

**SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT**

**AUDITED FINANCIAL STATEMENTS**

**WITH INDEPENDENT AUDITOR'S REPORT**

**SALIDA, COLORADO**

December 31, 2023

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## **Independent Auditor's Report**

July 23, 2024

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, each major fund and the aggregate remaining fund information of Southern Chaffee County 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, 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, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted 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 vii and budgetary comparison information on page 21-22 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.

*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 Reserve Fund budget to actual 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.

*Garen Rose + W. Nardo, Inc.*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT**  
**For the Year Ended December 31, 2023**

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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, 2023. 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, 2023 by \$4,957,320. Of this amount \$1,947,538 may be used to meet the District's ongoing obligations to patrons and creditors. The remaining \$3,009,782 is invested in capital assets or restricted.
- The District's total net position increased by \$425,796.
- As of December 31, 2023, the District's governmental funds reported combined ending fund balances of \$2,347,865, an increase of \$512,841 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 \$494,076.
- Total revenue in the general fund increased \$26,379 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, 2023**

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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 21 - 23.

**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 – 20 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 \$4,957,320 at the close of fiscal year 2023. 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 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, 2023**

**Government-wide Financial Analysis (Continued)**

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

Assets:	<u>2023</u>	<u>2022</u>
Cash equivalents and investments	\$ 2,228,741	\$ 1,846,920
Taxes and other receivable	1,579,428	1,179,805
Other assets	141,410	26,529
Capital assets, net	2,617,651	2,685,917
Total Assets	<u>6,567,230</u>	<u>5,739,171</u>
Liabilities:		
Accounts payable and accrued payroll liabilities	22,622	23,347
Long-term liabilities	25,606	15,946
Total Liabilities	<u>48,228</u>	<u>39,293</u>
Deferred inflow – property taxes	<u>1,561,682</u>	<u>1,168,354</u>
Net Position:		
Invested in capital assets, net of related debt	2,613,161	2,685,917
Restricted:		
Emergencies	43,000	42,000
Endowment	353,621	336,819
Unrestricted	1,947,538	1,466,788
Total Net Position	<u>\$ 4,957,320</u>	<u>\$ 4,531,524</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 portion of the District's net position (39%) represents unrestricted net position of \$1,947,538, which may be used to meet the District's ongoing obligations to patrons and creditors.

A significant portion of the District's net position (53%) 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 \$396,621 of the District's net position (8%) represents resources that are subject to external restriction on how they may be used. The amount reserved for TABOR is \$43,000, \$353,621 of which the donations 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 \$43,000 and \$42,000 as of December 31, 2023 and 2022, respectively.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT**  
**For the Year Ended December 31, 2023**

**Government-wide Financial Analysis (Continued)**

**Changes in Net Position.** Governmental activities increased the District's net position by \$425,796 in 2023 and \$362,328 in 2022. 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>2023</u>	<u>2022</u>
Revenues:		
Program revenues:		
Charges for services	\$ 19,319	\$ 20,596
Grants and contributions	8,390	14,312
General revenues:		
Property taxes	1,191,372	1,185,929
Penalties and interest	2,909	2,770
Specific ownership taxes	140,951	134,201
Investment earnings	105,814	( 9,621)
Other	2,000	4,288
Total Revenues	1,470,755	1,352,475
Expenses:		
Salaries and benefits	579,339	554,508
Special events and programs	19,777	15,355
Library materials	70,775	62,548
General operating library materials	145,824	136,622
Building operations and maintenance	87,846	78,786
Depreciation	141,398	142,328
Total Expenses	1,044,959	990,146
Change in net position	425,796	362,328
Net position – beginning	4,531,524	4,169,196
Net position – ending	\$ 4,957,320	\$4,531,524

The District receives 91% of its funding from property and other tax revenues. Salaries and benefits represent 55% 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, 2023**

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**Fund Statements Financial Analysis (Continued)**

As of the end of 2023, the combined ending fund balances of the District governmental funds were \$2,347,865. Approximately 21% of this consists of unassigned fund balance which is available as working capital, 70% is committed fund balance which is available for capital expenditures, and 9% 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 (\$43,000); 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 \$537,076 as of December 31, 2023. Of this amount \$43,000 was reserved for emergencies. The 2023 fund balance is \$136,879 more than the previous year. The General Fund balance increased in 2023 mainly due to increase in property taxes and investment income
2. 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 51% of total 2023 expenditures, while total fund balance is also 56% of the same amount. 2023 expenditures for general fund activities were less than budget by \$180,640.
3. **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 \$353,621 as of December 31, 2023. The 2023 fund balance is \$16,802 more than the previous year. 2023 expenditures for the Endowment Fund were zero and \$75 was budgeted.
4. **Reserves Fund.** It accounts for accumulation of resources for approved future project expenditures. The Reserves Fund balance was \$1,457,168 as of December 31, 2023. The 2023 fund balance is \$359,160 more than the previous year. 2023 expenditures for the Reserves Fund were zero and \$50 was budgeted.

**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 2023, the Board of Trustees appropriated \$1,144,926 for general fund expenditures and other financing uses.

**2023 General Fund Budget**

	<b>Original</b>	<b>Final</b>	
	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>Actual</u></b>
Revenues	\$ 1,279,847	\$ 1,279,847	\$ 1,394,793
Expenditures	\$ 1,144,926	\$1,144,926	\$ 964,286

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT  
For the Year Ended December 31, 2023**

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**Capital Assets**

*Capital Assets.* The District's investment in capital assets as of December 31, 2023 was \$2,617,651 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, books, audio visual equipment and a lease. Additional information on the District's capital assets can be found in Note 6.

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

Books and audio visual devices	\$63,285
Furniture and Equipment	3,475

The summary of capital assets at 12-31-23:

Land	\$ 143,826
Building	3,291,315
Furniture and equipment	256,522
Books and audio visual devices	407,315
Leased assets	6,372
Accumulated Depreciation	(1,487,699)
<b>Total Capital Assets</b>	<u>\$ 2,617,651</u>

**Long-Term Liabilities**

At the end of 2023, the District had \$25,606 in long-term liabilities which consists of \$4,490 outstanding for the lease of office equipment and \$21,116 for accrued compensated absences.

**Economic Factors and Next Year's Budget**

For the fiscal year 2024 budget, the total mill levy is 3.5 mills. The mill levy for the fiscal year 2023 was also 3.5 mills.

The following factors were considered when the budget was prepared:

- The Southern Chaffee County Library District's financial status continues to be strong.
- Consistent inflationary trends in the region and cost of living indexes.
- Senate Bills that are being discussed that could affect funding for Districts throughout the state: SB23-303, SB21-293, SB22-238, and SB23B-001.
- Looking at ways to expand services to our outlying areas that pay taxes to the library district. Upon not being able to procure land, it was decided to invest in a bookmobile for the library and have its own collection to help serve our patrons.
- Needed updates to the library building: reorganizing of space, some furnishings updated, technology needs, ADA compliance online, etc.

Our continued partnership in library consortiums allows the District to continue to provide access to an extended amount of materials and databases.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT**  
**For the Year Ended December 31, 2023**

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The library use has continued to grow, both in person and online. Our focus continues to be: providing excellent customer service, maintaining a variety of materials and formats, offering programs that fulfill our mission and vision statements, and meeting the needs and demands of the Salida Regional Library patrons.

Our main focus continues to be: providing excellent customer service, maintaining a variety of materials and formats, and meeting the needs and demands of the Salida Regional Library patrons.

**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](mailto:smatthews@salidalibrary.org) 719-539-4826.

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**STATEMENT OF NET POSITION**  
**SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT**  
December 31, 2023

<u>Assets</u>			
Cash and equivalents	\$	34,609	
Investments		2,194,132	
Taxes receivable		1,573,928	
Miscellaneous receivable		5,500	
Prepaid expenses		17,410	
Deposit		124,000	
Capital assets			
Non-depreciable		143,826	
Depreciable - net		2,473,825	
<b>Total Assets</b>		6,567,230	
<u>Liabilities</u>			
Accounts payable		10,765	
Accrued salaries		9,192	
Payroll liabilities		2,665	
Long-term liabilities			
Due within one year		1,947	
Due in more than one year		23,659	
<b>Total Liabilities</b>		48,228	
<u>Deferred Inflow of Resources</u>			
Deferred inflow - property taxes		1,561,682	
<u>Net Position</u>			
Invested in capital assets, net of related debt		2,613,161	
Restricted for:			
Emergencies		43,000	
Endowment		353,621	
Unrestricted		1,947,538	
<b>Total Net Position</b>	<b>\$</b>	4,957,320	

The accompanying notes to the 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, 2023

	<b>Major Funds</b>			<b>Total</b>
	<b>General Fund</b>	<b>Endowment Fund</b>	<b>Reserves Fund</b>	
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 21,241	\$ 5,018	\$ 8,350	\$ 34,609
Investments	520,711	348,603	1,324,818	2,194,132
Miscellaneous receivable	5,500	-	-	5,500
Taxes receivable	1,573,928	-	-	1,573,928
Deposit	-	-	124,000	124,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Assets</b>	<b>2,121,380</b>	<b>353,621</b>	<b>1,457,168</b>	<b>3,932,169</b>
<b><u>Liabilities</u></b>				
Accounts payable	10,765	-	-	10,765
Payroll liabilities	2,665	-	-	2,665
Accrued wages	9,192	-	-	9,192
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Liabilities</b>	<b>22,622</b>	<b>-</b>	<b>-</b>	<b>22,622</b>
<b><u>Deferred Inflow of Resources</u></b>				
Deferred inflow - property taxes	1,561,682	-	-	1,561,682
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b><u>Fund Balances</u></b>				
Nonspendable	-	199,899	-	199,899
Restricted				
Emergency	43,000	-	-	43,000
Capital Expenditures	-	153,722	-	153,722
Committed	-	-	1,457,168	1,457,168
Unassigned	494,076	-	-	494,076
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Fund Balances</b>	<b>\$ 537,076</b>	<b>\$ 353,621</b>	<b>\$ 1,457,168</b>	<b>\$ 2,347,865</b>

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, 2023

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<b>Total Fund Balances - Government Funds</b>	\$ 2,347,865
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.	2,617,651
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	17,410
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Leases	(4,490)
Compensated absences	<u>(21,116)</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ 4,957,320</u></b>

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, 2023

	Major Funds			Total
	General Fund	Endowment Fund	Reserves Fund	
<b>Revenues</b>				
General property tax	\$ 1,191,372	\$ -	\$ -	\$ 1,191,372
Penalty and interest	2,909	-	-	2,909
Specific ownership tax	140,951	-	-	140,951
Investment income (loss)	31,852	14,802	59,160	105,814
Grant and donation income	8,390	-	-	8,390
Charges for services	19,319	-	-	19,319
Other	-	2,000	-	2,000
<b>Total Revenues</b>	<u>1,394,793</u>	<u>16,802</u>	<u>59,160</u>	<u>1,470,755</u>
<b>Expenditures</b>				
Program Services:				
Salaries and fringe benefits	569,815	-	-	569,815
Library materials	69,942	-	-	69,942
Special events and programs	17,777	-	-	17,777
General operating	145,774	-	-	145,774
Building operations and maintenance	87,846	-	-	87,846
Capital outlay	73,132	-	-	73,132
<b>Total Expenditures</b>	<u>964,286</u>	<u>-</u>	<u>-</u>	<u>964,286</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	430,507	16,802	59,160	506,469
<b>Other Financing Sources (Uses)</b>				
Proceeds from lease	6,372	-	-	6,372
Transfers in (out)	(300,000)	-	300,000	-
<b>Total Other Financing Sources (Uses)</b>	<u>(293,628)</u>	<u>-</u>	<u>300,000</u>	<u>6,372</u>
<b>Excess of Revenues and Other Sources Over (Under) Expenses and Other Uses</b>	136,879	16,802	359,160	512,841
<b>Fund balances - beginning</b>	<u>400,197</u>	<u>336,819</u>	<u>1,098,008</u>	<u>1,835,024</u>
<b>Fund balances - ending</b>	<u>\$ 537,076</u>	<u>\$ 353,621</u>	<u>\$ 1,457,168</u>	<u>\$ 2,347,865</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, 2023

**Total Net Change in Fund Balances - Governmental Funds** \$ 512,841

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 are allocated over their estimated useful lives as depreciation expense.

Capital outlay	\$ 66,760	
Depreciation expense	(139,516)	
Leased assets	6,372	
Amortization expense	<u>(1,882)</u>	(68,266)

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. (9,120)

The issuance of long-term obligations provide current financial resources to the governmental funds, while repayment of the principal of long-term obligations consumes the current financial resources of the governmental funds. The net effect of these differences in the treatment of long-term obligations and related items.

Capital assets financed by leases	(6,372)	
Principal payments on long-term obligations	<u>1,882</u>	(4,490)

In the statement of activities, certain operating expenses - compensated absences (PTO) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used or due (essentially, the amounts actually paid). This amount represents the net effect on the statement (5,169)

**Change in Net Position - Governmental Activities** \$ 425,796

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, 2023

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**Note 1 - 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 basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information. The government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from activities of the fiscal year.

The government-wide financial statements (the statement of net position and the statement of activities) report information on the District as a whole. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. For the most part, the effect of interfund activity has been removed from these statements.

The government-wide statement of activities reflect both the direct expenses and net cost of each function of the District's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges paid by the recipient for the goods and services offered by the program. Grants and contributions that are restricted to meeting the operational and capital requirements of a particular program are included in operating grants and contributions, or capital grants and contributions. Revenues, which are not classified as program revenues, are presented as general revenues of the District with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

**Reconciliation of Government-Wide and Fund Financial Statements**

The governmental funds balance sheet includes a reconciliation between fund balances - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT  
December 31, 2023

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

**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.

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).

**Cash and Investments**

Cash on hand, cash in the bank and all highly liquid investments with a maturity of three months or less when purchased are considered to be cash and cash equivalents.

The District's policy is to state investments at their fair value and categorizes its fair value measurements within the fair value hierarchy established by general accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 inputs are significant unobservable inputs.

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT  
December 31, 2023

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Cash and Investments (Continued)**

All investment income, including changes in the fair value of investments are reported as investment income in the District's financial statements.

Cash in investments are subject to Colorado State statutes as described in Note 3.

**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.

**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.

**Deposits and Prepaid Expenses**

Prepaid expenses include amounts paid for items that benefit the next year. The District entered into an agreement for the purchase of a Mobile Library which required a deposit of \$124,000.

**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 and liabilities, the statement of financial position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. A deferred outflow of resources is a consumption of net assets that is applicable to a future period, and a deferred inflow of resources is an acquisition of net assets that is applicable to future reporting periods. Both deferred inflow and deferred outflows are reported in the statement of net position but are not reported as revenue or expenditures until the period(s) to which they relate.

Property tax revenue is considered a deferred inflow of resources in the year the taxes are levied and measurable, and are recognized as an inflow of resources in the period they are collected.

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT  
December 31, 2023

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Accounts Payable**

Accounts payable represent obligations due to vendors for goods delivered or services rendered prior to December 31, 2023.

**Compensated Absences**

Compensated absences arise from policies concerning vacation and sick leave. The District has a PTO (paid time off) plan, 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.

**Accounting Principles - Leases**

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the principal that leases are financings of the right to use an underlying asset. Under this standard, a lease is required to recognize a liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District adopted the requirements of the guidance effective January 1, 2022 and has applied the provisions of this standard to the beginning of the period of adoption.

**Accounting Principles - SBITA**

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. This standard requires the recognition of a right-to-use subscription, an intangible asset, and a corresponding liability. A subscription liability is recognized at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability is initially measured at present value of subscription payments expected to be made during the subscription term.

Future payments are discounted using the interest rate that the SBITA vendor charges the government, which may be implicit, or the District's incremental borrowing rate if the interest rate is not readily determinable. Amortization of the discount is recognized as an outflow of resources in subsequent reporting periods. The asset is measured as the sum of the initial liability, payments made to the vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received. Amortization of the asset is recognized as an outflow of resources over the subscription term. The District currently has no arrangements that require application of this standard.

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT  
December 31, 2023

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Net Position**

In the government-wide financial statements net position represents the difference between assets and liabilities. It is divided into three components. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by any outstanding borrowing used for the acquisition or construction of improvements of those assets. Restricted net position is presented to reflect any restrictions imposed on its use by enabling legislation, restrictions imposed by grantors, laws or regulations of other governments. All other amounts are reported as unrestricted net position.

The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Fund Balances**

The District presents fund balances in clearly defined 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.

**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.

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT  
December 31, 2023

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**Note 2 - Stewardship, Compliance, and Accountability (Continued)**

**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. 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, 2023, the District has reserved \$43,000, which represents 3% of fiscal year spending.

**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 2023.

**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.

**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.

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT**  
 December 31, 2023

**Note 3 - 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, 2023, 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.

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

	<b><u>Carrying</u></b>		<b><u>Less Than</u></b>		<b><u>Less Than</u></b>
	<b><u>Amounts</u></b>		<b><u>One Year</u></b>		<b><u>Five Years</u></b>
<b>Deposits:</b>					
Cash and Checking	\$ 32,609	\$	32,609	\$	-
Money market account	2,000		2,000		-
<b>Investments:</b>					
ColoTrust	1,454,498		1,454,498		-
U.S. Treasury Notes	739,634		326,700		412,934
<b>Total</b>	<b>\$ 2,228,741</b>	<b>\$</b>	<b>1,815,807</b>	<b>\$</b>	<b>412,934</b>

**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 U.S. government and agency securities, certain bonds of political subdivisions, bankers' acceptances, commercial paper, local government investment pools, repurchase agreements, money market funds, and guaranteed insurance contracts. The statute also includes a provision limiting any investment to a five-year maturity unless the governing body authorizes a longer period.

The District has invested \$1,454,498 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.

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT  
December 31, 2023

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**Note 3 - Cash Deposits and Investments (Continued)**

**Investments (Continued)**

The District categorizes its fair value measurement of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have any investments that are measured using Level 2 or Level 3 inputs.

- U.S. Treasury Notes are valued on quoted market prices (Level 1).
- Investment in ColoTrust are reported at fair value. However, this investment is not subject to the fair value hierarchy.

**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.

**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, 2023, the District's investment in ColoTrust rates AAAM by Standard and Poor's and Aaa by Moody's and the U.S. agency securities were rated at Aaa by Moody's and AA+ by Standard and Poor's.

**Note 4 - Accounts and Other Receivables**

Taxes receivable consist of taxes which are due but will not be collected until January 2024. As of December 31, 2023, these receivables are considered both measurable and available.

**Note 5 - Property Tax Accrual**

Property taxes which have been levied for 2023 which will not be collected until 2024 have been accrued as a receivable at December 31, 2023. An offsetting amount for deferred inflow of resources - unavailable property tax revenue has also been recorded in the general fund.

**Note 6 - Change in Capital Assets**

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

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT**  
December 31, 2023

**Note 6 - Change in Capital Assets (Continued)**

	<u>Balance at</u> <u>12-31-22</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>12-31-23</u>
<b>Governmental Activities</b>				
Non Depreciable Assets				
Land	\$ 143,826	\$ -	\$ -	\$ 143,826
Depreciated Assets				
Buildings	3,291,315	-	-	3,291,315
Books and audio visual devices	417,787	63,285	73,757	407,315
Furniture and fixtures	140,924	1,716	-	142,640
Office equipment	112,123	1,759	-	113,882
Leased assets	-	6,372	-	6,372
Total Depreciated Assets	<u>3,962,149</u>	<u>73,132</u>	<u>73,757</u>	<u>3,961,524</u>
Less Accumulated Depreciation				
Buildings	963,339	68,200	-	1,031,539
Books and audio visual devices	257,095	61,849	73,757	245,187
Furniture and fixtures	93,836	7,437	-	101,273
Office equipment	105,788	2,030	-	107,818
Leased assets	-	1,882	-	1,882
Total Accumulated Depreciation	<u>1,420,058</u>	<u>141,398</u>	<u>73,757</u>	<u>1,487,699</u>
<b>Total Capital Assets, net</b>	<u>\$ 2,685,917</u>	<u>\$ (68,266)</u>	<u>\$ -</u>	<u>\$ 2,617,651</u>

Depreciation expense by function:

Culture and recreation	\$ 141,398
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**Note 7 - Long Term Liabilities**

The following is a summary of the District's long-term liability transactions for the year ended December 31, 2023:

	<u>Debt</u> <u>Outstanding</u> <u>January 1</u>	<u>Additions</u>	<u>Retirements</u> <u>and</u> <u>Repayments</u>	<u>Debt</u> <u>Outstanding</u> <u>December 31</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental activities:</b>					
Leases	\$ -	\$ 6,372	\$ 1,882	\$ 4,490	\$ 1,947
Compensated absences	15,946	5,170	-	21,116	-
<b>Totals</b>	<u>\$ 15,946</u>	<u>\$ 11,542</u>	<u>\$ 1,882</u>	<u>\$ 25,606</u>	<u>\$ 1,947</u>

**Leases**

The District has entered into a lease agreement for the use of office equipment. The lease term is for 39 months and includes interest at the rate of 3.88%. Lease payment obligations to maturity for the existing obligation is as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,947	\$ 140	\$ 2,087
2025	2,024	63	2,087
2026	519	3	522
	<u>\$ 4,490</u>	<u>\$ 206</u>	<u>\$ 4,696</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT**  
 December 31, 2023

**Note 8 - 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, 2023 was \$476,458. The District's contributions were calculated using the base earnings of eligible, participating employees of \$248,626. The District's contribution for 2023 was \$14,718, employees contribution was \$14,718, for a total of \$29,436.

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 2023, there were no participants in the plan.

**Note 9 - Net Position and Fund Balance Classifications**

The specific purposes for each Net Position classification on the Statement of Financial Position are detailed in the table below:

Invested in capital assets, net of related debt	\$ 2,613,161
Restricted:	
Tabor	43,000
Endowment	353,621
Unrestricted	1,947,538
<b>Total Net Position</b>	<b>\$ 4,957,320</b>

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT**  
 December 31, 2023

**Note 9 - Net Position and Fund Balance Classifications (Continued)**

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

<u>Funds</u>	<u>Fund Balances</u>					<u>Totals</u>
	<u>Nonspendable</u>	<u>Restricted</u>		<u>Committed</u>		
	<u>Principal of Endowment</u>	<u>Tabor</u>	<u>Capital Expenditures</u>	<u>Capital Outlay</u>	<u>Unassigned</u>	
General	\$ -	\$ 43,000	\$ -	\$ -	\$ 494,076	\$ 537,076
Endowment	199,899	-	153,722	-	-	353,621
Reserves	-	-	-	1,457,168	-	1,457,168
	<u>\$ 199,899</u>	<u>\$ 43,000</u>	<u>\$ 153,722</u>	<u>\$ 1,457,168</u>	<u>\$ 494,076</u>	<u>\$ 2,347,865</u>

**Note 10 - 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, 2023 consisted of transfers and allocations to the reserves fund from the general fund in the amount of \$300,000.

**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, 2023

	<u>Original</u>	<u>Final</u>		<u>Variance</u>
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
<b>Revenues</b>				
General property taxes	\$ 1,168,704	\$ 1,168,704	\$ 1,191,372	\$ 22,668
Penalty and interest	2,000	2,000	2,909	909
Specific ownership taxes	80,500	80,500	140,951	60,451
Investment income	6,000	6,000	31,852	25,852
Grant and donation income	8,513	8,513	8,390	(123)
Charges for services	13,650	13,650	19,319	5,669
Other income	480	480	-	(480)
<b>Total Revenues</b>	<u>1,279,847</u>	<u>1,279,847</u>	<u>1,394,793</u>	<u>114,946</u>
<b>Expenditures</b>				
Culture and recreation				
Accounting fees	650	650	7,840	(7,190)
Auditing fees	5,655	5,655	5,746	(91)
Contingency	37,518	37,518	-	37,518
Courier service	18,433	18,433	15,856	2,577
Dues and Subscriptions	6,000	6,000	6,197	(197)
Electronic subscriptions	18,000	18,000	22,612	(4,612)
Equipment, facilities and furnishings	70,700	70,700	34,014	36,686
Insurance	11,000	11,000	10,398	602
Janitorial fees and supplies	31,400	31,400	31,683	(283)
Legal	3,300	3,300	3,654	(354)
Library materials	107,613	107,613	90,489	17,124
Marmot	18,500	18,500	18,597	(97)
Miscellaneous	25,100	25,100	19,309	5,791
Office supplies	12,000	12,000	13,923	(1,923)
Postage	1,500	1,500	1,640	(140)
Programs	42,550	42,550	17,777	24,773
Recording materials	30,000	30,000	20,126	9,874
Repairs and Maintenance	17,200	17,200	12,828	4,372
Salaries and benefits	622,756	622,756	569,815	52,941
Telephone and telecom	9,770	9,770	6,775	2,995
Treasurer's fees	35,051	35,051	35,823	(772)
Utilities	20,230	20,230	19,184	1,046
<b>Total Expenditures</b>	<u>1,144,926</u>	<u>1,144,926</u>	<u>964,286</u>	<u>180,640</u>
<b>Revenue Over (Under) Expenditures</b>	134,921	134,921	430,507	295,586
<b>Other Financing Sources (Uses)</b>				
Proceeds from leases	-	-	6,372	(6,372)
Transfers in (out)	-	-	(300,000)	(300,000)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>(293,628)</u>	<u>(306,372)</u>
<b>Excess of Revenues and Other Sources Over (Under) Expenses and Other Uses</b>	134,921	134,921	136,879	(4,414)
<b>Fund Balance - Beginning</b>	<u>300,000</u>	<u>300,000</u>	<u>400,197</u>	<u>100,197</u>
<b>Fund Balance - Ending</b>	<u>\$ 434,921</u>	<u>\$ 434,921</u>	<u>\$ 537,076</u>	<u>\$ 95,783</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, 2023

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>				
Investment income	\$ 1,500	\$ 1,500	\$ 14,802	\$ 13,302
Other income	3,000	3,000	2,000	(1,000)
<b>Total Revenues</b>	<u>4,500</u>	<u>4,500</u>	<u>16,802</u>	<u>12,302</u>
<b>Expenditures</b>				
Miscellaneous	75	75	-	75
<b>Total Expenditures</b>	<u>75</u>	<u>75</u>	<u>-</u>	<u>75</u>
<b>Revenue Over (Under) Expenditures</b>	4,425	4,425	16,802	12,377
<b>Fund Balance - Beginning</b>	<u>330,585</u>	<u>330,585</u>	<u>336,819</u>	<u>6,234</u>
<b>Fund Balance - Ending</b>	<u>\$ 335,010</u>	<u>\$ 335,010</u>	<u>\$ 353,621</u>	<u>\$ 18,611</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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>				
Investment income (loss)	\$ 5,000	\$ 5,000	\$ 59,160	\$ 54,160
<b>Total Revenues</b>	<u>5,000</u>	<u>5,000</u>	<u>59,160</u>	<u>54,160</u>
<b>Expenditures</b>				
Capital outlay	400,000	400,000	-	400,000
Insurance	3,000	3,000	-	3,000
Miscellaneous	-	-	-	-
<b>Total Expenditures</b>	<u>403,000</u>	<u>403,000</u>	<u>-</u>	<u>403,000</u>
<b>Revenue Over (Under) Expenditures</b>	(398,000)	(398,000)	59,160	457,160
<b>Other Financing Sources (Uses)</b>				
Transfers in (out)	<u>304,425</u>	<u>304,425</u>	<u>300,000</u>	<u>(4,425)</u>
<b>Excess of Revenues and Other Sources Over (Under) Expenses and Other Uses</b>	(93,575)	(93,575)	359,160	452,735
<b>Fund Balance - Beginning</b>	<u>1,101,782</u>	<u>1,101,782</u>	<u>1,098,008</u>	<u>(3,774)</u>
<b>Fund Balance - Ending</b>	<u>\$ 1,008,207</u>	<u>\$ 1,008,207</u>	<u>\$ 1,457,168</u>	<u>\$ 448,961</u>

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