

EAST ROUTH LIBRARY DISTRICT

Financial Statements

December 31, 2021

EAST ROUTH LIBRARY DISTRICT

Table of Contents

| | <u>Page</u> |
|---|-------------|
| Independent Auditor's Report | 1 |
| Management's Discussion and Analysis | 4 |
| Basic Financial Statements: | |
| Government-wide Financial Statements: | |
| Statement of Net Position | 7 |
| Statement of Activities | 8 |
| Fund Financial Statements: | |
| Governmental Funds: | |
| Balance Sheet | 9 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position | 10 |
| Statement of Revenues, Expenditures and Changes in Fund Balances | 11 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 12 |
| Notes to Financial Statements | 13 |
| Required Supplementary Information: | |
| Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual: General Fund | 21 |
| Supplementary Information: | |
| Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual: Debt Service Fund | 22 |
| Literary Sojourn Fund | 23 |



Independent Auditor's Report

The Board of Trustees
East Routt Library District
Routt County, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the East Routt Library District (the District), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with U.S. generally accepted accounting principles (GAAP).

Basis for Opinions

We conducted our audit in accordance with U.S. generally accepted auditing standards (GAAS). 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 the 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 GAAP, 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 the 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 GAAS 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 GAAS, 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 the 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 the 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.

Report on Summarized Comparative Financial Information

We have previously audited the District's December 31, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 11, 2021. In our opinion, the summarized comparative financial information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

GAAP requires that the Management's Discussion and Analysis on pages 4-6 and the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual on page 21 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 GAAS, 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.

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 Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual on pages 22-23 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, this supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Catterson + Company, P.C.

Steamboat Springs, Colorado
April 27, 2022

**East Routt Library District
Management's Discussion & Analysis
For the Year Ending December 31, 2021**

Overview of the Library

The East Routt Library District was established to provide public library services to the residents of Steamboat Springs and surrounding area. Public library services include but are not limited to:

- 1) Making available to our citizens a collection of print, non-print and digital materials for enrichment, education and entertainment.
- 2) Availability of public computer workstations & free wifi for public Internet access
- 3) Maintaining a current collection of reference materials for in-house research and study
- 4) Providing professional library staff to assist the public with their research and technology needs
- 5) Participation in state networks and resource sharing opportunities to expand the library's inhouse collection through the ability to borrow materials from other libraries world-wide
- 6) Cultural and educational programs for children, teens and adults including story times, summer reading programs, reading group discussions, film showings, lectures, and other special events with an emphasis on early literacy, books, literature and authors
- 7) Reader advisory services (what's good to read)

The Library is governed under Colorado statue by a Board of Trustees appointed by joint resolution of the Routt County Commissioners, the Steamboat Springs RE-2 School Board and the Steamboat Springs' City Council. The Library is managed by a Director hired by the Library Board who is responsible for the administration of all library services and programs. The Library Director prepares and administers the budget that is adopted by the Board annually in accordance Colorado statutory budget requirements.

Overview of Financial Statements

The District's basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements report on information of all of the nonfiduciary activities of the District. The District's primary activities are categorized as governmental activities.

The District reports financial transactions in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The focus of the fund reporting is on current available resources and budget compliance.

Condensed Key Financial Information

For the year ending December 31, 2021

| | 2021 | 2020 |
|---|----------------------|----------------------|
| Current assets | \$ 11,004,445 | \$ 10,586,319 |
| Capital assets | \$ 11,489,242 | \$ 11,861,481 |
| Total assets | <u>\$ 22,493,687</u> | <u>\$ 22,447,800</u> |
| Deferred outflows of resources: | | |
| Deferred bond refunding, net | <u>\$ 117,146</u> | <u>\$ 175,011</u> |
| Current liabilities | \$ 9,370 | \$ 27,349 |
| Noncurrent liabilities | \$ 3,283,554 | \$ 4,063,236 |
| Total liabilities | <u>\$ 3,292,924</u> | <u>\$ 4,090,585</u> |
| Deferred inflows of resources: | | |
| Deferred property taxes | \$ 3,403,716 | \$ 3,371,299 |
| Deferred donations | \$ 36,305 | \$ 9,400 |
| Total deferred outflow of resources | <u>\$ 3,440,021</u> | <u>\$ 3,380,699</u> |
| Net position: | | |
| Invested in capital assets, net of debt | \$ 8,322,834 | \$ 7,973,256 |
| Reserves | \$ 7,555,054 | \$ 7,178,271 |
| Total net position | <u>\$ 15,877,888</u> | <u>\$ 15,151,527</u> |
| Program Revenue: | | |
| Library operations | \$ 19,944 | \$ 8,931 |
| Grants & Contributions | \$ 29,945 | \$ 13,027 |
| Total program revenue | <u>\$ 49,889</u> | <u>\$ 21,958</u> |
| General Revenues | | |
| Taxes | \$ 3,616,015 | \$ 3,431,616 |
| Investment earnings | \$ 19,655 | \$ 75,568 |
| Total general revenues | <u>3,635,670</u> | <u>3,507,184</u> |
| Total revenues | <u>\$ 3,685,559</u> | <u>\$ 3,529,142</u> |
| Program expenses: | | |
| Library operations | \$ 2,811,224 | \$ 2,727,098 |
| Literary Sojourn | \$ 7,853 | \$ 671 |
| Interest on long term debt | \$ 140,121 | \$ 165,725 |
| Total Expenses - Library services | <u>\$ 2,959,198</u> | <u>\$ 2,893,494</u> |
| Change in net position | \$ 726,361 | \$ 635,648 |
| Net position, beginning of year | <u>\$ 15,151,527</u> | <u>\$ 14,515,879</u> |
| Net position, end of year | <u>\$ 15,877,888</u> | <u>\$ 15,151,527</u> |

2021 Budgetary Highlights

The Library's primary revenue source is from taxes levied against property included within the East Routt Library District (Steamboat Springs RE-2 School District) boundaries. Property and Specific Ownership taxes received in 2021 totaled \$2,662,214 for general operating purposes and \$953,801 for debt service/repayment of general obligation bonds for capital construction, completed in 2009.

General Fund

The primary categories of expenditures in the general fund include personnel, library materials and resources, general operating costs and capital outlay.

Overall, expenditures in the General Fund were less than budgeted in all of the primary categories including personnel, collections and administrative expenses. The most significant impact on the District's Operating expenditures continues to be the global Coronavirus pandemic. The District has yet to return to pre-pandemic operating hours, staffing levels and programming despite receiving a number of COVID relief grants. As the building ages, building maintenance and repairs continue to become more frequent.

Debt Service Fund & Special Revenue Fund

A separate Debt Service Fund was established in 2006 for the purpose of recording of principal and interest payment on General Obligation Bonds issued in June 2006. A separate tax levy is certified annually for this long term debt. In 2013 the district refinanced its general obligation bond debt. The Series 2013 tax-exempt refunding bonds have an average interest rate of 1.91% and replaced the 2006 bonds that had an average interest rate of 4.56%. The low borrowing cost is attributed in part to the District's high investment grade rating of AA (Standard & Poor's), which reflects the District's sound financial management and strong property tax base.

The 28th annual Literary Sojourn: Steamboat Springs' Festival of Authors event was cancelled for a second year due to the pandemic. Per requests of the individual donors, contributions received for the 2020 event are to be applied to the 2022 event.

Contact Information:

Alysa Selby, Director
East Routt Library District
1289 Lincoln Avenue
Steamboat Springs, CO 80487
970.367.4929
970.879.3476 fax
aselby@steamboatlibrary.org

EAST ROUTT LIBRARY DISTRICT
Statement of Net Position
December 31, 2021
(w with summarized financial information as of December 31, 2020)

| | 2021 Governmental Activities | 2020 Governmental Activities |
|--|------------------------------------|------------------------------------|
| | <u> </u> | <u> </u> |
| Assets: | | |
| Cash and investments | \$ 7,572,837 | \$ 7,178,139 |
| Due from other governments | 17,868 | 18,054 |
| Prepaid expenses | 10,024 | 18,827 |
| Property taxes receivable | 3,403,716 | 3,371,299 |
| Capital assets, net | <u>11,489,242</u> | <u>11,861,481</u> |
| Total assets | <u>22,493,687</u> | <u>22,447,800</u> |
| Deferred outflows of resources: | | |
| Deferred bond refunding, net | <u>117,146</u> | <u>175,011</u> |
| Total deferred outflows of resources | <u>117,146</u> | <u>175,011</u> |
| Liabilities: | | |
| Accounts payable and accrued expenses | 1,332 | 17,449 |
| Accrued interest payable | 8,038 | 9,900 |
| Noncurrent liabilities: | | |
| Due within one year | 797,580 | 779,682 |
| Due in more than one year | <u>2,485,974</u> | <u>3,283,554</u> |
| Total liabilities | <u>3,292,924</u> | <u>4,090,585</u> |
| Deferred inflows of resources: | | |
| Deferred property taxes | 3,403,716 | 3,371,299 |
| Deferred grants, donations and registrations | <u>36,305</u> | <u>9,400</u> |
| Total deferred inflows of resources | <u>3,440,021</u> | <u>3,380,699</u> |
| Net position: | | |
| Net investment in capital assets | 8,322,834 | 7,973,256 |
| Restricted for: | | |
| TABOR | 80,997 | 77,365 |
| Debt service | 805,059 | 740,081 |
| Unrestricted | <u>6,668,998</u> | <u>6,360,825</u> |
| Total net position | <u>\$ 15,877,888</u> | <u>\$ 15,151,527</u> |

See accompanying notes to financial statements.

EAST ROUTT LIBRARY DISTRICT
Statement of Activities
For the Year Ended December 31, 2021
(with summarized financial information for the year ended December 31, 2020)

| Functions/Programs | 2021 | | | | Net (Expense) Revenue and Change in Net Position | 2020 |
|---------------------------------|---------------------|-------------------------|--|-------------|--|----------------------|
| | Expenses | Program Revenues | | | | |
| | | Charges for Services | Operating Grants and Contributions | | | |
| Governmental activities: | | | | | | |
| Library operations | \$ 2,811,224 | \$ 19,944 | \$ 29,945 | \$ - | \$ (2,761,335) | \$ (2,705,140) |
| Literary sojourn program | 7,853 | - | - | - | (7,853) | (671) |
| Interest on long-term debt | 140,121 | - | - | - | (140,121) | (165,725) |
| Total governmental activities | <u>\$ 2,959,198</u> | <u>\$ 19,944</u> | <u>\$ 29,945</u> | <u>\$ -</u> | (2,909,309) | (2,871,536) |
| General revenues: | | | | | | |
| Taxes: | | | | | | |
| General property | | | | | 3,361,452 | 3,210,213 |
| Specific ownership | | | | | 254,563 | 221,403 |
| Interest | | | | | 19,655 | 75,568 |
| Total general revenues | | | | | <u>3,635,670</u> | <u>3,507,184</u> |
| Change in net position | | | | | 726,361 | 635,648 |
| Net position, beginning of year | | | | | <u>15,151,527</u> | <u>14,515,879</u> |
| Net position, end of year | | | | | <u>\$ 15,877,888</u> | <u>\$ 15,151,527</u> |

See accompanying notes to financial statements.

**EAST ROUTH LIBRARY DISTRICT
Governmental Funds
Balance Sheet
December 31, 2021**

(with summarized financial information as of December 31, 2020)

| | 2021 | | | | 2020 Total |
|--|---------------------|-------------------------|---------------------------|--------------------------------|----------------------|
| | General Fund | Debt Service Fund | Other Nonmajor Fund | Total Governmental Funds | |
| Assets: | | | | | |
| Cash and investments | \$ 6,486,986 | \$ 800,355 | \$ 285,496 | \$ 7,572,837 | \$ 7,178,139 |
| Due from other governments | 13,164 | 4,704 | - | 17,868 | 18,054 |
| Prepaid expenses | - | - | 10,024 | 10,024 | 18,827 |
| Property taxes receivable | 2,560,594 | 843,122 | - | 3,403,716 | 3,371,299 |
| Total assets | \$ 9,060,744 | \$ 1,648,181 | \$ 295,520 | \$ 11,004,445 | \$ 10,586,319 |
| Liabilities, deferred inflows of resources, and fund balances: | | | | | |
| Liabilities: | | | | | |
| Accounts payable and accrued expenses | \$ 1,332 | \$ - | \$ - | \$ 1,332 | \$ 17,449 |
| Total liabilities | 1,332 | - | - | 1,332 | 17,449 |
| Deferred inflows of resources: | | | | | |
| Deferred property taxes | 2,560,594 | 843,122 | - | 3,403,716 | 3,371,299 |
| Deferred grants, donations and registrations | 18,000 | - | 18,305 | 36,305 | 9,400 |
| Total deferred inflows of resources | 2,578,594 | 843,122 | 18,305 | 3,440,021 | 3,380,699 |
| Fund balances: | | | | | |
| Nonspendable | - | - | 10,024 | 10,024 | 18,827 |
| Restricted | 80,997 | 805,059 | - | 886,056 | 817,446 |
| Committed | 5,161,432 | - | 267,191 | 5,428,623 | 5,179,868 |
| Unassigned | 1,238,389 | - | - | 1,238,389 | 1,172,030 |
| Total fund balances | 6,480,818 | 805,059 | 277,215 | 7,563,092 | 7,188,171 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 9,060,744 | \$ 1,648,181 | \$ 295,520 | \$ 11,004,445 | \$ 10,586,319 |

See accompanying notes to financial statements.

EAST ROUTH LIBRARY DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2021

| | |
|---|-----------------------------|
| Governmental funds total fund balance | \$ 7,563,092 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | 11,489,242 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds: | |
| General obligation bonds payable | (3,215,000) |
| Bond issuance premium | (68,554) |
| Deferred bond refunding | 117,146 |
| Accrued interest payable | <u>(8,038)</u> |
| Governmental activities net position | <u><u>\$ 15,877,888</u></u> |

See accompanying notes to financial statements.

EAST ROUTT LIBRARY DISTRICT
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2021
(with summarized financial information for the year ended December 31, 2020)

| | 2021 | | | | 2020 Total |
|--------------------------------------|---------------------|-------------------------|---------------------------|--------------------------------|---------------------|
| | General Fund | Debt Service Fund | Other Nonmajor Fund | Total Governmental Funds | |
| Revenues: | | | | | |
| Taxes: | | | | | |
| General property | \$ 2,474,801 | \$ 886,651 | \$ - | \$ 3,361,452 | \$ 3,210,213 |
| Specific ownership | 187,413 | 67,150 | - | 254,563 | 221,403 |
| Charges for services | 19,944 | - | - | 19,944 | 8,931 |
| Grants and contributions | 29,945 | - | - | 29,945 | 13,027 |
| Interest | 17,296 | 1,927 | 432 | 19,655 | 75,568 |
| Total revenues | <u>2,729,399</u> | <u>955,728</u> | <u>432</u> | <u>3,685,559</u> | <u>3,529,142</u> |
| Expenditures: | | | | | |
| Library operations: | | | | | |
| Personnel services | 1,147,553 | - | - | 1,147,553 | 1,159,517 |
| Library collections | 464,535 | - | - | 464,535 | 453,777 |
| Administrative | 155,318 | 300 | - | 155,618 | 123,523 |
| Computer services and supplies | 162,958 | - | - | 162,958 | 181,177 |
| Building maintenance and operation | 345,514 | - | - | 345,514 | 284,973 |
| Tax collection fees | 74,385 | 26,650 | - | 101,035 | 96,520 |
| Program expenditures | 11,482 | - | 7,853 | 19,335 | 8,074 |
| Debt service: | | | | | |
| Principal | - | 745,000 | - | 745,000 | 720,000 |
| Interest | - | 118,800 | - | 118,800 | 140,400 |
| Capital outlay | 50,290 | - | - | 50,290 | 36,202 |
| Total expenditures | <u>2,412,035</u> | <u>890,750</u> | <u>7,853</u> | <u>3,310,638</u> | <u>3,204,163</u> |
| Excess of revenues over expenditures | 317,364 | 64,978 | (7,421) | 374,921 | 324,979 |
| Fund balances, beginning of year | 6,163,454 | 740,081 | 284,636 | 7,188,171 | 6,863,192 |
| Fund balances, end of year | <u>\$ 6,480,818</u> | <u>\$ 805,059</u> | <u>\$ 277,215</u> | <u>\$ 7,563,092</u> | <u>\$ 7,188,171</u> |

See accompanying notes to financial statements.

EAST ROUTT LIBRARY DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2021

| | | |
|--|----|-----------|
| Change in fund balances - governmental funds | \$ | 374,921 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| <p>Governmental funds report capital outlays 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:</p> | | |
| Capitalized expenditures | | 50,290 |
| Depreciation expense | | (422,529) |
| <p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effects of premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:</p> | | |
| Principal repayments on general obligation debt | | 745,000 |
| Amortization of deferred bond refunding | | (57,865) |
| Amortization of bond premium | | 34,682 |
| Accrued interest payable | | 1,862 |
| | | 1,862 |
| Change in net position of governmental activities | \$ | 726,361 |

See accompanying notes to financial statements.

EAST ROUNT LIBRARY DISTRICT
Notes to Financial Statements
December 31, 2021
(with summarized financial information as of and for the year ended December 31, 2020)

Note 1: Summary of Significant Accounting Policies

The East Rount Library District (the District) was incorporated in 1980 in Rount County, Colorado as a local government entity under Colorado Revised Statutes (CRS) to provide library facilities and programs to the City of Steamboat Springs and its surrounding areas.

The District's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for the establishment of GAAP in governmental entities. The following summary of the more significant accounting policies of the District is presented to assist the reader in interpreting these financial statements and should be viewed as an integral part of this report.

Reporting Entity

The reporting entity consists of (a) the primary government, i.e., the District, and (b) organizations for which the District is financially accountable. The District does not have any component units for which it is financially accountable.

Measurement Focus and Basis of Accounting

The government-wide financial statements use a flow of economic resources measurement focus to determine net income and financial position. The accounting principles used are similar to those applicable to businesses in the private sector and maintained on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Governmental fund financial statements use a current financial resources measurement focus and are maintained on the modified accrual basis of accounting. Revenues are recognized when they become susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the current period. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues collected within 60 days after year end to be available and thus recognizes them as revenues in the current year.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Financial Statement Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities report information about the nonfiduciary activities of the District. The District's primary activities are categorized as governmental activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are clearly identified with a specific program. Program revenues include (a) charges for services and (b) grants and contributions that are restricted for the operating or capital requirements of a specific program. All taxes and other revenues not meeting the criteria for classification as program revenues are reported as general revenues. These statements do not include interfund balances.

Fund Financial Statements

The fund financial statements report information about the District's funds.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for a mill levy restricted for principal and interest payments on the District's general obligation refunding bonds.

EAST ROUTH LIBRARY DISTRICT
Notes to Financial Statements
December 31, 2021
(with summarized financial information as of and for the year ended December 31, 2020)

Note 1: Summary of Significant Accounting Policies (continued)

Fund Balance Presentation

Fund balances of the governmental funds are classified as follows:

- Non-spendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.
- Committed – includes amounts that can be spent only for specific purposes pursuant to constraints imposed by formal action of the District. Such formal action may be in form of an ordinance or resolution and may only be modified or rescinded by a subsequent formal action.
- Assigned – includes amounts that are intended by the District to be used for specific purposes, but are neither restricted nor committed. Assignments may be made only by the Board of Trustees.
- Unassigned – represents the residual positive balance within the General Fund, which has not been restricted, committed or assigned.

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position

Cash and Investments

The District’s cash includes cash on hand, demand deposits, and certificates of deposit. The District’s investment in the Colorado Local Government Liquid Asset Trust (COLOTRUST) PLUS+ fund is measured at net asset value, equal to \$1.00 per share.

Capital Assets

Capital assets include property and equipment. 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. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s estimated useful life are not capitalized.

The District’s library collection consisting of books, videos and other library materials is not capitalized. The collection is unencumbered, held for public exhibition and education, protected, and cared for by the District.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| | <u>Years</u> |
|----------------------------|--------------|
| Buildings and improvements | 40 |
| Furniture and equipment | 6-10 |
| Computer equipment | 3 |

Bond Premium

Long-term liabilities include the applicable bond premium in the statement of net position. Bond premium is amortized over the life of the bonds using the effective-interest method and reported as a component of interest expense in the statement of activities.

EAST ROUTH LIBRARY DISTRICT
Notes to Financial Statements
December 31, 2021
(with summarized financial information as of and for the year ended December 31, 2020)

Note 1: Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until then. The District's deferred outflows of resources consist solely of the deferred charge on bond refunding resulting from the difference in carrying value of refunded debt and its reacquisition price.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District's deferred inflows of resources consist of unavailable revenues from property taxes and grants, donations and registrations received for future use.

Property Taxes

Property taxes are levied on December 15 of each year and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The Routh County Treasurer's office collects property taxes and remits collections to the District on a monthly basis. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as receivable and as deferred inflows of resources as property taxes are assessed in one year as a lien on the property but not collected by the District until the subsequent year.

Use of Estimates

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

Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the District's audited financial statements for the year ended December 31, 2020 from which the summarized information was derived.

EAST ROUNT LIBRARY DISTRICT
Notes to Financial Statements
December 31, 2021
(with summarized financial information as of and for the year ended December 31, 2020)

Note 2: Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with GAAP for all governmental funds.

The District conforms to the following procedures, in compliance with CRS, Title 29, Article 1, in establishing the budgetary data reflected in the financial statements:

- Prior to October 15, the Library Director submits to the Board of Trustees a proposed operating budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted by the Board of Trustees to obtain taxpayer 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 must be approved by the Board of Trustees.
- All appropriations lapse at the end of each fiscal year.

The District adopted the following supplemental appropriation for the year ended December 31, 2021:

- Debt Service Fund expenditure appropriations were increased by \$1,807 for tax collection fees.

The funds for the additional appropriation were available from revenues collected in 2021.

Compliance

The District had no expenditures in excess of final appropriations for any fund for the year ended December 31, 2021.

TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains tax spending, revenue and debt limitations that apply to the State of Colorado and all local governments, excluding enterprises. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for allowable increases based upon inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenue.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The District has reserved \$80,997 of the December 31, 2021 General Fund balance for this purpose.

The District's voters passed a ballot question in November 1997 authorizing the District to collect, retain and spend all revenues and other funds collected in excess of fiscal year spending for every fiscal year thereafter.

EAST ROUNT LIBRARY DISTRICT
Notes to Financial Statements
December 31, 2021
(with summarized financial information as of and for the year ended December 31, 2020)

Note 3: Detailed Notes on All Funds

Deposits

The carrying amount of the District's deposits as of December 31, 2021 and 2020 was \$1,059,773 and \$1,024,888, respectively, and bank balances were \$1,142,870 and \$1,144,672, respectively. Of the bank balances, \$1,127,406 and \$1,144,672 as of December 31, 2021 and 2020, respectively, was covered by federal deposit insurance and \$15,464 and \$0, respectively, was uninsured but collateralized in accordance with provisions of the Colorado Public Deposit Protection Act (PDPA).

The PDPA requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The collateral 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 equal or exceed 102% of the aggregate uninsured deposits.

Investments

As of December 31, 2021 and 2020, the District had \$6,512,685 and \$6,152,871, respectively, invested in the COLOTRUST PLUS+ fund. COLOTRUST PLUS+ is a short-term money market fund organized in conformity with Part 7 of Article 75 of Title 24, CRS. The portfolio offers Colorado governmental entities a convenient and efficient means to pool their funds to take advantage of short-term investments and maximize net interest earnings. The investment objective of COLOTRUST PLUS+ is to obtain as high a level of current income as is consistent with the preservation of capital and liquidity. The investment adviser for COLOTRUST PLUS+ is Public Trust Advisors LLC, a Colorado-based investment adviser, registered with the SEC. The portfolio manager is responsible for making all of the investment decisions for the portfolio. Wells Fargo Bank, N.A. is custodian of the portfolio's securities and cash. The COLOTRUST PLUS+ portfolio invests in U.S. Treasury securities, federal instrumentality securities, agency securities, repurchase agreements, tri-party repurchase agreements, collateralized bank deposits, the highest rated commercial paper, and highly-rated corporate bonds. The portfolio's weighted average maturity to reset is kept under 60 days, which helps to enhance liquidity and limits market price exposure. The COLOTRUST PLUS+ fund holds a 'AAAm' rating by Standard and Poor's.

The District's investments are subject to interest rate risk, credit risk, and concentration of credit risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District currently invests only in investment pools which may be redeemed at any time.

EAST ROUNT LIBRARY DISTRICT
Notes to Financial Statements
December 31, 2021
(with summarized financial information as of and for the year ended December 31, 2020)

Note 3: Detailed Notes on All Funds (continued)

Capital Assets

Capital asset activity for the year ended December 31, 2021 is summarized below:

| | Beginning Balance | Additions | Retirements | Ending Balance |
|---|----------------------|---------------------|-----------------|----------------------|
| Governmental activities: | | | | |
| Land | \$ 1,015,279 | \$ - | \$ - | \$ 1,015,279 |
| Other capital assets: | | | | |
| Buildings and improvements | 14,919,325 | 31,463 | - | 14,950,788 |
| Furniture and equipment | 1,046,222 | 18,827 | (20,681) | 1,044,368 |
| Public art | 127,652 | - | - | 127,652 |
| Total other capital assets at cost | <u>16,093,199</u> | <u>50,290</u> | <u>(20,681)</u> | <u>16,122,808</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (4,255,973) | (405,699) | - | (4,661,672) |
| Furniture and equipment | (991,024) | (16,830) | 20,681 | (987,173) |
| Total accumulated depreciation | <u>(5,246,997)</u> | <u>(422,529)</u> | <u>20,681</u> | <u>(5,648,845)</u> |
| Other capital assets, net | <u>10,846,202</u> | <u>(372,239)</u> | <u>-</u> | <u>10,473,963</u> |
| Governmental activities capital assets, net | <u>\$ 11,861,481</u> | <u>\$ (372,239)</u> | <u>\$ -</u> | <u>\$ 11,489,242</u> |

All depreciation expense was charged to library operations in the District's statement of activities.

Long-Term Liabilities

The District has the following long-term debt outstanding as of December 31, 2021:

General Obligation Refunding Bonds Series 2013

The District issued \$6,940,000 General Obligation Refunding Bonds Series 2013 dated June 4, 2013 bearing interest ranging from 2% to 3%. The proceeds were used to advance refund \$6,530,000 of outstanding Series 2006 General Obligation Bonds. The net proceeds of \$7,444,742 (including premium and after payment of underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payments on the refunded bonds. As a result, a portion of the Series 2006 General Obligation Bonds is considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$855,599. This amount is being amortized over the remaining life of the refunding debt. The District advance refunded the Series 2006 General Obligation Bonds to reduce its total debt service payments over 13 years by \$474,068 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$426,625.

Principal is payable annually at December 1 while interest is payable in varying amounts, semi-annually at June 1 and December 1 through maturity on December 1, 2025.

EAST ROUTH LIBRARY DISTRICT
Notes to Financial Statements
December 31, 2021
(with summarized financial information as of and for the year ended December 31, 2020)

Note 3: Detailed Notes on All Funds (continued)

Long-Term Liabilities (continued)

Long-term liability activity for the year ended December 31, 2021 was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Amounts Due Within One Year |
|--------------------------------|----------------------|-------------|---------------------|---------------------|-----------------------------------|
| Series 2013 refunding bonds | \$ 3,960,000 | \$ - | \$ (745,000) | \$ 3,215,000 | \$ 770,000 |
| Series 2013 premium | 103,236 | - | (34,682) | 68,554 | 27,580 |
| Total | \$ 4,063,236 | \$ - | \$ (779,682) | \$ 3,283,554 | \$ 797,580 |

Debt service requirements as of December 31, 2021 were as follows:

| | Principal | Interest | Total |
|--------------|---------------------|-------------------|---------------------|
| 2022 | \$ 770,000 | \$ 96,450 | \$ 866,450 |
| 2023 | 790,000 | 73,350 | 863,350 |
| 2024 | 815,000 | 49,650 | 864,650 |
| 2025 | 840,000 | 25,200 | 865,200 |
| Total | \$ 3,215,000 | \$ 244,650 | \$ 3,459,650 |

Governmental Fund Balances

The District's governmental fund balances are classified as follows as of December 31, 2021:

| | General Fund | Debt Service Fund | Literary Sojourn Fund | Total Governmental Funds |
|----------------------------|---------------------|-------------------------|-----------------------------|--------------------------------|
| Nonspendable | \$ - | \$ - | \$ 10,024 | \$ 10,024 |
| Restricted for: | | | | |
| Emergencies | 80,997 | - | - | 80,997 |
| Debt service | - | 805,059 | - | 805,059 |
| Committed for: | | | | |
| Swanson Gossard Fund | 207,876 | - | - | 207,876 |
| Capital reserve | 4,953,556 | - | - | 4,953,556 |
| Literary sojourn event | - | - | 267,191 | 267,191 |
| Unassigned | 1,238,389 | - | - | 1,238,389 |
| Total fund balances | \$ 6,480,818 | \$ 805,059 | \$ 277,215 | \$ 7,563,092 |

The District's fund balances are restricted for the following purposes:

- Emergency reserve required by TABOR
- Debt service funds for future payment of bond principal and interest

EAST ROUTH LIBRARY DISTRICT
Notes to Financial Statements
December 31, 2021
(with summarized financial information as of and for the year ended December 31, 2020)

Note 3: Detailed Notes on All Funds (continued)

Governmental Fund Balances (continued)

The District's fund balances are committed by formal board action for the following purposes:

- Swanson Gossard Fund established from gifts to be used however the board deems appropriate including but not limited to scholarships.
- Capital reserve equal to 80% of the general fund balance after reduction for nonspendable, restricted and other committed funds.
- Literary Sojourn Fund for an annual festival of authors and readers celebrating the power of the book.

When expenditures are incurred and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

Note 4: Other Information

Employee Retirement Plan

The District established a defined contribution plan for all full-time employees administered by the ICMA Retirement Corporation. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

The District's contribution for each employee and investment earnings allocated to the employee's account are fully vested. The District contributes between 3% and 7% of eligible employees' salaries. The District's contributions to the plan were \$22,578 and \$21,242 during the years ended December 31, 2021 and 2020, respectively. Eligible employees are not required to contribute to the plan. Plan provisions and contribution requirements are established and may be amended by the District.

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 maintains commercial insurance for these risks by participation in an insurance pool.

The District is a member in the Colorado Special Districts Property and Liability Pool (the Pool). The Pool creates an opportunity for members to control their own insurance costs through the joint pooling of resources, making it possible to self-insure property, liability and workers' compensation insurance. The Pool is member-owned, and all surplus revenues support the stabilization of rates, coverage enhancements, innovation, and technology to bring the most value to its members. The Pool provides property, liability, workers' compensation and associated coverage, and claims and risk management services to its members. The District has not had losses of a material amount in any of the preceding three years.

The Pool has contracted with a third party to operate, administer and manage the Pool. In the event aggregated losses incurred by the Pool exceeds amounts recoverable from the reinsurance contracts and capital and surplus accumulated by the Pool, the Pool may require additional contributions from its members.

Subsequent Events

The District has evaluated subsequent events through April 27, 2022, the date these financial statements were available to be issued.

EAST ROUTT LIBRARY DISTRICT
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2021

| | Original and Final Budget | Actual | Variance |
|--|---------------------------------|---------------------|-------------------|
| Revenues: | | | |
| Taxes: | | | |
| General property | \$ 2,391,000 | \$ 2,474,801 | \$ 83,801 |
| Specific ownership | 155,000 | 187,413 | 32,413 |
| Charges for services: | | | |
| Copies | 4,500 | 3,668 | (832) |
| Book sales | 500 | 1,542 | 1,042 |
| Other | 2,500 | 14,734 | 12,234 |
| Grants and contributions | 8,939 | 29,945 | 21,006 |
| Interest | 21,434 | 17,296 | (4,138) |
| Total revenues | <u>2,583,873</u> | <u>2,729,399</u> | <u>145,526</u> |
| Expenditures: | | | |
| Library operations: | | | |
| Personnel services | 1,263,666 | 1,147,553 | 116,113 |
| Library collections | 542,944 | 464,535 | 78,409 |
| Administrative | 155,563 | 155,318 | 245 |
| Computer services and supplies | 191,000 | 162,958 | 28,042 |
| Building maintenance and operation | 337,200 | 345,514 | (8,314) |
| Tax collection fees | 73,500 | 74,385 | (885) |
| Programs | 20,000 | 11,482 | 8,518 |
| Capital outlay | 125,000 | 50,290 | 74,710 |
| Total expenditures | <u>2,708,873</u> | <u>2,412,035</u> | <u>296,838</u> |
| Excess (deficiency) of revenues over expenditures | (125,000) | 317,364 | <u>\$ 442,364</u> |
| Fund balance, beginning of year | <u>6,163,454</u> | <u>6,163,454</u> | |
| Fund balance, end of year | <u>\$ 6,038,454</u> | <u>\$ 6,480,818</u> | |

EAST ROUNT LIBRARY DISTRICT
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2021

| | Original Budget | Final Budget | Actual | Variance |
|--|--------------------|-------------------|-------------------|------------------|
| Revenues: | | | | |
| Taxes: | | | | |
| General property | \$ 823,100 | \$ 823,100 | \$ 886,651 | \$ 63,551 |
| Specific ownership | 50,843 | 50,843 | 67,150 | 16,307 |
| Interest | 15,000 | 15,000 | 1,927 | (13,073) |
| Total revenues | <u>888,943</u> | <u>888,943</u> | <u>955,728</u> | <u>66,785</u> |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal | 745,000 | 745,000 | 745,000 | - |
| Interest | 118,800 | 118,800 | 118,800 | - |
| Tax collection fees | 24,843 | 26,650 | 26,650 | - |
| Other | 300 | 300 | 300 | - |
| Total expenditures | <u>888,943</u> | <u>890,750</u> | <u>890,750</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures | - | (1,807) | 64,978 | <u>\$ 66,785</u> |
| Fund balance, beginning of year | <u>740,081</u> | <u>740,081</u> | <u>740,081</u> | |
| Fund balance, end of year | <u>\$ 740,081</u> | <u>\$ 738,274</u> | <u>\$ 805,059</u> | |

EAST ROUTH LIBRARY DISTRICT
Literary Sojourn Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2021

| | Original and Final Budget | Actual | Variance |
|--|---------------------------------|-------------------|-------------------|
| Revenues: | | | |
| Charges for services: | | | |
| Registrations | \$ 30,000 | \$ - | \$ (30,000) |
| Other | 2,000 | - | (2,000) |
| Contributions | 68,500 | - | (68,500) |
| Interest | 2,500 | 432 | (2,068) |
| Total revenues | <u>103,000</u> | <u>432</u> | <u>(102,568)</u> |
| Expenditures: | | | |
| Program: | | | |
| Author | 53,700 | - | 53,700 |
| Food and beverage | 25,000 | - | 25,000 |
| Facilities and equipment rental | 12,000 | - | 12,000 |
| Graphic design and printing | 10,200 | - | 10,200 |
| Other | 2,100 | 7,853 | (5,753) |
| Total expenditures | <u>103,000</u> | <u>7,853</u> | <u>95,147</u> |
| Excess (deficiency) of revenues over expenditures | - | (7,421) | <u>\$ (7,421)</u> |
| Fund balance, beginning of year | <u>284,636</u> | <u>284,636</u> | |
| Fund balance, end of year | <u>\$ 284,636</u> | <u>\$ 277,215</u> | |