

SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
AUDITED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
SALIDA, COLORADO

December 31, 2021

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis - Required Supplementary Information	i - vi
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	4
Statement of Activities	5
Governmental Fund Financial Statements	
Balance Sheet - Governmental Funds	6
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	8
Reconciliation of the Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Notes to Financial Statements	10 - 19
Required Supplementary Information	
Statement of Revenues, Expenditures and Changes in Fund Balance Budget to Actual - General Fund	20
Statement of Revenues, Expenditures and Changes in Fund Balance Budget to Actual - Endowment Fund	21
Other Supplementary Information	
Statement of Revenues, Expenditures and Changes in Fund Balance Budget to Actual - Reserves Fund	22

Garren, Ross & DeNardo, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

JAMES E. GARREN, CPA
MEL J. ROSS, CPA
SAM J. DeNARDO, CPA

SUITE 200
3673 PARKER BOULEVARD
PUEBLO, COLORADO 81008
719 / 544-9872
FAX 719 / 253-5417
www.grdcpa.com

Independent Auditor's Report

June 28, 2022

Board of Trustees
Southern Chaffee County Regional Library District
Salida, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities of Southern Chaffee County Regional 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 financial position of the governmental activities of the District, as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 opinion.

Responsibilities of Management for the Financial Statements

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

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

Required Supplementary Information

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

Board of Trustees
Southern Chaffee County Regional Library District

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Arren Ross & DeNardo, Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
For the Year Ended December 31, 2021

As management of the Southern Chaffee County Regional Library District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2021. This discussion and analysis are designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the District's financial statements as a whole.

District Operation and Background

The Southern Chaffee County Regional Library District was formed in November 1974 with a 1.5 mill levy increase. Voters approved additional funding for the library in two subsequent elections. In the early 1980's, the mill levy was increased to 2.5 mills. In 1995, the levy was increased again to 3.5 mills. The Salida Regional Library is a public library and serves a regional population in southern Chaffee County, Colorado.

Financial Highlights

- The assets of the District exceeded its liabilities at December 31, 2021 by \$4,169,196. Of this amount \$1,184,081 may be used to meet the District's ongoing obligations to patrons and creditors. The remaining \$2,985,115 is invested in capital assets or restricted.
- The District's total net position increased by \$266,293.
- As of December 31, 2021, the District's governmental funds reported combined ending fund balances of \$1,417,835, an increase of \$294,027 in comparison to the prior year.
- At the end of the current year, unassigned fund balance of the General Fund that is available for spending at the District's discretion is \$332,001.
- Total revenue in the general fund increased \$39,735 compared to the prior year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

The basic financial statements present two different views of the District using government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the District.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner like a private-sector business.

The *statement of net position* presents information on all the District's assets and liabilities, with the difference between the two 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.

The *statement of activities* presents information showing how the District'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 cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

MANAGEMENT'S DISCUSSION AND ANALYSIS
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
For the Year Ended December 31, 2021

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes. The governmental activities of the District primarily include library services to their patrons. The government-wide financial statements can be found on pages 4 -5 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, such as State Statutes. The District currently has three governmental funds.

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

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

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Endowment Fund and Reserves Fund.

The basic governmental fund financial statements can be found on pages 6 and 8 of this report.

Budgetary Comparison

The District adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided for each fund on pages 20-22.

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 10 – 19 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the government's financial position. In the case of the District, assets exceeded liabilities by \$4,169,196 at the close of fiscal year 2021. Increases or decreases in net position may serve as a useful indicator as to whether the financial condition of the District is improving or deteriorating over time.

A portion of the District's net position reflects its investment in capital assets (i.e., land, buildings, collections and other equipment); less any related debt used to acquire those assets that is still outstanding. The District has no outstanding debt. The District uses these capital assets to provide services to patrons; consequently, these assets are not available for future spending.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
For the Year Ended December 31, 2021

Government-wide Financial Analysis (Continued)

The following table reflects the condensed Statement of Net Position at December 31:

Assets:	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 1,436,815	\$ 1,130,349
Taxes receivable	1,103,881	985,388
Capital assets	2,750,716	2,824,177
Total Assets	<u>5,291,412</u>	<u>4,939,914</u>
 Liabilities:		
Current and other liabilities	15,724	8,046
Long-term liabilities	13,885	56,465
Total Liabilities	<u>29,609</u>	<u>64,511</u>
 Deferred inflow – property taxes	 <u>1,092,607</u>	 <u>972,500</u>
 Net Position:		
Invested in capital assets, net of related debt	2,750,716	2,824,177
Restricted:		
Emergencies	34,500	28,650
Endowment	199,899	199,899
Unrestricted,	1,184,081	850,177
Total Net Position	<u>\$ 4,169,196</u>	<u>\$ 3,902,903</u>

At the end of the current fiscal year, the Southern Chaffee County Regional Library District had positive balances in all net position categories. The fund balance at December 31, 2020 was restated to properly reflect prepaid expenses.

The portion of the District's net position (28%) represents unrestricted net position of \$1,184,081, which may be used to meet the District's ongoing obligations to patrons and creditors.

A significant portion of the District's net position (66%) reflects its investment in capital assets. These assets include land, buildings, collections, and other equipment. These capital assets are used to provide services to patrons; consequently, they are not available for future spending.

An additional \$234,399 of the District's net position (6%) represents resources that are subject to external restriction on how they may be used. The amount reserved for TABOR is \$34,500, \$199,899 that can only be invested, and the earnings from those investments are available to the District for future operations and capital expenditures.

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains the requirements of setting an emergency reserve. This reserve cannot be accessed except for an unexpected disaster. This reserve amounts to \$34,500 and \$28,650 as of December 31, 2021 and 2020, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
For the Year Ended December 31, 2021

Government-wide Financial Analysis (Continued)

Changes in Net Position. Governmental activities increased the District's net position by \$266,293 in 2021 and \$261,549 in 2020. The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. Revenues and expenses in this statement are recorded when earned or when a liability is incurred. The following table reflects the condensed Statement of Activities for the year ended December 31:

	<u>2021</u>	<u>2020</u>
Revenues:		
Program revenues:		
Charges for services	\$ 18,911	\$ 11,352
Grants and contributions	15,001	12,930
General revenues:		
Property taxes	966,941	939,539
Penalties and interest	2,210	2,841
Specific ownership taxes	121,334	114,684
Investment earnings	604	19,023
Other	5,500	13
Total Revenues	<u>1,130,501</u>	<u>1,100,382</u>
Expenses:		
Salaries and benefits	453,107	458,709
Special events and programs	56,834	7,100
Library materials	10,129	42,780
General operating library materials	116,390	107,347
Building operations and maintenance	81,695	88,611
Depreciation	146,053	134,286
Total Expenses	<u>864,208</u>	<u>838,833</u>
Change in net position	266,293	261,549
Net position – beginning	<u>3,902,903</u>	<u>3,641,354</u>
Net position – ending	<u>\$ 4,169,196</u>	<u>\$3,902,903</u>

The District receives 96% of its funding from property tax revenues. Salaries and benefits represent 52% of the District's total expenditures. Under the method of accounting used for the government-wide financial statements, library books and other collections are capitalized as assets and depreciated over their estimated useful lives. Consequently, most of the year's expenditures for books and collections are not included in the "library material" expense as show above.

Fund Statements Financial Analysis

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds Overview. The focus of District governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financial requirements. In particular, unreserved fund balance may serve as a useful measure of a governments' net resources available for spending at the end of the fiscal year.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
For the Year Ended December 31, 2021**

Fund Statements Financial Analysis (Continued)

As of the end of 2021, the combined ending fund balances of the District governmental funds were \$1,417,835. Approximately 23% of this consists of unassigned fund balance which is available as working capital, 50% is committed fund balance which is available for capital expenditures, and 14% is nonspendable fund balance, which can only be invested in the endowment fund. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is committed for the following purposes: 1) a state constitution mandated emergency reserve (\$34,500); 2) restricted for use in future expenditures or capital purchases.

The District has three governmental funds. They are 1) General Fund; 2) Endowment Fund; and 3) Reserves Fund.

1. **General Fund.** This is the primary operating fund of the District. It accounts for many of the District's expenditures. The General Fund balance was \$366,501 as of December 31, 2021. Of this amount \$34,500 was reserved for emergencies. The 2021 fund balance is \$38,245 more than the previous year. The General Fund balance increased in 2021 mainly due to increase in property taxes. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents about 40% of total 2021 expenditures, while total fund balance is also 40% of the same amount. 2021 expenditures for general fund activities were less than budget by \$118,275.
2. **Endowment Fund.** This accounts for contributions wherein the principal amount of the gift is restricted and only the earnings from investments are available to the District and are committed to the Reserves Fund. Per board policy, the remaining balance stays in the fund which is committed to the Reserves Fund. The Endowment Fund balance was \$343,614 as of December 31, 2021. The 2021 fund balance is \$5,580 more than the previous year. 2021 expenditures for the Endowment Fund were more than budgeted by \$75.
3. **Reserves Fund.** It accounts for accumulation of resources for approved future project expenditures. The Reserves Fund balance was \$707,720 as of December 31, 2021. The 2021 fund balance is \$250,202 more than the previous year. 2021 expenditures for the Reserves Fund were more than budgeted by \$50.

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.

For 2021, the Board of Trustees appropriated \$954,624 for general fund expenditures and other financing uses.

2021 General Fund Budget

	Original	Final	
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>
Revenues	\$ 1,064,313	\$ 1,064,313	\$ 1,124,594
Expenditures	\$ 954,624	\$ 954,624	\$ 836,349

MANAGEMENT'S DISCUSSION AND ANALYSIS
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
For the Year Ended December 31, 2021

Capital Assets

Capital Assets. The District's investment in capital assets as of December 31, 2021 amounts to \$2,750,716 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, books, and audio visual equipment. Additional information on the District's capital assets can be found in Note F.

Major capital asset transactions during the calendar year include the following:

Books and audio visual devices	\$62,589
Furniture and Fixtures	10,003

Land	\$	143,826
Building		3,291,315
Furniture and equipment		109,757
Books and audio visual devices		457,312
Accumulated Depreciation		<u>(1,363,617)</u>
Total Capital Assets	\$	<u>2,750,716</u>

Economic Factors and Next Year's Budget

Highlights:

- The Southern Chaffee County Library District's financial status continues to be consistent, with the prediction of an average increase in mill levy dollars for 2022. There are some State Bills that will affect the actual dollar amounts coming to Salida Regional Library.
- The District's General Fund balance provides the ability to support the economic outlook for future considerations in sustaining materials, programming, and capital improvements through the year.
- The Board of Trustees has approved an addition of a full time employee if the District deems there is a need: This position would help to achieve outreach goals as stated in the Strategic Plan and continued programming for the library and it's taxing district.
- Even with COVID-19 regulations, the Library has seen consistent use, both in person and electronically. We continued to add new services and programs while maintaining traditional services that remain in demand.

We look forward to remaining a vital resource in our community.

Request for Information

This financial report is designed to provide a general overview of the District's finances, compliance with finance related laws and regulations, and demonstrate the District's commitment to public accountability. Questions concerning any of the information provided in this report or request for additional financial information contact the Salida Regional Library Director at 405 E. Street Salida, CO 81201. smatthews@salidalibrary.org 719-538-4826.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
 SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
 December 31, 2021

<u>Assets</u>		
Current Assets		
Cash and equivalents	\$	26,817
Investments		1,395,468
Taxes receivable		1,103,881
Prepaid expenses		<u>14,530</u>
Total Current Assets		2,540,696
Noncurrent Assets		
Capital assets - net of accumulated depreciation		<u>2,750,716</u>
Total Noncurrent Assets		2,750,716
	Total Assets	<u>5,291,412</u>
<u>Liabilities</u>		
Current Liabilities		
Accounts payable		7,678
Accrued salaries		7,741
Payroll liabilities		<u>305</u>
Total Current Liabilities		15,724
Long-Term Liabilities		
Compensated absences		<u>13,885</u>
	Total Liabilities	<u>29,609</u>
<u>Deferred Inflow of Resources</u>		
Deferred inflow - property taxes		<u>1,092,607</u>
<u>Net Position</u>		
Invested in capital assets, net of related debt		2,750,716
Restricted for:		
Emergencies		34,500
Endowment		199,899
Unrestricted		<u>1,184,081</u>
Total Net Position	\$	<u>4,169,196</u>

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF ACTIVITIES
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
For the year ended December 31, 2021

	Program Revenue				Net (Expense)	
	Charges for	Operating	Capital	Governmental	Revenue and	
	<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Activities</u>	Changes in	
		<u>Contributions</u>	<u>Contributions</u>	<u>Total</u>	Net Position	
					Primary	
					Governmental	
					Governmental	
					Activities	
Primary Government:						
Government activities:						
Culture and recreation:						
Salaries and benefits	\$ 453,107	\$ -	\$ -	\$ -	\$ (453,107)	
Library materials	56,834	18,911	-	27,058	(29,776)	
Special events and programs	10,129	-	-	-	(10,129)	
General operating	116,390	6,854	-	6,854	(109,536)	
Building operations	81,695	-	-	-	(81,695)	
Depreciation	146,053	-	-	-	(146,053)	
	Total	\$ 864,208	\$ 18,911	\$ 15,001	\$ 33,912	\$ (830,296)
General revenues and taxes						
Taxes:						
General property taxes					\$ 966,941	
Penalties and interest					2,210	
Specific ownership taxes					121,334	
Investment earnings					604	
Other revenue					5,500	
					1,096,589	
					Change in Net Position	
					266,293	
					Net Position - Beginning, restated	
					3,902,903	
					Net Position - Ending	
					\$ 4,169,196	

The accompanying notes to financial statements are an integral part of this statement.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

BALANCE SHEET- GOVERNMENTAL FUNDS
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
December 31, 2021

	Major Funds			Total
	General Fund	Endowment Fund	Reserves Fund	
<u>Assets</u>				
Cash and cash equivalents	\$ 18,445	\$ 5,805	\$ 2,567	\$ 26,817
Investments	352,506	337,809	705,153	1,395,468
Taxes receivable	<u>1,103,881</u>	<u>-</u>	<u>-</u>	<u>1,103,881</u>
Total Assets	<u>1,474,832</u>	<u>343,614</u>	<u>707,720</u>	<u>2,526,166</u>
<u>Liabilities</u>				
Accounts payable	7,678	-	-	7,678
Payroll liabilities	305	-	-	305
Accrued wages	<u>7,741</u>	<u>-</u>	<u>-</u>	<u>7,741</u>
Total Liabilities	<u>15,724</u>	<u>-</u>	<u>-</u>	<u>15,724</u>
<u>Deferred Inflow of Resources</u>				
Deferred inflow - property taxes	<u>1,092,607</u>	<u>-</u>	<u>-</u>	<u>1,092,607</u>
<u>Fund Balances</u>				
Nonspendable	-	199,899	-	199,899
Restricted				
Emergency	34,500	-	-	34,500
Capital Expenditures	-	143,715	-	143,715
Committed	-	-	707,720	707,720
Unassigned	<u>332,001</u>	<u>-</u>	<u>-</u>	<u>332,001</u>
Total Fund Balances	<u>\$ 366,501</u>	<u>\$ 343,614</u>	<u>\$ 707,720</u>	<u>\$ 1,417,835</u>

The accompanying notes to the financial statements are an integral part of this statement.

RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
December 31, 2021

Total Fund Balances - Government Funds	\$ 1,417,835
Amounts reported for governmental activities in the Statement of Net Position were different because:	
Capital assets used in governmental activities were not current financial resources, and therefore, are not reported in the governmental funds.	2,750,716
Some expenditures reported in the governmental funds require the use of current financial resources because items are prepaid using the payments method and, therefore, are not reported as expenses in the Statement of Activities	14,530
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	
Accrued compensated absences	<u>(13,885)</u>
Net Position of Governmental Activities	<u>\$ 4,169,196</u>

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT

GOVERNMENTAL FUNDS

For the Year Ended December 31, 2021

	Major Funds			Total
	General Fund	Endowment Fund	Reserves Fund	
Revenues				
General property tax	\$ 966,941	\$ -	\$ -	\$ 966,941
Penalty and interest	2,210	-	-	2,210
Specific ownership tax	121,334	-	-	121,334
Investment income	197	155	252	604
Grant and donation income	15,001	-	-	15,001
Charges for services	18,911	-	-	18,911
Other	-	5,500	-	5,500
	<u>1,124,594</u>	<u>5,655</u>	<u>252</u>	<u>1,130,501</u>
Total Revenues				
	<u>1,124,594</u>	<u>5,655</u>	<u>252</u>	<u>1,130,501</u>
Expenditures				
Program Services:				
Salaries and fringe benefits	495,687	-	-	495,687
Library materials	56,877	-	-	56,877
Special events and programs	10,129	-	-	10,129
General operating	119,369	75	50	119,494
Building operations and maintenance	81,695	-	-	81,695
Capital outlay	72,592	-	-	72,592
	<u>836,349</u>	<u>75</u>	<u>50</u>	<u>836,474</u>
Total Expenditures				
	<u>836,349</u>	<u>75</u>	<u>50</u>	<u>836,474</u>
Excess (Deficiency) of Revenues Over Expenditures	288,245	5,580	202	294,027
Other Financing Sources (Uses)				
Transfers in (out)	<u>(250,000)</u>	<u>-</u>	<u>250,000</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenses and Other Uses	38,245	5,580	250,202	294,027
Fund balances - beginning	<u>328,256</u>	<u>338,034</u>	<u>457,518</u>	<u>1,123,808</u>
Fund balances - ending	<u>\$ 366,501</u>	<u>\$ 343,614</u>	<u>\$ 707,720</u>	<u>\$ 1,417,835</u>

The accompanying notes to the financial statements are an integral part of this statement.

RECONCILIATION OF REVENUES, EXPENDITURES CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
 For the Year Ended December 31, 2021

Total Net Change in Fund Balances - Governmental Funds \$ 294,027

Amounts reported for governmental activities in the Statement of Activities and Changes in Net Position were different because:

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

Capital outlay	\$ 72,592	
Depreciation expense	<u>(146,053)</u>	(73,461)

Expenditures for services which benefit a future period are reported as prepaid expenses and included in current assets in the government-wide statement of net position. In the governmental fund financial statements they are treated as expenditures when paid. This is the amount by which prepaid expenditures increased (decreased) from the prior year. 3,147

In the government-wide statements accrued compensated absences are measured by the amount earned and unused. In the governmental funds, the expenditures for compensated absences are measured by the amount of financial resources used (essentially, the amounts actually paid). Therefore, the change in the accrued compensated absences is recognized. 42,580

Change in Net Position - Governmental Activities \$ 266,293

The accompanying notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
December 31, 2021

Note A - Summary of Significant Accounting Policies

The basic financial statements of Southern Chaffee County Regional Library District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the District are described below.

Financial Reporting Entity

The Southern Chaffee County Regional Library District is incorporated as a library district under the laws of the State of Colorado. The District is governed by an appointed five-member Board of Trustees in accordance with CRS 24-90-108(2)(c). As required by generally accepted accounting principles, these financial statements present the Southern Chaffee County Regional Library District (the primary government) and its component units, if any. No additional separate governmental units, agencies, or nonprofit corporations are included in the financial statements of the District since none were discovered to fall within the oversight responsibility based upon the application of the following criteria: financial accountability, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

Government-wide Financial Statements

The District's government-wide financial statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental activities of the District.

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

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

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated. The following interfund activities have been eliminated:

- Transfer in/out

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are presented 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. 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.

NOTES TO FINANCIAL STATEMENTS (Continued)
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
December 31, 2021

Note A - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

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

Grants and similar items are recognized when requirements imposed by the provider have been met.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the Government-wide financial statements. The District has presented all major funds that meet the applicable criteria. The following funds are major funds:

General Fund

This fund records financial transactions for the regular operations of the District. All revenues and expenditures not allocated by law or contractual agreement to a special fund are accounted for in this fund.

Endowment Fund

The Endowment Fund is used to account for contributions wherein the principal amount of the gift is restricted and only the earnings from investments are available for future operating or capital expenditures.

Reserves Fund

The Reserves Fund is used to account for the accumulation of resources for approved future project expenditures. (This fund is not considered a major special revenue fund under GASB 54, paragraph 30).

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents are short-term, liquid investments that are quickly converted to known cash amounts, including restricted cash and cash equivalents with maturities of three months or less so as to minimize the risk of value changes.

NOTES TO FINANCIAL STATEMENTS (Continued)
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
December 31, 2021

Note A - Summary of Significant Accounting Policies (Continued)

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The District considers all accounts receivable to be collectible and, accordingly, provides no allowance for doubtful accounts.

Investments

The District's policy is to state investments in their financial statements at fair value. Unrealized gain or loss resulting from the change in fair market value of investments is recognized in the statement of revenues, expenses and changes in net position.

Prepaid expenses

Prepaid expenses include amounts paid for items that benefit the next year.

Capital Assets

Capital assets are defined by the District as assets tangible in nature. Purchased or constructed capital assets are recorded at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

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

Buildings and improvements	50 years
Books and audio-visual devices	5 years
Furniture and equipment	3 - 10 years

Land is not depreciated and assets under construction are not depreciated until they become available for service.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item, property taxes. This item is deferred and recognized as an inflow of resources in the period that the amounts become available.

Accounts Payable

Accounts payable represent obligations due to vendors for goods delivered or services rendered prior to December 31, 2021.

NOTES TO FINANCIAL STATEMENTS (Continued)
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
December 31, 2021

Note A - Summary of Significant Accounting Policies (Continued)

Property Taxes

Chaffee County is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of the levy year and may be paid in two equal installments before the last day of February and the 15th day of June or in full before the last day of April.

Property taxes are recognized as revenue when they are levied because they are considered to be both measurable and available. Available means due or past due and receivable within the current period and collected no more than 60 days after December 31.

Compensated Absences

Compensated absences arise from policies concerning vacation and sick leave. In 2021, the District changed their policy to a PTO (paid time off) which is an all-purpose, flexible approach combining vacation, sick and personal leave. The amount of PTO varies between ten and twenty-two hours per month depending upon the number of years of continuous service by the employee. The employees are allowed to accumulate between 160-480 hours of PTO based on their years of service. At the time of separation, employees will be paid a percentage of unused PTO depending on the years of service which range from 20% to 100%.

Amounts recognized as expenditures on the fund financial statements are those which have been paid in the current year or are expected to be liquidated with currently available expendable financial resources. In the government-wide statement, PTO is accrued when incurred and reported as a liability of the governmental type activity.

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 disaster. The District carries commercial insurance for such risks, including workers' compensation and accident insurance. Settled claims resulting from these risks did not exceed commercial insurance coverage during 2021.

Risks and Uncertainties

In March 2020, the COVID-19 virus was declared a global pandemic as it continued to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, was severely impacted for months and may continue to impact the economy. Management has been carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

Note B - Stewardship, Compliance, and Accountability

Budgets and Budgetary Data

Formal budgetary accounting is employed as a management control tool for all funds of the District. Budgets are prepared on the modified accrual basis of accounting for all government fund types. Annual operating budgets are adopted each fiscal year through passage of an annual budget resolution. The Board of the Trustees may amend the original adopted budget during the year by passing a new resolution to reflect current needs, changing conditions, or revised estimates. The budgetary amounts presented in the accompanying financial statements/schedules reflect original and most recent amended amounts which were adopted in accordance with the appropriate provisions of state law.

NOTES TO FINANCIAL STATEMENTS (Continued)
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
December 31, 2021

Note B - Stewardship, Compliance, and Accountability (Continued)

Budgets and Budgetary Data (Continued)

Encumbrance accounting is not employed as part of the budgetary process. Encumbrance accounting allows a governmental entity to account for open purchase orders (purchase orders for which the underlying goods or services have not been received before the end of an accounting period) as expenditures against the budget of that accounting period. All unencumbered budget appropriations lapse at the end of each fiscal year. The District does not recognize encumbrances.

Tax, Revenue, Spending and Debt Limitations

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 imposes tax raising, revenue, spending and debt limitations on local government entities within the State of Colorado. These limitations became effective for the first fiscal year beginning after December 31, 1992.

In 2000, the Southern Chaffee County Regional Library District passed a referendum regarding the revenue and spending limits imposed by Article X, section 20 of the Colorado constitution. The referendum allows the District, without increasing or adding any taxes of any kind, to collect, retain and expend all revenues and other funds collected during 1999 and thereafter.

In addition to the tax raising, revenue, spending and debt limitation provisions of TABOR, there is also a requirement that every entity to which TABOR applies must establish an "emergency reserve". To be used for declared emergencies only, each entity shall reserve 3% or more of its fiscal year spending excluding bonded debt service. For the year ended December 31, 2021, the District has reserved \$34,500, which represents 3% of fiscal year spending.

Grant Funding

The District receives funding from state and other grants sources which may be subject to regulatory or other oversight by the granting agencies. Such oversight may include an audit or other compliance procedures. Any adjustments made by a granting agency would become a liability to the District. There are no such proceedings presently in progress.

Note C - Cash Deposits and Investments

Deposits

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be equal to 102% of the aggregate uninsured deposits.

As of December 31, 2021, all of the District deposits were either insured by the Federal Deposit Insurance Corporation or held in eligible public depositories as required by PDPA.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned to it. The District's policy for custodial credit risk parallels Colorado statutes.

NOTES TO FINANCIAL STATEMENTS (Continued)
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
 December 31, 2021

Note C - Cash Deposits and Investments (Continued)

Deposits - (Continued)

A summary of cash and deposits held at year end follows:

	<u>Carrying Amounts</u>	<u>Less Than One Year</u>	<u>Less Than Five Years</u>
Deposits:			
Checking	\$ 20,445	\$ 20,445	\$ -
Money market accounts	6,372	6,372	-
Investments:			
Certificate of deposit	150,248	150,248	-
ColoTrust	1,245,220	1,245,220	-
Total	<u>\$ 1,422,285</u>	<u>\$ 1,422,285</u>	<u>\$ -</u>

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. The law outlines the types of securities that public entities in Colorado may acquire and hold as investments. These include:

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

The District has invested \$1,245,220 in the Colorado Government Liquid Asset Trust (ColoTrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. ColoTrust operates similarly to a money market fund and each share is equal in value to \$1. Investments of ColoTrust consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to ColoTrust in connection with the direct investment and withdrawal functions of ColoTrust. Substantially all securities owned by ColoTrust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by ColoTrust.

Interest Rate Risk - The District's policy of limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates parallels Colorado statutes. Specifically all securities are limited to a maximum maturity of five years from date of purchase unless the governing body authorizes a longer period.

NOTES TO FINANCIAL STATEMENTS (Continued)
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
 December 31, 2021

Note C - Cash Deposits and Investments (Continued)

Investments - (Continued)

Credit Risk - The District's general investment policy beyond the requirements of Colorado statutes is to apply the prudent-person rule: Prudence and protection of District funds are the primary criteria. All investments and bid requests for investments are predicated on liquidity, yield, safety and interest of the local economy. As of December 31, 2021, the District's investment in ColoTrust rates AAAM by Standard and Poor's and Aaa by Moody's.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District follows Colorado State Statutes for investing.

Note D - Accounts and Other Receivables

Taxes receivable consist of taxes which are due but will not be collected until January 2022. As of December 31, 2021, these receivables are considered both measurable and available.

Note E - Property Tax Accrual

Property taxes which have been levied for 2021 which will not be collected until 2022 have been accrued as a receivable at December 31, 2021. An offsetting amount for deferred inflow of resources - unavailable property tax revenue has also been recorded in the general fund.

Note F - Change in Capital Assets

The following is a summary of the changes in capital assets:

Governmental Activities	Balance at 12-31-20	Additions	Deletions	Balance at 12-31-21
Capital assets, not depreciated				
Land	\$ 143,826	\$ -	\$ -	\$ 143,826
Capital assets, depreciated				
Buildings	3,291,315	-	-	3,291,315
Books and audio visual devices	513,225	62,589	118,502	457,312
Furniture and fixtures	109,757	-	-	109,757
Office equipment	102,120	10,003	-	112,123
Capital Assets Depreciated	<u>4,016,417</u>	<u>72,592</u>	<u>118,502</u>	<u>3,970,507</u>
Less: accumulated depreciation	<u>(1,336,066)</u>	<u>(146,053)</u>	<u>(118,502)</u>	<u>(1,363,617)</u>
Total Capital Assets				
Depreciated, net	<u>2,680,351</u>	<u>(73,461)</u>	<u>-</u>	<u>2,606,890</u>
Governmental Activities				
Capital Assets, net	<u>\$ 2,824,177</u>	<u>\$ (73,461)</u>	<u>\$ -</u>	<u>\$ 2,750,716</u>

NOTES TO FINANCIAL STATEMENTS (Continued)
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
December 31, 2021

Note F - Change in Capital Assets (Continued)

Depreciation expense by function:

Culture and recreation	\$ <u>146,053</u>
------------------------	-------------------

Note G - Retirement Plans

The District is a member employer of the Colorado County Officials and Retirement Association. This Association was formed by Colorado State Statute to provide retirement benefits to employees of Colorado local governments. The Association administers two different retirements plans, 401(a) Defined Contribution Plan and a 457 Deferred Compensation Plan.

Defined Contribution Plan

The District provides pension benefits for all of its full-time and salaried employees through a defined contribution plan administered by the Colorado County Officials and Employees Retirement Association. Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Board of Trustees.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings and forfeitures, if any. Employees are eligible to participate upon the completion of six months of service and attaining age twenty-one (21). As required by the terms of the plan, the minimum the employees must contribute is 3% of compensation to the plan and the District must match employee contributions up to 6%. In addition, employees may make additional voluntary contributions not to exceed 10% of compensation. Employees are vested at 20% per year, becoming fully vested after five years, in employer contributions and earnings. Employer contributions forfeited by an employee before becoming fully vested are returned to the District.

The District's total payroll for the year ended December 31, 2021 was \$425,630. The District's contributions were calculated using the base earnings of eligible, participating employees of \$231,475. The District's contribution for 2021 was \$13,788, employees contribution was \$13,788, for a total of \$27,576.

The plan held no securities of the District or other related parties during the year or as of the end of the year.

Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457.

The plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan are deposited with the Colorado County Officials and Employees Retirement Association. During 2021 there were no participants in the plan.

NOTES TO FINANCIAL STATEMENTS (Continued)
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
December 31, 2021

Note H - Fund Balances

Government-wide Net Position

Government-wide net position is divided into three components:

- Invested in capital assets, net of related debt - consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted net position - consists of net position that is restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted - all other net position is reported in this category.

Governmental Fund Balances

The District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definition." This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. In the fund financial statements that following classifications describe the relative strength of the spending constraints.

- *Non-spendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory) or is legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation. The portion of net position restricted for emergency is the TABOR reserve requirement which is 3% of the fiscal year's spending excluding bonded debt service.
- *Committed fund balance* - The portion of fund balance constrained for specific purposes according to limitations imposed by the District's highest level of decision making authority, the Board of Trustees, prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Board of Trustees.
- *Assigned fund balance* - The portion of fund balance set aside for planned or intended purposes. The intended use may be expressed by the Board of Trustees or other individuals authorized to assign funds to be used for a specific purpose. Assigned fund balance in special revenue funds will also include any remaining fund balance that is not restricted or committed. This classification is necessary to indicate that those funds are, at a minimum, intended to be used for the purpose of that particular fund.
- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the above criteria. The District will only report a positive unassigned fund balance in the General Fund.

If both restricted and unrestricted amounts of fund balance are available for use when an expenditure is incurred, it is District policy to use restricted amounts first. Unrestricted fund balance will be used in the following order: committed, assigned and unassigned.

NOTES TO FINANCIAL STATEMENTS (Continued)
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
 December 31, 2021

Note H - Fund Balances (Continued)

Governmental Fund Balances (Continued)

The specific purposes for each fund balance classification on the balance sheet are detailed in the table below:

	<u>General Fund</u>	<u>Endowment Fund</u>	<u>Reserves Fund</u>	<u>Total</u>
Fund Balances				
Nonspendable				
Endowment	\$ -	\$ 199,899	\$ -	\$ 199,899
Restricted				
Tabor reserve	34,500	-	-	34,500
Capital Improvement	-	143,715	-	143,715
Total Restricted	<u>34,500</u>	<u>143,715</u>	<u>-</u>	<u>178,215</u>
Committed				
Capital Improvement	-	-	707,720	707,720
Unassigned				
General Government	<u>332,001</u>	<u>-</u>	<u>-</u>	<u>332,001</u>
Total Fund Balances	<u>\$ 366,501</u>	<u>\$ 343,614</u>	<u>\$ 707,720</u>	<u>\$ 1,417,835</u>

Note I - Interfund Transfers

Transfers and allocations are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them or to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers during the fiscal year ending December 31, 2021 consisted of transfers and allocations to the reserves fund from the general fund in the amount of \$250,000.

Note J - Prior Period Adjustment

Net position has been restated as summarized below. The corrections were necessary to properly recognize prepaid expenses.

Net Position as originally reported at December 31, 2020	\$3,891,520
Recognize prepaid expenses - Change in expense	<u>11,383</u>
Net Assets at December 31, 2020 (Restated)	<u><u>\$3,902,903</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**BUDGET TO ACTUAL - GENERAL FUND**

SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT

For the Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
General property taxes	\$ 960,370	\$ 960,370	\$ 966,941	\$ 6,571
Penalty and interest	1,600	1,600	2,210	610
Specific ownership taxes	78,240	78,240	121,334	43,094
Investment income	4,000	4,000	197	(3,803)
Grant and donation income	10,093	10,093	15,001	4,908
Charges for services	9,780	9,780	18,911	9,131
Other income	230	230	-	(230)
Total Revenues	<u>1,064,313</u>	<u>1,064,313</u>	<u>1,124,594</u>	<u>60,281</u>
Expenditures				
Culture and recreation				
Accounting fees	750	750	30	720
Auditing fees	4,725	4,725	4,900	(175)
Contingency	31,206	31,206	-	31,206
Courier service	13,500	13,500	16,843	(3,343)
Dues and Subscriptions	6,000	6,000	3,281	2,719
Electronic subscriptions	16,000	16,000	13,961	2,039
Equipment, facilities and furnishings	72,000	72,000	34,235	37,765
Insurance	11,000	11,000	8,641	2,359
Janitorial fees and supplies	31,800	31,800	30,690	1,110
Legal	1,600	1,600	424	1,176
Library materials	100,893	100,893	78,694	22,199
Marmot	18,850	18,850	18,226	624
Miscellaneous	23,850	23,850	19,850	4,000
Office supplies	13,000	13,000	11,437	1,563
Postage	2,600	2,600	1,429	1,171
Programs	13,250	13,250	10,129	3,121
Recording materials	34,000	34,000	26,810	7,190
Repairs and Maintenance	18,000	18,000	7,460	10,540
Salaries and benefits	485,270	485,270	495,687	(10,417)
Telephone and telecom	7,500	7,500	7,149	351
Treasurer's fees	30,730	30,730	29,071	1,659
Utilities	18,100	18,100	17,402	698
Total Expenditures	<u>954,624</u>	<u>954,624</u>	<u>836,349</u>	<u>118,275</u>
Revenue Over (Under) Expenditures	109,689	109,689	288,245	178,556
Other Financing Sources (Uses)				
Transfers in (out)	-	-	(250,000)	(250,000)
Excess of Revenues and Other Sources Over (Under) Expenses and Other Uses	109,689	109,689	38,245	(71,444)
Fund Balance - Beginning	<u>252,872</u>	<u>252,872</u>	<u>328,256</u>	<u>75,384</u>
Fund Balance - Ending	<u>\$ 362,561</u>	<u>\$ 362,561</u>	<u>\$ 366,501</u>	<u>\$ 3,940</u>

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET TO ACTUAL - ENDOWMENT FUND

SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT

For the Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Investment income	\$ 4,958	\$ 4,958	\$ 155	\$ (4,803)
Other income	-	-	5,500	5,500
Total Revenues	<u>4,958</u>	<u>4,958</u>	<u>5,655</u>	<u>697</u>
Expenditures				
Miscellaneous	-	-	75	(75)
Total Expenditures	<u>-</u>	<u>-</u>	<u>75</u>	<u>(75)</u>
Revenue Over (Under) Expenditures	4,958	4,958	5,580	622
Fund Balance - Beginning	<u>330,585</u>	<u>330,585</u>	<u>338,034</u>	<u>7,449</u>
Fund Balance - Ending	<u>\$ 335,543</u>	<u>\$ 335,543</u>	<u>\$ 343,614</u>	<u>\$ 8,071</u>

The accompanying notes to the financial statements are an integral part of this statement.

OTHER SUPPLEMENTARY INFORMATION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET TO ACTUAL - RESERVES FUND

SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT

For the Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Investment income	\$ 4,573	\$ 4,573	\$ 252	\$ (4,321)
Total Revenues	<u>4,573</u>	<u>4,573</u>	<u>252</u>	<u>(4,321)</u>
Expenditures				
Miscellaneous	<u>-</u>	<u>-</u>	<u>50</u>	<u>(50)</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>50</u>	<u>(50)</u>
Revenue Over (Under) Expenditures	4,573	4,573	202	(4,371)
Other Financing Sources (Uses)				
Transfers in (out)	<u>40,201</u>	<u>40,201</u>	<u>250,000</u>	<u>209,799</u>
Excess of Revenues and Other Sources Over (Under) Expenses and Other Uses	44,774	44,774	250,202	205,428
Fund Balance - Beginning	<u>457,355</u>	<u>457,355</u>	<u>457,518</u>	<u>163</u>
Fund Balance - Ending	<u>\$ 502,129</u>	<u>\$ 502,129</u>	<u>\$ 707,720</u>	<u>\$ 205,591</u>

The accompanying notes to the financial statements are an integral part of this statement.