

SPANISH PEAKS LIBRARY DISTRICT



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SPANISH PEAKS LIBRARY DISTRICT
FINANCIAL STATEMENTS
AND
REQUIRED SUPPLEMENTARY INFORMATION
WITH
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2023

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CBIZ CPAs P.C.

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Spanish Peaks Library District
Walsenburg, Colorado

Opinions

We have audited the financial statements of the governmental activities and general fund of the Spanish Peaks Library District (the "Library District"), as of and for the year ended December 31, 2023, and the related notes to the financial statement, which collectively comprise the Spanish Peaks Library District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and general fund of the Library District as of December 31, 2023, and the respective changes in financial thereof for the year 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Library District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library 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.

Auditors' 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 auditors' 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 Library 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 Library 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.



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Required Supplementary Information

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

CBIZ CPAs P.C.

Colorado Springs, Colorado
February 28, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

**SPANISH PEAKS LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2023**

Our discussion and analysis of the Spanish Peaks Library District's (Library District) financial performance provides an overview of the Library District's financial activities for the year. Please review it in conjunction with the Library District's basic financial statements.

Financial Highlights

- The assets and deferred outflow of resources of Spanish Peaks Library District exceeded its liabilities and deferred inflow of resources at the close of the most recent fiscal year by \$2,932,615. Out of this amount, \$123,867 (unrestricted net position) may be used to meet the Library District's ongoing obligations to citizens and creditors.
- Spanish Peaks Library District's total net position increased by \$149,197.
- As of the close of the current fiscal year, Spanish Peaks Library District's governmental fund reported an ending fund balance of \$758,545.

Using This Annual Report - This annual report consists of a series of financial statements that provides information about the activities of the Library District and presents an overview of the Library District's finances. These statements also illustrate how the Library District's services were financed and how they will be financed in the future.

Government-Wide Financial Statements - The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the Library District's finances as a whole, in a manner similar to a private-sector business and include two statements:

The *Statement of Net Position* presents information on all of the Library 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 Library District is improving or deteriorating.

The *Statement of Activities* presents information showing how the Library 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.

**SPANISH PEAKS LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2023**

Comparison of Assets, Liabilities, and Net Position:

| | <u>2023</u> | <u>2022</u> | <u>Change</u> |
|--|---------------------|---------------------|---------------------|
| Assets | | | |
| Cash and Investments | \$ 752,873 | \$ 636,909 | \$ 115,964 |
| Property Tax Receivable | 481,247 | 448,941 | 32,306 |
| Other Assets | 15,861 | 15,861 | - |
| Capital Assets | 2,653,294 | 2,729,391 | (76,097) |
| Total Assets | <u>\$ 3,903,275</u> | <u>\$ 3,831,102</u> | <u>\$ 72,173</u> |
| Deferred Outflow of Resources | | | |
| Advanced Bond Refunding | <u>\$ 10,668</u> | <u>\$ 15,420</u> | <u>\$ (4,752)</u> |
| Liabilities | | | |
| Accounts Payable and Accrued Expenses | \$ 10,189 | \$ 7,637 | \$ 2,552 |
| G.O. Bonds, Net of Premium | 489,892 | 606,526 | (116,634) |
| Total Liabilities | <u>\$ 500,081</u> | <u>\$ 614,163</u> | <u>\$ (114,082)</u> |
| Deferred Inflow of Resources | | | |
| Property Taxes | <u>\$ 481,247</u> | <u>\$ 448,941</u> | <u>\$ 32,306</u> |
| Net Position | | | |
| Investment in Capital Assets - Net of Debt | \$ 2,163,402 | \$ 2,122,865 | \$ 40,537 |
| Restricted For: | | | |
| Tabor Reserve | 10,000 | 10,000 | - |
| Debt Service | 635,346 | 516,931 | 118,415 |
| Unrestricted | 123,867 | 133,622 | (9,755) |
| Total Net Position | <u>\$ 2,932,615</u> | <u>\$ 2,783,418</u> | <u>\$ 149,197</u> |

Comments

Cash and investments are higher than the prior year due to an increase in awarded grants.

Property tax receivable increased due to increases in assessed property values.

Capital assets decreased due to current year depreciation of approximately \$80,000 and additions of \$4,000.

Deferred outflow of resources was a result of difference between the reacquisition price and the net carrying amount of the old debt. The change in G.O. bonds was the result of the advanced refunding through issuance of new bonds and current year principal payments.

**SPANISH PEAKS LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2023**

Total net position increased by approximately \$149,000 due to current year revenues in excess of expenses.

Change in Net Position Comparison:

| | <u>2023</u> | <u>2022</u> | <u>Increase (Decrease)</u> |
|------------------------------------|-------------------|-------------------|--------------------------------|
| Program Revenue | | | |
| Charge for Services | \$ 200 | \$ 207 | \$ (7) |
| Operating Grants and Contributions | 8,204 | 21,350 | (13,146) |
| Other Library Revenue | 9,770 | 7,585 | 2,185 |
| General Revenue | | | |
| Property Taxes | 458,855 | 447,361 | 11,494 |
| Other Taxes | 49,060 | 45,534 | 3,526 |
| Interest | 38,961 | 12,728 | 26,233 |
| Total Revenue | <u>565,050</u> | <u>534,765</u> | <u>30,285</u> |
| Program Expense | | | |
| Personnel | 198,694 | 171,421 | 27,273 |
| Collection Materials | 13,470 | 2,385 | 11,085 |
| Professional Services | - | 24,123 | (24,123) |
| Treasurer Fees | 17,175 | 8,049 | 9,126 |
| Operating | 47,411 | 44,666 | 2,745 |
| Technology | 10,910 | 11,081 | (171) |
| Facilities | 17,842 | 20,681 | (2,839) |
| Insurance | 22,324 | 24,595 | (2,271) |
| Interest on Bonds - Net | 7,843 | 20,833 | (12,990) |
| Depreciation | 80,184 | 85,559 | (5,375) |
| Total Expense | <u>415,853</u> | <u>413,393</u> | <u>2,460</u> |
| Change In Net Position | <u>\$ 149,197</u> | <u>\$ 121,372</u> | <u>\$ 27,825</u> |

Comments

Revenues increased compared to the prior year due to the increase in property taxes and interest. Other library revenue consisted primarily of patron donations, and charging for copies and fax.

The Library District's personnel expenditures were higher than prior year, primarily due to personnel changes.

FINANCIAL STATEMENTS

**SPANISH PEAKS LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2023**

Fund Financial Statements - A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives.

The fund financial statements provide more detailed information about the Library District's operations, focusing on its most significant funds, not the Library District as a whole. The Library District has one fund, the General Fund, which is a governmental fund.

Governmental Funds - The Library District's basic services are included in this governmental fund, which focuses on (1) how money flows into and out of the fund and (2) the balances left at year-end that are available for spending or reserves. Consequently, the governmental fund statements provide a detailed short-term view that helps determine the status of financial resources that can be spent in the near future to finance the Library District's programs.

General Fund Financial Analysis - The Library District accounts for all activity in a single general fund. The General Fund balance increased by approximately \$113,000 in 2023.

An Analysis of Final Budget to Actual, Budgetary Basis:

| | Final Budget | Actual Budgetary Basis | Net Income Variance Favorable (Unfavorable) |
|------------------------------------|-------------------------|---------------------------------------|--|
| Program Revenue | | | |
| Charge for Services | \$ 4,600 | \$ 200 | \$ (4,400) |
| Operating Grants and Contributions | 17,500 | 9,770 | (7,730) |
| Other Library Revenue | - | 8,204 | 8,204 |
| General Revenue | | | |
| Property Taxes | 447,618 | 458,855 | 11,237 |
| Other Tax | - | 49,060 | 49,060 |
| Interest | 700 | 38,961 | 38,261 |
| Total Revenue | 470,418 | 565,050 | 94,632 |
| Expenditures | | | |
| Personnel | 191,047 | 198,694 | (7,647) |
| Collection Materials | 8,000 | 13,470 | (5,470) |
| Professional Services | 7,300 | - | 7,300 |
| Operating | 52,882 | 82,428 | (29,546) |
| Programs | 7,000 | - | 7,000 |
| Technology | 14,050 | 10,910 | 3,140 |
| Insurance | 26,050 | 22,324 | 3,726 |
| Capital Outlay | 10,000 | 4,087 | 5,913 |
| Payment on Long-Term Debt | 115,000 | 110,000 | 5,000 |
| Interest on Bonds | 25,000 | 9,725 | 15,275 |
| Total Expenditures | 456,329 | 451,638 | 4,690 |
| Change in Net Fund Balance | \$ 14,089 | \$ 113,412 | \$ 99,322 |

**SPANISH PEAKS LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2023**

Comments

The Library District did not amend the budget for the fiscal year ending December 31, 2023.

The Library District received other library revenue, other taxes and interest with an overall higher than budget resulting in a favorable revenue variance of approximately \$95,000.

Favorable variances in professional services, programs, technology, insurance, capital outlay, payment on long-term debt, and interest on bonds primarily contributed to the Library District's budgeted expenditures exceeding actual expenditures by approximately \$4,500.

Economic Factors and Next Year's Budget

- The Library District levied a property tax of 2.08 mills that is estimated to generate \$243,625 in General Property Tax revenue for 2024. The Library District levied property tax at 2.02 mills that is estimated to generate \$236,597 for general obligation bond repayment.
- Early in 2014, the Library District Board of Trustees created a strategic plan and is currently working on four goals: Goal 1: Hire and retain a highly motivated, innovative and committed staff that meets the needs of the library and community; Goal 2: Increase library usage by increasing the role of the library in the community; Goal 3: Develop a clear financial plan, including effective use of current budget, additional funding for special projects and increasing regular funding for future projects; Goal 4: Continue to evolve the technology to improve information access and delivery.

Request for Information - This financial report is designed to provide a general overview of the Library District's finances for all those with an interest in the Library District's finances and operations. Questions concerning any of the information presented in this report or requests for additional financial information should be addressed to the Library Director, Spanish Peaks Library District, 415 Walsen Ave, Walsenburg, CO 81089, 719-738-2774.

**SPANISH PEAKS LIBRARY DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

Assets

Current

| | | |
|---------------------------|----|---------|
| Cash | \$ | 33,617 |
| Investments | | 70,828 |
| Due from County Treasurer | | 13,082 |
| Property Taxes Receivable | | 481,247 |
| Prepaid Expenses | | 15,861 |
| Current Assets | | 614,635 |

Non-Current Assets

| | | |
|--|--|-----------|
| Investments - Restricted | | 635,346 |
| Capital Assets - Net of Accumulated Depreciation | | 2,653,294 |
| Total Non-Current Assets | | 3,288,640 |

| | | |
|---------------------|----|-----------|
| Total Assets | \$ | 3,903,275 |
|---------------------|----|-----------|

Deferred Outflow of Resources

| | | |
|--|----|--------|
| Advanced Bond Refunding | \$ | 10,668 |
| Total Deferred Outflow of Resources | \$ | 10,668 |

Liabilities

Current

| | | |
|------------------------------|----|---------|
| Accounts Payable | \$ | 4,659 |
| Accrued Wages | | 4,138 |
| Accrued Interest | | 1,392 |
| G.O. Bonds - Current Portion | | 110,000 |
| Current Liabilities | | 120,189 |

Long-term

| | | |
|------------------------------------|--|---------|
| G.O. Bonds - Net of Premium | | 379,892 |
| Total Long-term Liabilities | | 379,892 |

| | | |
|--------------------------|----|---------|
| Total Liabilities | \$ | 500,081 |
|--------------------------|----|---------|

Deferred Inflow of Resources

| | | |
|---|----|---------|
| Property Taxes | \$ | 481,247 |
| Total Deferred Inflow of Resources | \$ | 481,247 |

Net Position

| | | |
|--|----|-----------|
| Investment in Capital Assets - Net of Related Debt | \$ | 2,163,402 |
| Restricted for: | | |
| Emergency Reserve (TABOR) | | 10,000 |
| Debt Service | | 635,346 |
| Unrestricted | | 123,867 |
| Total Net Position | \$ | 2,932,615 |

See Notes to Financial Statements

**SPANISH PEAKS LIBRARY DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

| | <u>Expense</u> | <u>Program Revenue</u> | | <u>Net Revenue (Expense) and Changes in Net Position</u> |
|--|-------------------|--------------------------------|---|--|
| Functions/Programs | | <u>Charge for Services</u> | <u>Operating Grants and Contributions</u> | <u>Governmental Activities</u> |
| Governmental Activities | | | | |
| Grants/Donations - Operation \$ | - | \$ - | \$ 9,770 | \$ 9,770 |
| Fees/Fines & Copies/Printing | - | 200 | - | 200 |
| Other Library Revenue | - | 8,204 | - | 8,204 |
| Personnel | 198,694 | - | - | (198,694) |
| Collection Materials | 13,470 | - | - | (13,470) |
| Treasurer Fees | 17,175 | - | - | (17,175) |
| Operating | 47,411 | - | - | (47,411) |
| Technology | 10,910 | - | - | (10,910) |
| Facilities | 17,842 | - | - | (17,842) |
| Insurance | 22,324 | - | - | (22,324) |
| Interest on Bonds - Net | 7,843 | - | - | (7,843) |
| Depreciation | 80,184 | - | - | (80,184) |
| Total Governmental Activities | <u>\$ 415,853</u> | <u>\$ 8,404</u> | <u>\$ 9,770</u> | <u>(397,679)</u> |
| General Revenue | | | | |
| Property Taxes | | | | 458,855 |
| Other Taxes | | | | 49,060 |
| Interest | | | | 38,961 |
| Total General Revenue | | | | <u>546,876</u> |
| Change in Net Position | | | | 149,197 |
| Net Position - Beginning | | | | <u>2,783,418</u> |
| Net Position - Ending | | | | <u><u>\$ 2,932,615</u></u> |

See Notes to Financial Statements

**SPANISH PEAKS LIBRARY
BALANCE SHEET
GENERAL FUND
DECEMBER 31, 2023**

| | |
|---|---------------------|
| Assets | |
| Cash | \$ 33,617 |
| Investments | 70,828 |
| Investments - Restricted | 635,346 |
| Due from County Treasurer | 13,082 |
| Property Tax Receivable | 481,247 |
| Prepaid Expenses | 15,861 |
| Total Assets | \$ 1,249,981 |
| Liabilities | |
| Accounts Payable | \$ 4,659 |
| Accrued Wages | 4,138 |
| Accrued Interest | 1,392 |
| Total Liabilities | 10,189 |
| Deferred Inflow of Resources | |
| Property Taxes | 481,247 |
| Total Deferred Inflow of Resources | 481,247 |
| Fund Balance | |
| Nonspendable | 15,861 |
| Restricted for: | |
| Emergency Reserve (TABOR) | 10,000 |
| Debt Service | 635,346 |
| Unassigned | 97,338 |
| Total Fund Balance | 758,545 |
| Total Liabilities, Deferred Inflow of Resources and Fund Balance | \$ 1,249,981 |

See Notes to Financial Statements

**SPANISH PEAKS LIBRARY
RECONCILIATION OF THE BALANCE SHEET - GENERAL FUND
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2023**

| | | |
|--|----|---------|
| Total Governmental Fund Balance | \$ | 758,545 |
|--|----|---------|

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

| | | |
|---|--|-----------|
| Capital assets net of depreciation used in governmental activities are not current financial resources and therefore are not reported in the fund balance | | 2,653,294 |
|---|--|-----------|

Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund balance. Components of long-term debt are:

| | | |
|-----------------------------|--|-----------|
| Advanced Bond Refunding | | 10,668 |
| Bond Series 2016 | | (475,000) |
| Premium on Bond Series 2016 | | (14,892) |
| | | (478,224) |

| | | |
|--|-----------|------------------|
| Net Position of Governmental Activities | \$ | 2,932,615 |
|--|-----------|------------------|

NOTES TO FINANCIAL STATEMENTS

SPANISH PEAKS LIBRARY DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2023

| | |
|---|-------------------|
| Revenue | |
| Property Taxes - Operating | \$ 232,781 |
| Property Taxes - Bond | 226,074 |
| Other Taxes | 49,060 |
| Fees/Fines & Copies/Printing | 200 |
| Other Library Revenues | 8,204 |
| Interest | 38,961 |
| Grants/Donations - Operations | 9,770 |
| Total Revenue | <u>565,050</u> |
| Expenditures | |
| Personnel | 198,694 |
| Collection Materials | 13,470 |
| Treasurer Fees | 17,175 |
| Operating | 47,411 |
| Technology | 10,910 |
| Facilities | 17,842 |
| Insurance | 22,324 |
| Total Expenditures | <u>327,826</u> |
| Other Financing Sources (Uses) | |
| Payment on Long-Term Debt | (110,000) |
| Capital Outlay | (4,087) |
| Interest on Bonds | (9,725) |
| Total Other Financing Sources (Uses) | <u>(123,812)</u> |
| Change in Fund Balance | 113,412 |
| Fund Balance - Beginning | 645,133 |
| Fund Balance - Ending | <u>\$ 758,545</u> |

See Notes to Financial Statements

**SPANISH PEAKS LIBRARY DISTRICT
RECONCILIATION OF THE GENERAL FUND STATEMENT OF REVENUE,
EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

| | | |
|-----------------------------------|----|---------|
| Net Change in Fund Balance | \$ | 113,412 |
|-----------------------------------|----|---------|

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

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position in the government-wide statements.

| | | |
|---------------------------|--|---------|
| Payment on Long-Term Debt | | 110,000 |
|---------------------------|--|---------|

Governmental funds report capital outlay as an expenditure. In the statement of activities, these costs are allocated as depreciation expense over their estimated useful lives. This is the amount by which depreciation exceeds capital outlay for the year.

(76,097)

The amortization of the bond premium and the deferred outflow of resources from advanced refunding in the statement of activities does not provide current financial resources and therefore is not reported as revenues in the governmental fund. This is the amount interest expense was reduced during the year.

1,882

Change in Net Position of Governmental Activities

| | | |
|--|----|---------|
| | \$ | 149,197 |
|--|----|---------|

SPANISH PEAKS LIBRARY DISTRICT NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Spanish Peaks Library District (Library District) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Library District reporting entity applies all relevant GASB pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Library District reporting entity does not apply FASB pronouncements issued after November 30, 1989.

The following summary of significant accounting policies is presented to assist the reader in evaluating the Library District's financial statements.

History and Organization - The Library District is a special district established by a general election held in 1998. The Library District was established in order to provide library services to the area within Huerfano County Colorado that fell within Huerfano County School Library District RE-1. The Library District is governed by a seven-member Board of Trustees whose members are appointed by the Huerfano County Commissioners. The major source of revenue for the Library District is from property taxation. Each year the Board of Trustees certifies a mill levy to the Huerfano County Commissioners, who then levy taxes upon the area encompassed by the Library District.

The mission statement of the Library District is to “serve Walsenburg, Gardner, and surrounding communities in Huerfano County, Colorado through assistance in fostering and developing through fundraising, volunteer contribution, program sponsorship, and infrastructure improvements”

Going Concern - Management assesses the Library District's ability to continue as a going concern and provides related disclosures in certain circumstances. Substantial doubt about an entity's ability to continue as a going concern exists when relevant conditions and events, considered in the aggregate, indicate that it is probable the entity will be unable to meet its obligations as they become due within one year after the date that the financial statements are issued. Management has determined there is not substantial doubt about the Library District's ability to continue as a going concern.

SPANISH PEAKS LIBRARY DISTRICT NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Financial Reporting Entity - The Library District's basic financial statements include the accounts of all Library District operations.

The Library District follows the GASB's accounting pronouncements, which provide guidance for determining which governmental activities, organizations, and functions would be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, 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. No additional entities are included in the Library District's reporting entity.

Government-Wide Financial Statements - The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government.

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

The accounts of the Library District are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. These funds are used to report on the Library District's financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Resources are accounted for in individual funds based upon the purposes for which they are to be spent and the restrictions, if any, on the spending activities.

Fund Financial Statements - The fund financial statements (i.e., the balance sheet- general fund and the statement of revenue, expenditures, and changes in fund balance – general fund) are those through which most governmental functions of the Library District are financed. The acquisition, use, and balances of the Library District's expendable financial resources and related liabilities are accounted for through a governmental fund type. The measurement focus is upon determination of changes in financial position rather than upon net income determination. The Library District uses only one governmental fund, General Fund, which accounts for all financial transactions not accounted for in the account groups.

**SPANISH PEAKS LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Measurement Focus/Basis of Accounting - Measurement focus refers to what is being measured; basis of accounting refers to the timing of when revenues and expenditures are recognized in the accounts and reported in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes are recognized as revenues in the year for which they are levied.

The governmental fund financial statements (General Fund) use a *current financial resources measurement focus* and is accounted for using the *modified accrual basis of accounting*. Its revenues are recognized as soon as they are 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 are generally recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, fees and fines, interest and other revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Budgetary Information - An annual budget is adopted in accordance with the requirements of the Colorado Revised statutes, and accordingly, includes anticipated income and other means of financing proposed expenditures. Expenditures include, in addition to those shown in the operating statements, debt retirement, and capital expenditures.

Budgets - The Library District adheres to the following procedures in establishing the budget reflected in the financial statements.

- A. Budgets are required by state law for all funds. During September, the proposed budget is submitted to the Board of Trustees for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted by the Trustees to obtain taxpayer comments.
- C. Prior to December 31, the budget is adopted, and appropriations made by formal resolution.
- D. Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the total budget or changes in project or department budget. Budget amounts included in the financial statements are based on the final, legally amended budget.
- E. Budget appropriations lapse at the end of each year.

**SPANISH PEAKS LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Cash and Cash Equivalents - The Library District considers liquid investments with original maturity of three months or less to be cash equivalents.

Investments – Investments for the Library District are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment.

Capital Assets - Capital assets generally result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position but are not reported in the fund balance sheet.

All capital assets are capitalized at cost (or estimated fair value if donated) and updated for additions or retirements during the year. The Library District maintains a capitalization threshold of \$5,000. The cost of normal maintenance and repairs that do not add value to the asset or materially extend the asset's life are not capitalized.

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

| | |
|----------------------------|-------------|
| Buildings and Improvements | 20-50 Years |
| Furnishings | 20 Years |
| Book Mobile | 7 Years |
| Computer Equipment | 3 Years |

Library Collection - The policy of the Library District for valuation of the collection is that the library collection is not material in relationship to the Library District financial statements taken as a whole. Therefore, the collection is not shown on the financial statements as an asset but all expenditures for additions to the collection are shown as a discrete line item on the statement of activities and the statement of revenue, expenditures, and changes in fund balance.

Deferred Inflow of Resources/Property Tax Receivable – Deferred inflow of resources is recorded when asset recognition criteria have been met, but revenue recognition criteria have not been met. The Library District reports as deferred inflow of resources the receivables for property taxes earned the present year but not available until the following year.

Property Taxes are levied by the Huerfano County Assessor and collected by the Huerfano County Treasurer. The taxes are levied on January 1 and may be paid in two equal installments by February 28 and June 15, or the full amount may be paid by April 30. Liens are filed each November against properties for which the taxes have not been paid.

Net Position - Net position present the difference between assets and liabilities in the statement of net position on the accrual basis of accounting.

Net position invested in capital assets – net of related debt consists of capital assets net of accumulated depreciation, less all related debt.

SPANISH PEAKS LIBRARY DISTRICT NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Restricted assets include emergency reserves mandated by Amendment X Section 20 of the Colorado Constitution (TABOR Amendment) and debt service. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Library District or through restrictions imposed by creditors, grantors, laws, or regulations of other governments.

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

Fund Balances - In the fund financial statements, governmental funds report restrictions of fund balances for amounts that are not available for appropriation because they are legally restricted by outside parties for a specific purpose.

The Library District's policy is that if both restricted and unrestricted amounts are available for expenditure the restricted amount is spent first. Likewise, if only unrestricted is available for an expenditure, then committed is spent first if allowable, before assigned or unassigned is spent.

Article X, Section 20 (TABOR) of the state constitution requires that 3 percent of the TABOR defined expenditures be reserved for emergencies. As discussed in Note 5, the Library District does not feel that it is subject to the TABOR requirements but has established a restricted fund balance sufficient to meet the 3 percent requirement.

Fund Balance Classifications - The type and definition are as follows:

Nonspendable fund balance represents the assets held in a form that will not be converted to cash, such as inventories, prepaid expenses, or long-term receivables.

Restricted fund balance represents the amount that is externally restricted as to purpose. Such restrictions may have been imposed by debt covenants, grantors, federal or state statutes or the state constitution

Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolution of the government's highest level of decision-making authority, the Board of Directors. The committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned fund balance represents amounts that have been constrained to being used for specific purposes by action taken by the government itself but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned fund balance is the residual amount of the fund balance in the General Fund that has not been classified as belonging in any of the previous categories.

**SPANISH PEAKS LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the Library District's policy to use the most restrictive classification first.

Estimates and Assumptions - Management uses estimates and assumptions in preparing these financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

NOTE 1 – CASH AND CASH EQUIVALENTS

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. The PDPA allows the depository 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 State Regulatory Commission for banks is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Federal Deposit Insurance Corporation (FDIC) coverage for government accounts is \$250,000 per official custodian. At December 31, 2023, the Library District's cash deposits had a book and bank balance of \$33,497. Of the bank balance, \$33,497 was covered by federal depository insurance and are held in a PDPA eligible depository.

Credit Risk - Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are:

1. Uncollateralized,
2. Collateralized with securities held by the pledging financial institution, or
3. Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's deposit with a single institution. All the Library District's deposits are in one local financial institution.

The Library District has not adopted a specific policy towards custodial credit risk or concentration of credit risk of deposits.

On December 31, 2023, cash consisted of the following:

| | |
|-----------------|------------------|
| Demand Deposits | \$ <u>33,617</u> |
|-----------------|------------------|

**SPANISH PEAKS LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – INVESTMENTS

The Library District is subject to the provisions of the Colorado Revised statutes 24-75-601, which is entitled “Concerning Investments in Securities by Public Entities.” The Library District has not adopted a formal investment policy but does follow state statutes regarding investments.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Revenue bonds of local government securities, corporate and bank securities, and guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

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

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

The COLOTRUST PLUS+ is rated AAAM by Standard and Poor’s and the weighted average maturity to reset (WAM)(R) is kept under 60 days.

As of December 31, 2023, the Library District had the following investments:

| <u>Investment</u> | <u>Maturity</u> | <u>Restriction</u> | <u>Amount</u> |
|-------------------|------------------|--------------------|-------------------|
| | Weighted Average | | |
| COLOTRUST PLUS+ | Under 60 Days | None | \$ 70,828 |
| | Weighted Average | | |
| COLOTRUST PLUS+ | Under 60 Days | Bond Payments | 635,346 |
| | | | <u>\$ 706,174</u> |

**SPANISH PEAKS LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – INVESTMENTS – Continued

Certain investments are required to be measured at fair value on a recurring basis and categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy 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 Library District's investments are not categorized within the fair value hierarchy. Instead, the Library District's investments are measured at amortized cost or in certain circumstances the value is calculated using the NAV per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The Library District held investments in COLOTRUST at year-end for which the investment valuations were determined as follows.

COLOTRUST determines the NAV of the shares of each portfolio as of the close of business of each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of COLOTRUST, are accrued daily. The NAV is calculated at fair value using various inputs in determine value in accordance with FASB guidance. It is the goal of the Trust to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by COLOTRUST and there can be no assurance that the NAV will not vary from \$1.00 per share.

**SPANISH PEAKS LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 – CAPITAL ASSETS

Activity in the depreciable capital assets for 2023 follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|--|------------------------------|--------------------|------------------|---------------------------|
| Capital Assets, Being Depreciated | | | | |
| Buildings and Improvements | \$ 3,620,465 | \$ - | \$ - | \$ 3,620,465 |
| Furnishings | 143,977 | - | - | 143,977 |
| Book Mobile | 9,000 | - | - | 9,000 |
| Computer Equipment | 72,764 | 4,087 | - | 76,851 |
| Total Capital Assets, Being Depreciated | <u>3,846,206</u> | <u>4,087</u> | <u>-</u> | <u>3,850,293</u> |
| Less Accumulated Depreciation | | | | |
| Buildings and Improvements | (942,398) | (72,531) | - | (1,014,929) |
| Furnishing | (92,652) | (7,199) | - | (99,851) |
| Book Mobile | (9,000) | - | - | (9,000) |
| Computer Equipment | (72,765) | (454) | - | (73,219) |
| Total Accumulated Depreciation | <u>(1,116,815)</u> | <u>(80,184)</u> | <u>-</u> | <u>(1,196,999)</u> |
| Total Capital Assets Being Depreciated, Net | <u>\$ 2,729,391</u> | <u>\$ (76,097)</u> | <u>\$ -</u> | <u>\$ 2,653,294</u> |

Depreciation expense for 2023 was \$80,184.

NOTE 4 – LONG-TERM DEBT

In April 2016, the Library District issued \$1,325,000 in General Obligation Bonds, plus a premium of \$92,012, with interest rates of 3.00% to 4.00% to advance refund \$1,295,000 of outstanding 2008 Series bonds with interest rates ranging from 3.75% to 6.00%. Principal payments are due annually on December 1 and interest is paid semiannually on June 1 and December 1 and is backed by the full faith and credit of the Library District. The bonds are rated 'A-' by Standard and Poor's.

**SPANISH PEAKS LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 – LONG-TERM DEBT – Continued

The net proceeds of \$1,357,214 (after payment of \$59,798 in underwriting fees, insurance, and other issuance costs) plus an additional \$75,000 of prior issue debt service fund monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2008 Series bonds. As a result, the 2008 Series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position. The defeased principal of \$1,295,000 was paid in full on December 1, 2017.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$65,910. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being amortized annually at the same rate that interest expense is recognized and is being offset against interest expense. The amortization for 2023 totaled \$4,752.

The Library District completed the advance refunding to reduce its total debt service payments over the next 12 years by \$173,748 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$144,194.

A summary of changes in long-term debt is as follows:

| | Beginning Balance | Additions | Payments | Ending Balance | Due Within One Year |
|-------------|------------------------------|------------------|-----------------|---------------------------|--------------------------------|
| Series 2016 | \$ 585,000 | \$ - | \$ (110,000) | \$ 475,000 | \$ 110,000 |

The following schedule reflects the Library District's payments to maturity:

| Year Ending December 31, | Principal | Interest | Total |
|-------------------------------------|------------------|-----------------|--------------|
| 2024 | \$ 110,000 | \$ 16,700 | \$ 126,700 |
| 2025 | 120,000 | 13,400 | 133,400 |
| 2026 | 120,000 | 9,800 | 129,800 |
| 2027 | 125,000 | 5,000 | 130,000 |
| Total | \$ 475,000 | \$ 44,900 | \$ 519,900 |

The bonds were issued at a premium of \$92,012. This premium is being amortized annually at the same rate that interest expense is recognized and is being offset against interest expense. The amortization for 2023 totaled \$6,634, net.

**SPANISH PEAKS LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – CONTINGENCIES - COMPLIANCE WITH "TABOR" AMENDMENT

In November 1992, voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which added Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue, and debt limitations that apply to the state of Colorado and all local governments except those that meet the definition of an enterprise. Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% annual revenue from all state and local governments combined, are excluded from the provisions of TABOR.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that of the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

In the election that formed the Library District, voters approved a ballot issue that stated:

"Shall the proposed Spanish Peaks Library District (formerly known as the Huerfano County Library), County of Huerfano, State of Colorado, which shall include all property within the boundaries of Huerfano County RE-1, be established as a Library District; and shall the Spanish Peaks Library District be authorized to levy a property tax at the rate of 2.08 mills to maintain existing services and to meet the increased demands for additional services such as purchasing more books and other library materials, improving library facilities, increasing library hours, and up-grading computer technologies; and shall the Spanish Peaks Library District be entitled to collect, retain, and spend such revenues in addition to any other taxes, fees, or other revenues of the Library District and notwithstanding any limitation or restriction of Article X, Section 20 of the Colorado Constitution or any other law; and shall the levy imposed also be authorized under Colorado Budget laws, C.R.S. 29-1-302 concerning increased mill levies."

It is the opinion of the Library District, as a result of the passage of the ballot issue listed above, that the spending revenue limitation of Article X, Section 20 (TABOR) does not apply to the Library District.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The TABOR reserve on December 31, 2023, was \$10,000.

The Library District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to judicial interpretation.

NOTE 6 – RISK MANAGEMENT

The Library District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Library District carries commercial insurance for the risks of loss including workman's compensation insurance.

The Library District has had no significant reduction in insurance coverage from prior years. The Library District has had no settlements exceed insurance coverage for the past five fiscal years.

**SPANISH PEAKS LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 – CONCENTRATIONS

The Organization has revenue consisting of 41% from property taxes to cover its debt service and operating expense as of December 31, 2023, and 42% of the balance as of December 31, 2022.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through date of the independent auditors' report, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

**SPANISH PEAKS LIBRARY DISTRICT
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUND - GENERAL FUND - NON-GAAP BASIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2023**

| | <u>Budgeted Amounts</u> | | <u>Actual Budgetary Basis</u> | Variance with Final Budget Favorable (Unfavorable) |
|--|-------------------------|------------------|---------------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | <u>(Unfavorable)</u> |
| Revenue | | | | |
| Property Taxes - Operating | \$ 226,809 | \$ 226,809 | \$ 232,781 | \$ 5,972 |
| Property Taxes - Bond | 220,809 | 220,809 | 226,074 | 5,265 |
| Other Taxes | - | - | 49,060 | 49,060 |
| Fees/Fines & Copies/Printing | 4,600 | 4,600 | 200 | (4,400) |
| Other Library Revenue | - | - | 8,204 | 8,204 |
| Interest | 700 | 700 | 38,961 | 38,261 |
| Grants/Donations for Operating Purposes | 17,500 | 17,500 | 9,770 | (7,730) |
| Total Revenue | <u>470,418</u> | <u>470,418</u> | <u>565,050</u> | <u>94,632</u> |
| Expenditures | | | | |
| Personnel | 191,047 | 191,047 | 198,694 | (7,647) |
| Collection Materials | 8,000 | 8,000 | 13,470 | (5,470) |
| Professional Services | 7,300 | 7,300 | - | 7,300 |
| Operating | 52,882 | 52,882 | 82,428 | (29,546) |
| Programs | 7,000 | 7,000 | - | 7,000 |
| Technology | 14,050 | 14,050 | 10,910 | 3,140 |
| Insurance | 26,050 | 26,050 | 22,324 | 3,726 |
| Capital Outlay | 10,000 | 10,000 | 4,087 | 5,913 |
| Payment on Long-term Debt | 115,000 | 115,000 | 110,000 | 5,000 |
| Interest on Bonds | 25,000 | 25,000 | 9,725 | 15,275 |
| Total Expenditures | <u>456,329</u> | <u>456,329</u> | <u>451,638</u> | <u>4,691</u> |
| Net Change in Fund Balance (Non-GAAP) Basis | <u>\$ 14,089</u> | <u>\$ 14,089</u> | 113,412 | <u>\$ 99,323</u> |
| GAAP Reconciliation | | | | |
| Payment on Long-Term Debt | | | 110,000 | |
| Amortization of Bond Premium and Deferred Outflow | | | 1,882 | |
| Capital outlay | | | 4,087 | |
| Depreciation | | | (80,184) | |
| Change in Net Position (GAAP) Basis | | | <u>\$ 149,197</u> | |

See Notes to Required Supplementary Information

SPANISH PEAKS LIBRARY DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
DECEMBER 31, 2023

BUDGETARY INFORMATION

Budgetary Process - The budgetary process is prescribed by provisions of the Colorado Revised Statutes (C.R.S. 29-1) and entails the preparation of budgetary documents within an established time frame. The Library District is legally obligated to comply with these provisions. The major budgetary documents necessary for compliance with these provisions are the budget resolution, the appropriations resolution, the mill levy resolution, and the certification of mill levy to the county commissioners.

The budget and appropriations resolutions are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources. All funds are required to be budgeted and appropriated. Any budgetary modifications may only be made by resolution of the Board of Trustees and adherence to the budget law governing amendments of the budget. No supplemental appropriations were necessary during the year resulting in no changes between original and final budgeted amounts.

Estimated Resources - As part of the Library District's budgetary process, the Board approves the mill levy to be assessed on the value of real property within the Library District. This valuation is set by the Huerfano County Assessor and final notification of this valuation is received by the Library District by December 10 of the year prior to the budget year. By December 15 of that prior year, the Library District must certify the mill levy with Huerfano County Commissioners. A fixed mill levy was established upon formation of the Library District in accordance with provisions of the Colorado Revised Statutes (C.R.S. 29-1) and Amendment X of the Colorado Constitution. A variable mill was approved in November 2007 to finance general obligation bonds. The Board projects other revenues such as interest income, grants, contributions, fees and fines, and other income. These revenues, along with the fund balance carried forward, constitute the estimated resources that are available for appropriation in the next fiscal year (January 1 to December 31).

Appropriations - An annual appropriations resolution must be passed by December 15 of the year preceding the budget year. The appropriations resolution fixes spending authority at the fund level. The appropriations resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources and the Board of Trustees follows the budget amendment provisions of C.R.S. 29-1. The allocation of appropriations among objects within the fund may be modified during the year by resolution of the Board and does not require an additional public hearing.

Lapsing of Appropriations - At the close of each fiscal year, the unused balance of each appropriation reverts to the fund balance from which it was appropriated and becomes subject to future appropriation.

Budgetary Basis of Accounting - The budget of the Library District has been adopted on a basis of accounting other than generally accepted accounting principles (GAAP). A reconciliation of the budgetary basis to GAAP is provided on the Budgetary Comparison Schedule.