

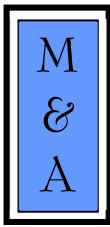


Financial Statements
December 31, 2023

**Lyons Regional Library District
Financial Report
December 31, 2023**

Table of Contents

	Page
INDEPENDENT AUDITOR'S REPORT	A1 - A3
Management's Discussion and Analysis	B1 - B7
Basic Financial Statements:	
Government-wide Financial Statements:	
Balance Sheet / Statement of Net Position	C1
Statement of Revenues, Expenditures and Changes in Fund Balances / Statement of Activities	C2
Notes to the Financial Statements	D1 - D11
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual - General Fund	E1
Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual - Capital Fund	F1



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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Lyons Regional Library District**

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the discretely presented component unit, and each major fund of Lyons Regional Library District (the "District"), as of and for the year ended December 31, 2023, 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, based on our audit, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, and each major fund of Lyons Regional Library District, as of December 31, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

The District's 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 one year after the date that the financial statements are issued.

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INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Lyons Regional Library District

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis in Section B 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.

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Lyons Regional Library District

Required Supplementary Information

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Supplementary Information

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

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
April 30, 2024



Management Discussion and Analysis

Lyons Regional Library District

Management's Discussion and Analysis December 31, 2023

As management of Lyons 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 fiscal year ended December 31, 2023.

Financial Highlights

- The assets of the District exceeded its liabilities by \$2,699,697 at the close of the most recent fiscal year end. Of this amount, \$745,481 may be used to meet the District's ongoing obligations to patrons.
- The District's total Net Position decreased by \$24,333.
- At the end of the current fiscal year, total fund balance for the General Fund was \$867,397 or 151% percent of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise of two components: Government-wide financial statements and Notes to the Financial Statements.

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 similar to a private-sector business.

The Statement of Net Position presents information on all the District's assets and liabilities, and deferred inflows/outflows of resources, 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 related 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.

The governmental activity of the District is library services. There are currently no business-type activities of the District and the District discretely presents one component unit, the Lyons Regional District Library Foundation, a non-profit organization formed exclusively for the benefit of, to perform the functions of, or to carry out the charitable and educational purposes of the District.

The government-wide financial statements can be found on pages C1 and C2 of this report.

Overview of the Financial Statements (continued)

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. The District currently has one fund, the General Fund, which is a governmental fund.

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 inflows 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 expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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 section D of this report.

Government-wide financial analysis: Almost all of the District's revenue was from property taxes (see the Notes to the Financial Statements). Most of the District's assets are reflected in the investment in capital assets (i.e. buildings, books, furniture, fixtures, and equipment). Capital assets account for 65% of the total assets. The District will use these assets to provide services to its citizens. Accordingly, these assets are not an available source for payment of future spending. Of the remaining net position, 3% of the governmental activities annual budget is restricted for use in the event of an emergency.

Overview of the Financial Statements (continued)

Government-wide financial analysis (continued):

Lyons Regional Library District's Net Position

	<u>2023</u>	<u>2022</u>
Assets:		
Current and other assets	\$ 1,752,026	\$ 1,546,153
Capital assets	3,012,452	3,118,901
Total Assets	<u>4,764,478</u>	<u>4,665,054</u>
Liabilities:		
Other liabilities	16,345	15,683
Long-term liabilities	1,312,231	1,347,777
Total Liabilities	<u>1,328,576</u>	<u>1,363,460</u>
Deferred Inflows of Resources:		
Unavailable revenue	736,205	577,564
Total Deferred Inflows of Resources	<u>736,205</u>	<u>577,564</u>
Net Position:		
Investment in capital assets	1,700,221	1,771,124
Restricted	253,995	253,485
Unrestricted	745,481	699,421
Total Net Position	<u>\$ 2,699,697</u>	<u>\$ 2,724,030</u>

Approximately 66% of the District's Net Position reflects its investment in capital assets, which includes buildings, building improvements, furniture and equipment. The increase in the District's investment in capital assets, net of related debt, is largely to due to the payment of debt, and capital assets additions which are partially offset by depreciation expense.

Overview of the Financial Statements (continued)

Government-wide financial analysis (continued):

Lyons Regional Library District's Change in Net Position

	<u>2023</u>	<u>2022</u>
Revenues:		
General revenues:		
Property taxes	\$ 578,427	\$ 572,002
Specific ownership taxes	28,961	28,166
Earnings on investments	6,870	2,728
Donations	7,036	14,675
Grant income	11,500	17,748
Other income	1,659	2,452
Total Revenues	<u>634,453</u>	<u>637,771</u>
Expenses:		
Personnel services	313,354	270,132
Contract services	15,856	17,207
Other expenses	18,920	26,444
Collection purchases	40,994	38,183
Operations	16,996	14,386
Facilities and equipment	38,758	37,884
Utilities	9,671	8,986
Treasurer fees	9,131	9,065
Travel and meetings	1,691	602
Administration	11,560	9,706
Insurance	13,362	11,452
Capital outlay	-	689
Depreciation and amortization	116,674	111,434
Debt service:		
Interest	51,819	52,719
Total Expenses	<u>658,786</u>	<u>608,889</u>
Change in Net Position	(24,333)	28,882
Net Position:		
Beginning of Year	2,724,030	2,695,148
Ending of Year	<u>\$ 2,699,697</u>	<u>\$ 2,724,030</u>

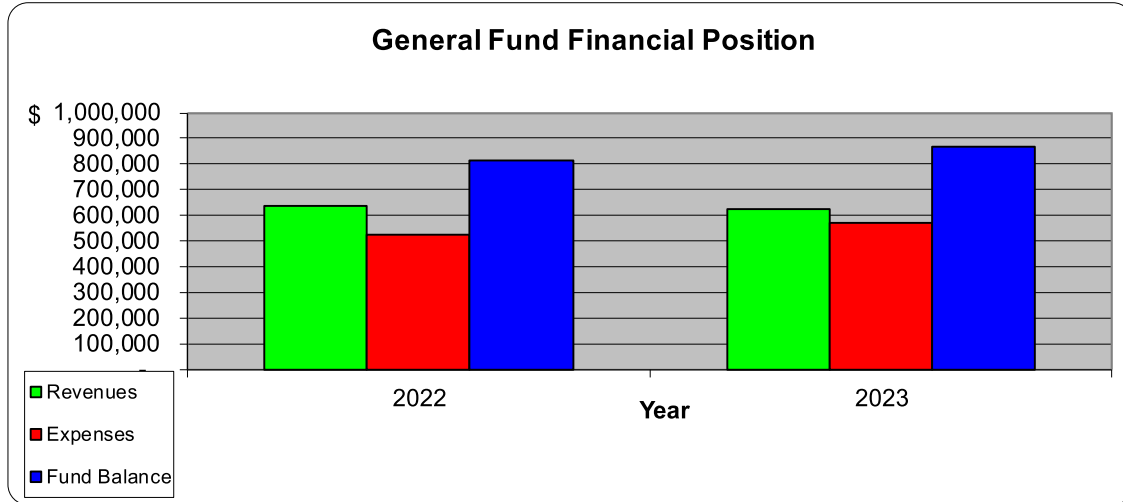
The decrease in Net Position is mainly attributable to increases in personnel services expenses. Property taxes were the most significant source of general revenues for the District accounting for approximately 91% of revenues. Specific ownership taxes, which consist of vehicle taxes collected at the County, were also a significant source of revenue accounting for 5% of total revenues.

When compared with 2022, total District expenses increased \$49,897, which was largely due to increases in personnel services.

Overview of the Financial Statements (continued)

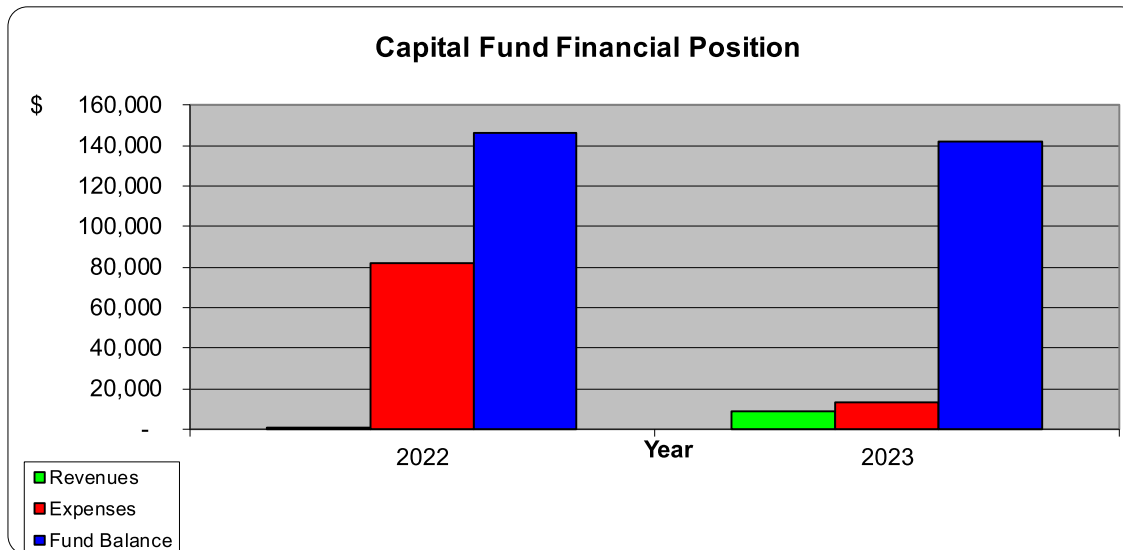
Financial Analysis of the District's Funds

As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District had the following changes in its General Fund for the years 2022 through 2023:



The District's General Fund had an increase in fund balance of \$52,004 and an ending fund balance of \$867,397. Revenues decreased \$12,405 from 2022. This was largely due to a decrease in donations and grants. Expenditures increased \$49,897 from 2022. This was largely due to increases in salaries and wages in 2023.

The District had the following changes in its Capital Fund for the years 2022 through 2023:

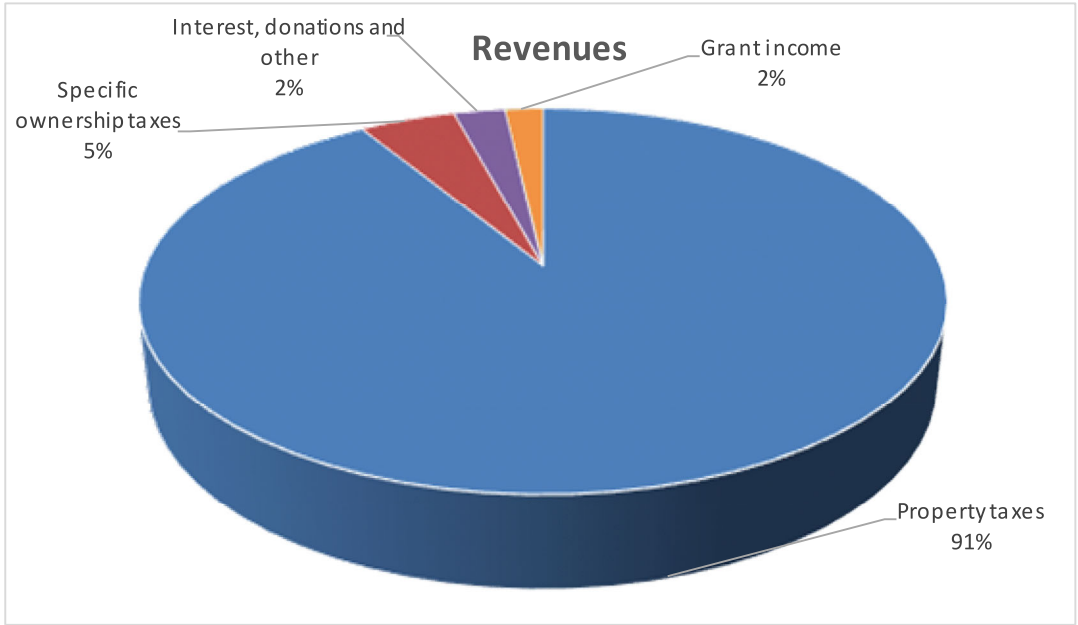


The District's Capital Fund had a decrease in fund balance of \$4,132 and an ending fund balance of \$142,234. Revenues increased \$9,087 due to the increase in grant income and expenditures decreased \$68,598 from 2022, largely due to less capital expenditures in 2023.

Overview of the Financial Statements (continued)

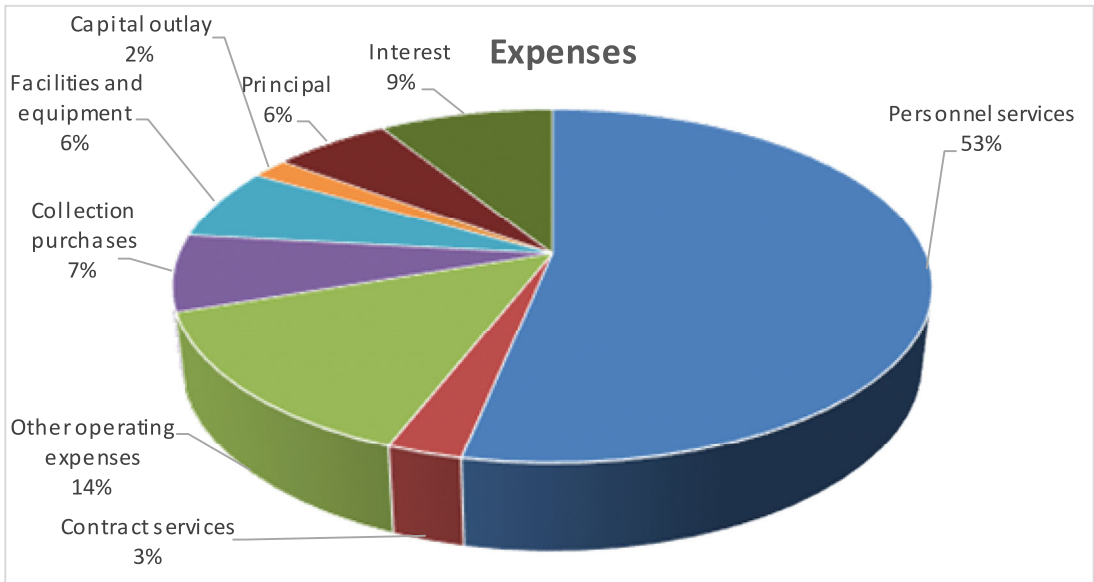
Financial Analysis of the District's Funds (continued):

The following chart represents the District's revenues:



Property taxes make up the largest source of revenue for the District.

The following chart represents the District's expenditures:



The District's expenditures decreased 3%. Personnel services (wages, retirement, health insurance, etc.) made up the largest source of expenditures for the District.

Overview of the Financial Statements (continued)

Financial Analysis of the District's Funds (continued):

Budget variances in the General Fund: The District's 2023 budget was approved at the end of 2022. The District did not amend its budget for 2023. Significant budget variances were as follows:

	Final Budget	Actual	Variance From Final Budget	Reason
Revenues:				
Specific ownership taxes	24,000	28,961	4,961	Increased tax revenues in the Counties
Earnings on investments	300	6,746	6,446	Interest rates increased during the year
Grant income	11,000	2,500	(8,500)	Fewer grants received than anticipated
Total Revenues	<u>620,564</u>	<u>625,329</u>	<u>4,765</u>	
Expenditures:				
Personnel services	325,156	312,052	13,104	Conservative budgeting and vacancies
Collection purchases	36,955	40,994	(4,039)	Higher than expected collection purchases
Facilities and equipment	46,900	38,758	8,142	The District anticipated more repairs than incurred
Total Expenditures	<u>479,491</u>	<u>454,938</u>	<u>24,553</u>	

Capital assets: The District had capital of assets of \$3,012,452 at the end of 2023. Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements in section D of this report.

Next year's budget and rates: The District had \$867,397 of general fund balance at the end of the current fiscal year. The District's 2024 budget anticipates revenues of \$620,564 and expenditures of \$620,564.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Lyons Regional Library District, PO Box 619, 451 4th Ave, Lyons, CO 80540.



Basic Financial Statements

Lyons Regional Library District
Balance Sheet / Statement of Net Position
December 31, 2023

	Primary Governmental			Statement of Net Position	Component Unit Lyons Regional Library District Foundation
	General Fund	Capital Fund	Governmental Balance Sheet		
Assets:					
Cash and cash equivalents	778,326	142,234	920,560	-	920,560
Restricted investments	92,761	-	92,761	-	92,761
Property taxes receivable	738,705	-	738,705	-	738,705
Capital assets, net of depreciation	-	-	-	3,012,452	3,012,452
Total Assets	1,609,792	142,234	1,752,026	3,012,452	4,764,478
Liabilities:					
Accounts payable and other liabilities	6,190	-	6,190	-	6,190
Accrued compensated absences	-	-	-	10,155	10,155
Non-current liabilities:					
Due within one year	-	-	-	35,000	35,000
Due longer than one year	-	-	-	1,277,231	1,277,231
Total Liabilities	6,190	-	6,190	1,322,386	1,328,576
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	736,205	-	736,205	-	736,205
Total deferred inflows of resources	736,205	-	736,205	-	736,205
Fund Balance/Net Position:					
Fund Balance:					
Restricted for emergencies	19,000	-	19,000		
Restricted for debt service	92,761	-	92,761		
Restricted for capital investment	-	142,234	142,234		
Unassigned	755,636	-	755,636		
Total Fund Balance	867,397	142,234	1,009,631		
Total Liabilities, Deferred Inflows of Resources and Fund Balance	1,609,792	142,234	1,752,026		
Net Position:					
Investment in capital assets				1,700,221	-
Restricted for emergencies				19,000	-
Restricted for debt service				92,761	-
Restricted for capital investment				142,234	-
Restricted for library support				-	178,689
Unrestricted				745,481	-
Total Net Position				2,699,697	178,689

The accompanying notes are an integral part of these financial statements.
C1

Lyons Regional Library District
Statement of Revenues, Expenditures and Changes in Fund Balances / Statement of Activities
For the Year Ended December 31, 2023

	Primary Government				Statement of Activities	Component Unit Lyons Regional Library District Foundation	
	General Fund	Capital Fund	Governmental Fund	Adjustments			Total
Revenues:							
Property taxes	578,427	-	578,427	-	578,427	-	
Specific ownership taxes	28,961	-	28,961	-	28,961	-	
Interest income	6,746	124	6,870	-	6,870	(84)	
Donations	7,036	-	7,036	-	7,036	29	
Grant income	2,500	9,000	11,500	-	11,500	-	
Other income	1,659	-	1,659	-	1,659	-	
Total Revenues	625,329	9,124	634,453	-	634,453	(55)	
Expenditures/Expenses:							
Personnel services	312,052	-	312,052	1,302	313,354	-	
Contract services	15,856	-	15,856	-	15,856	-	
Other expenses	18,920	-	18,920	-	18,920	-	
Collection purchases	40,994	-	40,994	-	40,994	-	
Operations	16,996	-	16,996	-	16,996	-	
Facilities and equipment	38,758	-	38,758	-	38,758	-	
Utilities	9,671	-	9,671	-	9,671	-	
Treasurer fees	9,131	-	9,131	-	9,131	-	
Travel and meetings	1,691	-	1,691	-	1,691	-	
Administration	9,075	2,485	11,560	-	11,560	803	
Insurance	13,362	-	13,362	-	13,362	-	
Capital outlay	-	10,771	10,771	(10,771)	-	-	
Depreciation and amortization	-	-	-	117,220	117,220	-	
Debt service:							
Principal	35,000	-	35,000	(35,000)	-	-	
Interest	51,819	-	51,819	(546)	51,273	-	
Total Expenditures/Expenses	573,325	13,256	586,581	72,205	658,786	803	
Change in Net Position	52,004	(4,132)	47,872	(72,205)	(24,333)	(858)	
Fund Balances/Net Position:							
Beginning of Year	815,393	146,366	961,759		2,724,030	179,547	
End of Year	867,397	142,234	1,009,631		2,699,697	178,689	

The accompanying notes are an integral part of these financial statements.
C2



Notes to the Basic Financial Statements

**Lyons Regional Library District
Notes to the Financial Statements
December 31, 2023**

I. Summary of Significant Accounting Policies

Lyons Regional Library District (the "District") was established September 3, 2013, by a vote of the Town of Lyons, Larimer County and Boulder County. The District operates under the laws of the State of Colorado and is governed by a Board of Trustees appointed by the Boulder and Larimer County Commissioners and the Town of Lyons Board of Trustees. The District was formed to provide facilities, materials, media, computers, programming, public meeting spaces, community services and other facilities to residents and visitors to the District.

The District's financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

The reporting entity consists of the primary government and component units. Component units are legally separate entities that are included in a government's reporting entity because of the significance of their operating or financial relationships with the District. The District's financial statements include the Lyons Regional Library District Foundation, Inc. (the "Foundation") which was formed exclusively to carry out the charitable and education functions of the District.

The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component unit.

B. Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. Currently, the District has only governmental activities.

1. Government-wide Financial Statements

In the government-wide Statement of Net Position, the governmental activities columns are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's Net Position is reported in three parts - invested in capital assets, net of related debt, restricted Net Position and unrestricted Net Position.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's Net Position resulting from the current year's activities.

2. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, TABOR reserves, fund equity, revenues and expenditures/expenses.

The fund focus is on current available resources and budget compliance.

Lyons Regional Library District
Notes to the Financial Statements
December 31, 2023
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

2. Fund Financial Statements (continued)

The District reports a General Fund, which accounts for resources devoted to financing the general services that the District performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund. The fund is used to account for all activities for which a separate fund has not been established.

The District also reports a Capital Fund, which accounts for resources devoted to capital projects, as well as for expenditures of capital outlay, including the acquisition or construction of capital facilities and other capital assets.

C. Measurement Focus and Basis of Accounting

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures or expenses are recognized in the accounts and reported in the financial statements.

1. Long-term Economic Focus and Accrual Basis

Governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

D. Financial Statement Accounts

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with maturities of three months or less.

Investments are stated at fair value or net asset value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

**Lyons Regional Library District
Notes to the Financial Statements
December 31, 2023
(Continued)**

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

1. Cash, Cash Equivalents and Investments (continued)

The District's investment policy follows Colorado statutes specifying specific investment instruments meeting defined rating criteria in which local governments may invest, which 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
- Banker's acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market mutual funds
- Guaranteed investment contract
- Local government investment pools

2. Capital Assets

Capital assets, which include buildings, equipment, vehicles and infrastructure, are reported in the government-wide financial statements. Capital assets include assets with an individual cost of \$5,000 or more and an estimated useful life in excess of two years. Books and periodicals, although having an individual cost of less than \$5,000, are also considered capital assets. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Books and periodicals are depreciated using the average of the past six years' purchases.

Total depreciation expense for the fiscal year ending is \$111,995.

Buildings, vehicles and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Furniture, fixtures and equipment	5 - 15
Buildings	50
Books and media	5

3. Deferred Inflows of Resources

Deferred inflows of resources represent 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 only one item that qualifies for reporting in this category, unavailable revenue from property taxes, reported in the governmental balance sheet and on the Statement of Net Position. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Lyons Regional Library District
Notes to the Financial Statements
December 31, 2023
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

4. Categories and Classification of Fund Balance:

Governmental accounting standards establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications include Non-spendable, Restricted, Committed, Assigned and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund Balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the general fund. The general fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. For further details of the various fund balance classifications refer to Note I.E.

E. Fund Balance Disclosure

The District classifies governmental fund balances as follows:

- 1. Non-spendable** - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements. As of December 31, 2023, \$0 was non-spendable.
- 2. Spendable Fund Balance:**
 - a. Restricted** – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. As of December 31, 2023 \$19,000 was restricted for emergencies, \$92,761 was restricted for debt service and \$142,234 was restricted for capital projects.
 - b. Committed** – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Board. The District's original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the Board's platform to review and/or make changes to each department's budget. Before year end, a budgetary committee will meet again with each department for final review and approval of preliminary budget. The Budget is then formally presented to the Board via an advertised public process for their review, revisions and final approval by year end. All subsequent budget requests made during the year, after the Board's approval, must be presented via a public process and again approval by the Board.

**Lyons Regional Library District
Notes to the Financial Statements
December 31, 2023
(Continued)**

I. Summary of Significant Accounting Policies (continued)

E. Fund Balance Disclosure (continued)

2. Spendable Fund Balance: (continued)

- c. Assigned** – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board or its management designee. As of December 31, 2023, \$0 was assigned.
- d. Unassigned** - includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed. As of December 31, 2023, \$755,636 was unassigned.

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy. However, the District's budget includes a calculation of a targeted reserve positions and the Administration calculates targets and report them annually to the Board.

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position

The governmental fund Balance Sheet includes adjustments between *fund balance – governmental funds* and *Net Position of governmental activities* as reported in the government-wide Statement of Net Position. One element of the reconciling column accounts for capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the funds. \$3,247,162 represents the net book value of capital assets at December 31, 2023. Long-term liabilities of \$1,322,386 are not due and payable in the current period, and therefore are not reported in the fund financial statements.

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes adjustments between *net change in fund balance of governmental funds* and *changes in Net Position of governmental activities* as reported in the government-wide Statement of Activities. One element of the reconciliation involves the additions of capital assets including equipment and capital improvements of as these items are reported as expenditures in the governmental funds report. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense, therefore another reconciling item includes depreciation on fixed assets of \$117,220 and capital outlay of \$10,771. Repayment of long-term liabilities of \$35,000 is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Another element is the amortization of bond premium of \$546. Deferred items such as premiums are treated as current transactions on the fund financial statements. The final element of the reconciliation is the change in the accrued compensated absences of \$1,302.

Lyons Regional Library District
Notes to the Financial Statements
December 31, 2023
(Continued)

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at year end. In the fall of each year, the District's Board of Trustees formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budget for the governmental funds are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

- (1) For the 2023 budget, prior to August 25, the County Assessor sent to the District a certified assessed valuation of all taxable property within the District's boundaries.
- (2) On or before October 15, 2022, the Director submitted to the District's Board of Trustees a recommended budget that detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
- (3) For the 2023 budget, prior to December 15, 2022, the District computed and certified to the County Commissioners a rate of levy that will derive the necessary property taxes as computed in the proposed budget.
- (4) After a required public hearing, the District adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.
- (5) After adoption of the budget resolution, the District may make the following changes: (a) supplemental appropriations to the extent of revenues in excess of the estimated in the budget; (b) emergency appropriations; and (c) reduction of appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus taxes certified in 2022 were collected in 2023 and taxes certified in 2023 will be collected in 2024. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15th.

B. TABOR Amendment

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

**Lyons Regional Library District
Notes to the Financial Statements
December 31, 2023
(Continued)**

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

One of the requirements of TABOR is for emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year revenue (excluding bonded debt service). The District has reserved a portion of its December 31, 2023 year end fund balance in the General Fund for emergencies as required under TABOR in the amount of \$19,000, which is the approximate required reserve at December 31, 2023.

IV. Detailed Notes on All Funds

A. Cash, Cash Equivalents and Investments

The District's cash, cash equivalents and investments are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. As of year-end, the carrying amount of the District's cash, cash equivalents and investments was \$1,013,321.

At December 31, 2023, the District had no unrealized gains or losses. The District had the following cash, cash equivalents and investments with the following maturities:

	<u>Rating</u>	<u>Carrying Amounts</u>	<u>Maturities</u>	
			<u>Less than one year</u>	<u>One to five years</u>
Primary Government:				
<i>Cash and cash equivalents:</i>				
Checking	Not Rated	\$ 920,560	\$ 920,560	\$ -
<i>Investments:</i>				
Investment pool	AAAm	92,761	92,761	-
		<u>\$ 1,013,321</u>		
Component Units:				
<i>Cash and cash equivalents:</i>				
Checking	Not Rated	\$ 178,689	\$ 178,689	\$ -
		<u>\$ 1,192,010</u>		

Investment Pool represents investments in the Colorado Government Liquid Asset Trust ("COLOTRUST") which is a 2a7-like pool. The fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool. COLOTRUST has a stable Net Asset Value ("NAV") and each share is equal in value to \$1. COLOTRUST portfolios may invest in United States Treasury securities and repurchase agreements collateralized by United States Treasury securities.

**Lyons Regional Library District
Notes to the Financial Statements
December 31, 2023
(Continued)**

IV. Detailed Notes on All Funds (continued)

A. Cash, Cash Equivalents and Investments (continued)

Fair Value of Investments

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

At December 31, 2023 the District had the following recurring fair value measurements:

Primary Government:

Investments Measured at Net Asset Value

Colotrust investment pool	\$	92,761
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Investments classified in Level 1 are valued using prices quoted in active markets for those securities. Investments classified in Level 2 are valued using the following approaches

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities' relationship to benchmark quoted prices;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund.

The fair value of the COLOTRUST investment pool is determined by the pool's share price. The District has no regulatory oversight for the pool. At December 31 2023, the District's cash in COLOTRUST were 9% of the District's portfolio.

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the District has invested primarily in COLOTRUST. Funds in COLOTRUST can be withdrawn without notice or penalty.

Credit Risk. The District's investment policy limits investments to those authorized by State statutes as listed in note I.D.1. The District's general investment policy is to apply the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk. The District diversifies its investments by security type and institution. Financial institutions holding District funds must provide the District a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

Lyons Regional Library District
Notes to the Financial Statements
December 31, 2023
(Continued)

IV. Detailed Notes on All Funds (continued)

B. Capital Assets

The District had the following capital asset activity during the year ended December 31, 2023:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, being depreciated:				
Buildings	2,747,260	-	-	2,747,260
Building Improvements	547,289	8,692	-	555,981
Furniture	144,318	-	-	144,318
Equipment	51,555	2,079	-	53,634
Total capital assets being depreciated	<u>3,490,422</u>	<u>10,771</u>	<u>-</u>	<u>3,501,193</u>
Less accumulated depreciation for:				
Buildings	(192,308)	(54,945)	-	(247,253)
Building Improvements	(94,682)	(37,117)	-	(131,799)
Furniture	(48,442)	(14,432)	-	(62,874)
Equipment	(36,089)	(10,726)	-	(46,815)
Total accumulated depreciation	<u>(371,521)</u>	<u>(117,220)</u>	<u>-</u>	<u>(488,741)</u>
Governmental Activities Capital Assets, Net	<u>3,118,901</u>	<u>(106,449)</u>	<u>-</u>	<u>3,012,452</u>

C. Receivables

Receivables as of year-end for the District's funds, including applicable allowances for uncollectible accounts, are as follows:

Property taxes receivable	738,705
Less: Allowance for doubtful accounts	<u>-</u>
Total receivables	<u><u>738,705</u></u>

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The \$577,564 of unavailable revenue is property taxes levied in 2023 but not available until 2024.

D. Long-term Debt

On March 6, 2018 the District issued \$1,460,000 of Certificates of Participation. The certificates mature in annual increments from December 1, 2019 through 2027, then in 2033, 2038 and 2047. The maturities through 2027 have interest rates ranging from 3% to 5% and the final three maturities bear interest ranging from 3.5% to 4% .The proceeds were used for the construction of the new library building. The principal balance outstanding at December 31, 2023 was \$1,305,000.

Lyons Regional Library District
Notes to the Financial Statements
December 31, 2023
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Long-term Debt (continued)

The following is a summary of changes in long-term debt for the year ended December 31, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within one year
Certificates of Participation:					
Series 2018	1,340,000	-	(35,000)	1,305,000	35,000
Unamortized premium	7,777	-	(546)	7,231	-
	<u>1,347,777</u>	<u>-</u>	<u>(35,546)</u>	<u>1,312,231</u>	<u>35,000</u>

The District's annual debt service is as follows:

Year	COPs Series - 2018		Total Debt Service
	Principal	Interest	
2024	35,000	50,769	85,769
2025	35,000	49,019	84,019
2026	35,000	47,619	82,619
2027	40,000	45,869	85,869
2028	40,000	44,269	84,269
2029 - 2033	225,000	196,145	421,145
2034 - 2038	270,000	150,320	420,320
2039 - 2043	320,000	97,261	417,261
2044 - 2047	305,000	30,224	335,224
Total	<u>1,305,000</u>	<u>711,495</u>	<u>2,016,495</u>

V. Other Information

A. Risk Management

Except as provided within the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; or injuries to employees. The District is insured for such risks as a member of the Colorado Special Districts Property and Liability Pool ("Pool"). The Pool is an organization created by intergovernmental agreement to provide property and general liability, automobile physical damage and liability, public officials liability and boiler and machinery coverage to its members. The Pool provides coverage for property claims up to the values declared and liability coverage for claims up to \$1,000,000. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public official's coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

Lyons Regional Library District
Notes to the Financial Statements
December 31, 2023
(Continued)

V. Other Information (continued)

A. Risk Management

A summary of audited financial information for the Pool as of and for the year ended December 31, 2022 (the latest audited information available) is as follows:

Assets	<u><u>69,212,177</u></u>
Liabilities	45,329,704
Capital and surplus	<u>23,882,473</u>
Total	<u><u>69,212,177</u></u>
Revenue	27,064,468
Underwriting expenses	<u>25,447,966</u>
Underwriting income (loss)	1,616,502
Other income	<u>462,530</u>
Net Income (Loss)	<u><u>2,079,032</u></u>

B. Contingent Liability

In December 2020, the District's component unit, the Foundation, received a \$175,000 grant from Boulder County to fund the construction of the library and community center. The funds were issued under the terms of the Boulder County Worthy Cause Funding Agreement (the "Agreement"). The Agreement stipulates that the Foundation must pay back the \$175,000 plus 5% interest in the event of default. An event of default will exist when one or more events of default as outlined in the Agreement occur. In conjunction with the Agreement, the Foundation entered into a promissory note (the "Note") with Boulder County in the amount of \$175,000 with interest of 5%. Payments are not required under the Note except upon the occurrence of an event of default. On December 23, 2020 the District executed a guaranty agreement with the County of Boulder that fully guarantees the Note. As of December 31, 2023, neither the District nor the Foundation deem an event of default likely to occur and therefore, have not recorded a liability for the funds.



Required Supplemental Information

Lyons Regional Library District
Schedule of Revenues, Expenditure and Changes in Fund Balances - Budget to Actual
General Fund
For the Year Ended December 31, 2023
(With Comparative Totals For the Year Ended 2022)

	<u>2023</u>			<u>2022</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget</u>	<u>Actual</u>
Revenues:				
Property taxes	577,564	578,427	863	572,002
Specific ownership taxes	24,000	28,961	4,961	28,166
Interest income	300	6,746	6,446	2,691
Donations	7,100	7,036	(64)	14,675
Grant income	11,000	2,500	(8,500)	17,748
Other income	600	1,659	1,059	2,452
Total Revenues	<u>620,564</u>	<u>625,329</u>	<u>4,765</u>	<u>637,734</u>
Expenditures:				
Personnel services	325,156	312,052	13,104	268,014
Contract services	19,400	15,856	3,544	17,207
Other expenses	19,500	18,920	580	26,444
Collection purchases	36,955	40,994	(4,039)	38,183
Operations	18,780	16,996	1,784	14,386
Facilities and equipment	46,900	38,758	8,142	37,884
Utilities	9,500	9,671	(171)	8,986
Treasurer fees	9,000	9,131	(131)	9,065
Travel and meetings	3,300	1,691	1,609	602
Administration	96,219	9,075	87,144	8,957
Insurance	13,362	13,362	-	11,452
Contingencies and reserves	22,492	-	22,492	-
Debt service:				
Principal	-	35,000	(35,000)	30,000
Interest	-	51,819	(51,819)	52,719
Total Expenditures	<u>620,564</u>	<u>573,325</u>	<u>47,239</u>	<u>523,899</u>
Change in Net Position	<u>-</u>	<u>52,004</u>	<u>52,004</u>	<u>113,835</u>
Fund Balances/Net Position				
Beginning of Year		<u>815,393</u>		<u>701,558</u>
End of Year		<u><u>867,397</u></u>		<u><u>815,393</u></u>

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



Supplemental Information

Lyons Regional Library District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
Capital Fund
For the Year Ended December 31, 2023
(With Comparative Totals For the Year Ended 2022)

	<u>2023</u>		<u>Variance From Final Budget</u>	<u>2022</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Grant income	25,000	9,000	(16,000)	-
Interest income	30	124	94	37
Total Revenues	<u>25,030</u>	<u>9,124</u>	<u>(15,906)</u>	<u>37</u>
Expenditures:				
Capital expenditures	30,030	10,771	19,259	81,105
Operating expenses	10,000	2,485	7,515	749
Contingencies and reserves	-	-	-	-
Total Expenses	<u>40,030</u>	<u>13,256</u>	<u>26,774</u>	<u>81,854</u>
Other Financing Sources (Uses):				
Transfers in (out)	15,000	-	(15,000)	-
Total Other Financing Sources	<u>15,000</u>	<u>-</u>	<u>(15,000)</u>	<u>-</u>
Change in Net Position	<u>-</u>	<u>(4,132)</u>	<u>(4,132)</u>	<u>(81,817)</u>
Fund Balances/Net Position				
Beginning of Year		<u>146,366</u>		<u>228,183</u>
End of Year		<u>142,234</u>		<u>146,366</u>

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