charges for support. The District does not report any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to those 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.

The fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The District has two major governmental funds, the General Fund and the Capital Fund.

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 a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are accounted for using the current financial resources measurement focus, whereby only current assets, deferred outflows of resources, liabilities, and deferred inflows of resources generally are included in the balance sheet, and the statement of revenues, expenditures and changes in fund balances present increases and decreases in those components. These funds use the modified accrual basis of accounting whereby 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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized only when payment is due.

Lyons Regional Library District
Notes to Financial Statements
December 31, 2019

Intergovernmental grants and earnings on investments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements, reconciliation is presented that briefly explains the adjustments necessary to reconcile to ending net position and the change in net position.

Governmental funds are used to account for all or most of a government’s general activities. The following is the District’s major governmental fund:

General Fund - The general fund is the Library’s general operating fund and is used to account for all financial transactions. Major revenue sources include property taxes. Expenditures include all costs associated with the daily operation of the District.

Budgets

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- By October 15, the District staff submits to the Board of Directors, a proposed operating budget for the fiscal year beginning the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Any budget revisions that alter the total expenditures of any fund must be approved by the Board of Directors through passage of a formal resolution.
- The Library legally adopts budgets for all of the funds of the Library on a basis consistent with GAAP.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Directors. All appropriations lapse at year end.

The following table summarizes the individual fund budgeted expenditures, as originally adopted, and as revised:

	Original Budget	Revisions	Final
Governmental funds:			
General Fund	\$ 633,443	\$ -	\$ 633,443
Capital Fund	2,799,010	-	2,799,010
Total governmental funds	\$ 3,432,453	\$ -	\$ 3,432,453

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and demand deposits held at financial institutions. All cash equivalents have an original maturity date of less than three months.

Lyons Regional Library District
Notes to Financial Statements
December 31, 2019

Capital Assets

Capital assets, which include property, plant and equipment, 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date received. The Library expenses all library books.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are expensed. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation of capital assets is charged as an expense against operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

	Governmental Activities Estimated Lives
Building	20 - 50 years
Building Improvements	15 - 20 Years
Furniture	5 - 12 years
Computer/Electronic Equip	5 years

Accrued Compensated Absences Payable

In accordance with the provisions of the GASB Statement No. 16, *Accounting for Compensated Absences*, vested or accumulated vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation pay that are not expected to be liquidated with expendable available financial resources are reported on the government-wide financial statements. Compensated absences are reported in governmental funds only if they have matured. The District does not have any accrued compensated absences as of December 31, 2019.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments and the noncurrent portion of long-term liabilities that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within 60 days after year-end are considered to have been made with current available financial resources.

Fund Balance and Net Position

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Lyons Regional Library District
Notes to Financial Statements
December 31, 2019

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This category represents the net position of the District, which is not restricted for any project or other purpose. A deficit will require future funding.

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Library is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors (the "Board"). The Board is the highest level of decision making authority for the Library. Commitments may be established, modified, or rescinded only through resolutions approved by the Board.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Board has the authority to assign amounts for specific purposes.

Unassigned - all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the Library considers restricted resources to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Library considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Estimates

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

Lyons Regional Library District
Notes to Financial Statements
December 31, 2019

2. Cash and Investments

Custodial Credit Risk - Deposits

Colorado state statutes govern the District's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes ("CRS") require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act ("PDPA") requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation ("FDIC") to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the state. 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 assets in the pool must be at least 102% of the uninsured deposits. At December 31, 2019, the District had deposits with a financial institution with a carrying amount of approximately \$556,353. The bank balance with the financial institution was approximately \$558,822, of which \$250,000 was covered by federal depository insurance. The remaining balance of approximately \$308,822 was collateralized with securities held by the financial institutions' agents but not in the District's name.

Restricted Cash

At December 31, 2019, the District has approximately \$88,000 of restricted cash. This balance is restricted for debt service, pursuant to the certificates of participation agreement (see note 4).

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which the District may invest, which include:

- Certificates of deposit with an original maturity in excess of three months
- Certain obligations of the United States and U.S. Government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptance of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The District's policy is to hold investments until maturity.

Custodial Credit Risk - Investments

For investments, custodial credit risk is the risk that in the event of a failure of a counter party, the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a specific policy for custodial credit risk. As of December 31, 2019, the District had no investments exposed to custodial credit.

Cash and cash equivalents held by the District at December 31, 2019 were as follows:

Lyons Regional Library District
Notes to Financial Statements
December 31, 2019

Description	Balance
Cash with county treasurer	\$ 2,436
Bank deposits	556,353
	<hr/> \$ 558,789

Interest Rate Risk

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value losses arising from increasing interest rates.

Local Government Investment Pool

At December 31, 2019, the District had invested approximately \$88,000 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 State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME invests only in U.S. Treasury and government agencies. COLOTRUST PLUS+ can invest in U.S. Treasury, government agencies, and in the highest-rate commercial paper. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. The Trust is rated AAAM by Standard and Poor's and is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Lyons Regional Library District
Notes to Financial Statements
December 31, 2019

3. Capital Assets

Capital asset activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	1,211,225	2,069,035	(3,280,260)	-
Total capital assets not being depreciated	1,211,225	2,069,035	(3,280,260)	-
Capital assets being depreciated:				
Building	-	2,747,260	-	2,747,260
Building Improvements	-	360,000	-	360,000
Furniture	-	128,300	-	128,300
Equipment	-	44,700	-	44,700
Total capital assets being depreciated	-	3,280,260	-	3,280,260
Accumulated depreciation	-	(50,358)	-	(50,358)
Capital assets being depreciated, net	-	3,229,902	-	3,229,902

4. Long-term Debt

In March of 2018, the District issued certificates of participation (“COPs”), totaling \$1,460,000 for the construction of a new library. The COPs accrue interest at an effective rate of 3.87% per year, and will mature in 2047. The balance as of December 31, 2019 is \$1,430,000

The following is a summary of changes in long-term debt of the District for the year ended December 31, 2019:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
Certificates of Participation	\$ 1,460,000	\$ -	\$ (30,000)	\$ 1,430,000	\$ 30,000
Premium	10,706	-	(996)	9,710	-
Totals	\$ 1,470,706	\$ -	\$ (30,996)	\$ 1,439,710	\$ 30,000

Lyons Regional Library District
Notes to Financial Statements
December 31, 2019

The annual requirements to amortize all debt outstanding as of December 31, 2019 are as follows:

Year Ending December 31,	Principal	Interest	Total
2020	\$ 30,000	\$ 54,518	\$ 84,518
2021	30,000	53,618	83,618
2022	30,000	52,718	82,718
2023	35,000	51,818	86,818
2024	35,000	50,768	85,768
2025-2029	190,000	229,440	419,440
2030-2034	235,000	187,140	422,140
2035-2039	280,000	140,866	420,866
2040-2044	330,000	84,862	414,862
2045-2047	235,000	18,406	253,406
Total	\$ 1,430,000	\$ 924,154	\$ 2,354,154

5. Commitments and Contingencies

Leases

In October of 2016 the District entered into a facilities lease that expired on August 15, 2019, and required monthly rent of \$2,750. The District recognized rent expense of \$20,000 in 2019.

6. TABOR Compliance

In November 1992, Colorado voters passed an amendment (the “Amendment” or “TABOR”) to the state constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and “fiscal year spending” include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the “spending limit” must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate.

The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the Amendment, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has restricted \$44,100 for this purpose.

On November 5, 2013, the voting citizens of the District approved an ordinance to authorize the District to “collect, retain and spend all revenues and other funds collected from any and all revenue sources, including state and private grants or donations, authorized fees and property taxes, such authorization to be effective in fiscal year 2013, and continuing thereafter; provided that the District’s general operating property tax rate shall not be increased without further voter approval; and shall the revenues from all such sources be collected, retained and spent as voter approved revenue changes and as exceptions to the limits of which would otherwise apply, including without limitation, Article X, Section 20 of the Colorado Constitution and Section 29-1-301, C.R.S.” This effectively removed all limitations imposed by TABOR.

The Library believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

Lyons Regional Library District
Notes to Financial Statements
December 31, 2019

7. Subsequent Events

The District evaluated subsequent events through September 11, 2020, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure, except as follows.

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2020.

Required Supplementary Information

Lyons Regional Library District
Schedule of Revenues, Expenditures and Changes in
Fund Balance (Budget and Actual) - General Fund
Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 491,093	\$ 491,093	\$ 500,719	\$ 9,626
Grants and contributions	10,000	10,000	16,202	6,202
Earnings on investments	-	-	1,282	1,282
Other	2,850	2,850	1,012	(1,838)
Total revenues	503,943	503,943	519,215	15,272
Expenditures				
Current				
Operating expenses	122,507	122,507	100,150	22,357
Salaries and benefits	242,086	242,086	184,270	57,816
Capital outlay	40,350	40,350	45,881	(5,531)
Debt Service	-	-	-	-
Principal	30,000	30,000	30,000	-
Interest	54,000	54,000	50,336	3,664
Reserve	20,000	20,000	-	20,000
Total expenditures	508,943	508,943	410,637	98,306
Excess (deficiency) of revenues over expenditures	(5,000)	(5,000)	108,578	113,578
Other financing sources (uses)				
Transfers out	(124,500)	(124,500)	(36,279)	88,221
Excess of revenues over expenditures	\$ (129,500)	\$ (129,500)	72,299	\$ 201,799
Fund balance at beginning of year			377,833	
Fund balance at end of year			\$ 450,132	

See accompanying Independent Auditor's Report.

Other Supplementary Information

Lyons Regional Library District
Schedule of Revenues, Expenditures and Changes in
Fund Balance (Budget and Actual) - Capital Fund
Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Grants and contributions	\$ 1,314,500	\$ 1,314,500	\$ 950,500	\$ (364,000)
Earnings on investments	-	-	136	136
Total revenues	1,314,500	1,314,500	950,636	(363,864)
Expenditures				
Current				
Operating expenses	-	-	74,679	(74,679)
Capital outlay	2,799,010	2,799,010	2,069,035	729,975
Total expenditures	2,799,010	2,799,010	2,143,714	655,296
Deficit of revenues over expenditures	(1,484,510)	(1,484,510)	(1,193,078)	291,432
Other financing sources (uses)				
Proceeds from COPs	1,000,000	1,000,000	-	(1,000,000)
Transfers in	-	-	36,279	36,279
Total other financing sources (uses)	1,000,000	1,000,000	36,279	(963,721)
Change in fund balance	\$ (484,510)	\$ (484,510)	(1,156,799)	\$ (672,289)
Fund balance at beginning of year			<u>1,333,740</u>	
Fund balance at end of year			<u>\$ 176,941</u>	

See accompanying Independent Auditor's Report.