

**Northern Plains Public Library
Ault, Colorado**

**Financial Statements
With
Independent Auditors' Report**

**For the Year Ended
December 31, 2023**

Northern Plains Public Library

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FINANCIAL SECTION

Northern Plains Public Library Management's Discussion and Analysis For the Year Ended December 31, 2023

This section of the annual financial report offers readers of the Northern Plains Public Library's (the "Library") financial statements its discussion and analysis of the Library's financial performance during the year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with additional information furnished in the Library's financial statements, which immediately follow this section.

Background Information

The Library was established on September 11, 1985, under the provisions of Article 90 of Title 24 of the Colorado Revised Statutes. The Weld County Commissioners together with the city councils of the six participating municipalities of Ault, Eaton, Evans, Fort Lupton, Greeley, and Hudson, Colorado, and School Library RE-9 have acted to establish the High Plains Library District.

On November 7, 1995, the taxpayers approved a ballot question which eliminated the TABOR limits that were imposed on the Library in 1992.

Financial Highlights

- The Library financial status increased over the course of the 2023 fiscal year. Total net position increased \$669,606.
- General revenues account for \$1,036,185 or 99 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions, accounted for \$1,720 or 1 percent of total revenues of \$1,115,494.
- The Library had \$445,888 in expenses related to governmental activities. Allocated property taxes of \$1,034,488 and \$81,006 in other revenues were adequate to provide for these programs.
- Outlay for capital assets comprised of the purchase of library books and building improvements. See the capital assets section of this management's discussion and analysis for more information.

Overview of the Financial Statements

These annual financial reports consist of three parts: management's discussion and analysis, the basic financial statements, and the required supplementary information.

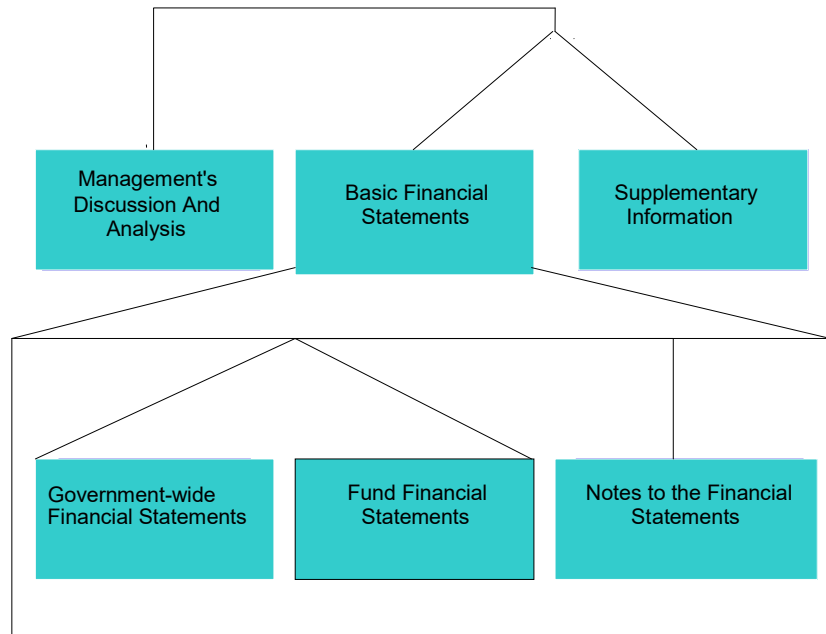
- The first two statements are government-wide financial statements that provide both short-term and long-term information about the Library's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Library, reporting the Library's operations in more detail than the government-wide statements.
- The governmental fund statements tell how basic services of the library were financed in the short-term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

**Northern Plains Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2023**

Detailed in the following diagram are how the various parts of this annual report are arranged and related to one another.

**Table 1
Organization of the Northern Plains Public Library's
Annual Financial Report**



SUMMARY \longleftrightarrow **DETAIL**

Table 2, Displayed on the following page summarizes the major features of the Library's financial statements, including the portion of the Library's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the two types of financial statements, government-wide and fund, found in the basic financial statements.

**Northern Plains Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2023**

**Table 2
Major Features of the Library-Wide and Fund Financial Statements**

	Government-wide Statements	Fund Financial Statements Governmental Fund
Scope	Entire Library	The activities of the Library
Required Financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.

Government-wide Statements

The government-wide statements are designed to provide readers a broad overview of the Library's finances, in a manner similar to a private-sector business. The statement of net position includes all the Library's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

**Northern Plains Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2023**

The government-wide financial statements provide both *short-term* and *long-term* information about the Library's *overall* financial status.

The *statement of net position* presents information on all the Library's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these 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 is improving or deteriorating. To assess the Library's overall health, you need to consider additional non-financial factors such as the condition of buildings and equipment.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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 flow in future fiscal periods.

Both government-wide financial statements distinguish functions of the Library that are principally supported by allocated property taxes (*governmental activities*). Included in governmental activities are most of the Library's basic library services.

The basic government-wide financial statements can be found on pages 3-4 of this report.

Fund Financial Statements

The fund financial statements provide more detailed information about the Library's funds, not the Library as a whole. Funds are accounting devices the Library uses to keep track of specific sources of funding and spending on particular programs. The Library has one category, a governmental fund, the general fund.

- ***Governmental fund:*** All the Library's basic services are included in the governmental fund, which generally focuses on (1) inflows and outflows of cash and other financial assets and (2) balances remaining at year-end which are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine financial resources that may be available in the near term to finance the Library's programs. Because this information does not encompass the long-term focus of the Library-wide statements, a reconciling schedule is included on the governmental fund statements explaining the relationship (or difference) between them.

The Library maintains one governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered a major fund. The basic governmental fund financial statements can be found on pages 5-8 of this report.

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 on the financial statements can be found on pages 9-17 of this report.

**Northern Plains Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2023**

Financial Analysis of the Library as a Whole

Net Position and Changes in Net Position

The Library's combined net position was larger on December 31, 2023, than it was the year before, increasing 10.8 percent to \$2,992,273. Table 3 provides a summary of the Library's net position on December 31, 2023, and 2022.

**Table 3
Condensed Statement of Net Position**

	Governmental Activities	
	2023	2022
ASSETS		
Current and Other Assets	\$ 2,554,684	\$ 1,846,814
Capital Assets	<u>1,440,150</u>	<u>1,482,889</u>
Total Assets	<u>3,994,834</u>	<u>3,329,703</u>
LIABILITIES		
Current Liabilities	7,572	12,047
Noncurrent Liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u>7,572</u>	<u>12,047</u>
NET POSITION		
Net Investment in Capital Assets	1,440,150	1,482,889
Restricted	34,000	22,000
Unrestricted	<u>2,513,112</u>	<u>1,812,767</u>
Total Net Position	<u>\$ 3,987,262</u>	<u>\$ 3,317,656</u>

Table 4 provides a summary of the changes in net position. Following Table 4 is specific discussion related to overall revenues and expenses.

**Table 4
Changes in Net Position from Operating Results (Condensed)**

	Governmental Activities	
	2023	2022
PROGRAM REVENUES		
Charges for Services	\$ 597	\$ 798
Operating Grants	<u>1,035,588</u>	<u>686,242</u>
Total Program Revenues	<u>1,036,185</u>	<u>687,040</u>
GENERAL REVENUES		
Interest Income	77,589	12,904
Other Revenues	<u>1,720</u>	<u>3,179</u>
Total General Revenues	<u>79,309</u>	<u>16,083</u>
Total Revenues & Transfers	<u>1,115,494</u>	<u>703,123</u>
PROGRAM EXPENSES		
General Government	<u>445,888</u>	<u>377,740</u>
CHANGE IN NET POSITION	669,606	325,383
Net Position, Beginning	<u>3,317,656</u>	<u>2,992,273</u>
NET POSITION, ENDING	<u>\$ 3,987,262</u>	<u>\$ 3,317,656</u>

**Northern Plains Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2023**

Governmental Activities

The governmental funds monitor cash resources and expenditures. Capital outlay within this fund was \$47,820 during 2023. This expenditure is not considered an expense on the government-wide statement of activities. Rather, these costs are written off over time as depreciation expense.

As reflected on the reconciliation of governmental funds revenues and expenditures to the government-wide statement of activities (page 8), the net difference between capital outlay and depreciation expense was \$(42,739) for 2023.

The statement of activities shows the cost of program services and the related charges for services and grant offsetting those costs. Table 7 reflects each program's total cost and net cost of services. That is, it identifies the cost of these services supported by unrestricted general revenues.

**Table 7
Net Cost of Governmental Activities**

	Total Cost <u>of Services</u>	Net Cost <u>of Services</u>
Operating expenses	\$ 108,180	\$ 107,583
Salaries and Benefits	<u>234,547</u>	<u>234,547</u>
Total	<u>\$ 342,727</u>	<u>\$ 342,130</u>

General Fund

The general fund was established and is continually funded to provide for the daily activities, expenses, and operating costs of the Library. This fund provides for functional areas of the organization - operating expenses and salaries and benefits. The primary funding source for the General Fund is allocated property taxes. The primary projects or program efforts for establishing needed funding during 2023 were:

- Normal operational costs of the Library.
- Purchase of library books and equipment.

General Fund Budgetary Highlights

The Library's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The Library's budget for the general fund anticipated that revenues would equal expenditures. The actual results for the year show a \$669,609 excess of revenues over expenditures in the general fund for 2023.

It should be noted that the Library's budget format is designed to establish and monitor divisional functions of the Library's operations to align expenses more closely with the areas of responsibility. These divisions are set up as cost centers for accountability in each of the following areas:

- Operating Expenses
- Salaries and Benefits
- Debt Service

**Northern Plains Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Capital Assets and Debt Administration**

Capital Assets

By the end of 2023, the Library had invested \$2,484,826 in a broad range of capital assets, including land, building and improvements and equipment and other fixed assets, (See Table 8). Additional information on the Library's capital assets can be found in Note 3 to the financial statements. Total depreciation expense for the year was \$90,559 while additions amounted to \$47,820 due to the acquisition of library books and capital improvements in progress.

	Table 8			
	Balance			Balance
	1/1/2023	Additions	Deletions	12/31/2023
Capital assets not being depreciated:				
Land	\$ 35,000	\$ -	\$ -	\$ 35,000
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>35,000</u>
Capital assets being depreciated:				
Building and improvements	1,641,113	-	-	1,641,113
Equipment	85,646	-	-	85,646
Library Collection	710,247	47,820	-	758,067
Total capital assets being depreciated	<u>2,437,006</u>	<u>47,820</u>	<u>-</u>	<u>2,484,826</u>
Less: Accumulated depreciation				
Building and improvements	(367,814)	(56,281)	-	(424,095)
Equipment	(73,174)	(2,801)	-	(75,975)
Library books	(548,129)	(31,477)	-	(579,606)
Total accumulated depreciation	<u>(989,117)</u>	<u>(90,559)</u>	<u>-</u>	<u>(1,079,676)</u>
Capital assets, net	<u>\$ 1,482,889</u>	<u>\$ (42,739)</u>	<u>\$ -</u>	<u>\$ 1,440,150</u>

Long-Term Debt

At year-end, the Library had no long-term debt.

- The Library must maintain a 3% emergency reserve as a part of the TABOR Amendment (Taxpayer Bill of Rights). On December 31, 2023, the Library's TABOR reserve amounted to \$34,000).

**Northern Plains Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2023**

Factors Bearing on the Library's Future

At the time these financial statements were prepared and audited, the Library was aware of the following circumstances that could significantly affect its financial health in the future:

The Library's 2023 budget anticipates receiving \$1,418,326 from the High Plains Library District in tax allocation funds.

Contacting the Library's Financial Management

This financial report is designed to provide the Library's citizens, taxpayers, investors, and creditors with a general overview of the Library's finances and to demonstrate the Library's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Accountant, Roxi Allen at 526 Maple Avenue: Eaton, CO 80615.

Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Directors
Northern Plains Public Library
Ault, Colorado

Independent Auditors' Report

Opinion

We have audited the accompanying financial statements of the governmental activities and major fund of the Northern Plains Public Library, as of and for the year ended December 31, 2023, and the related notes to the financial statements which collectively comprise the Northern Plains Public Library's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Northern Plains Public Library 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 Financial Statements section of our report. We are required to be independent of the Northern Plains Public Library and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related 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 these 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 the 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 Northern Plains Public Library'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' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 auditing 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 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 Northern Plains Public Library 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 the Northern Plains Public Library's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Northern Plains Public Library's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 5, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

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

Mayberry + Company, LLC

Englewood, Colorado
December 5, 2024

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Basic Financial Statements

NORTHERN PLAINS PUBLIC LIBRARY

STATEMENT OF NET POSITION
DECEMBER 31, 2023

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS AND DEFERRED OUTFLOWS	
ASSETS	
Current Assets	
Cash and Investments	
Cash	\$ 123,556
Investments	2,429,006
Prepaid Expenses	<u>2,122</u>
Total Current Assets	<u>2,554,684</u>
Noncurrent Assets	
Capital Assets not being Depreciated	35,000
Capital Assets being Depreciated	2,484,826
Accumulated Depreciation	<u>(1,079,676)</u>
Total Noncurrent Assets	<u>1,440,150</u>
TOTAL ASSETS	<u>\$ 3,994,834</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION	
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 622
Accrued Liabilities	<u>6,950</u>
TOTAL LIABILITIES	<u>7,572</u>
NET POSITION	
Net Investment in Capital Assets	1,440,150
Restricted Net Position	34,000
Unrestricted Net Position	<u>2,513,112</u>
TOTAL NET POSITION	<u>3,987,262</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 3,994,834</u>

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

NORTHERN PLAINS PUBLIC LIBRARY

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES
	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	IN NET POSITION GOVERNMENT ACTIVITIES
FUNCTIONS/PROGRAMS	EXPENSES		
GOVERNMENTAL ACTIVITIES			
Current:			
General Government	\$ 445,888	\$ 597	\$ 1,035,588
			\$ 590,297
 GENERAL REVENUES			
Interest Income			77,589
Other Revenues			1,720
TOTAL GENERAL REVENUES			79,309
CHANGE IN NET POSITION			669,606
NET POSITION - Beginning			3,317,656
NET POSITION - Ending			\$ 3,987,262

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

NORTHERN PLAINS PUBLIC LIBRARY

BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2023

With Comparative Totals for December 31, 2022

	General Fund	
	2023	2022
ASSETS AND DEFERRED OUTFLOWS		
ASSETS		
Current Assets		
Cash and Investments		
Cash	\$ 123,556	\$ 120,377
Investments	2,429,006	1,726,437
Prepaid Expenses	<u>2,122</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 2,554,684</u>	<u>\$ 1,846,814</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 622	\$ 5,790
Accrued Liabilities	<u>6,950</u>	<u>6,257</u>
TOTAL LIABILITIES	<u>7,572</u>	<u>12,047</u>
FUND BALANCE		
Nonspendable Fund Balance	2,122	-
Restricted Fund Balance	34,000	20,000
Unassigned Fund Balance	<u>2,510,990</u>	<u>1,814,767</u>
TOTAL FUND BALANCE	<u>2,547,112</u>	<u>1,834,767</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,554,684</u>	<u>\$ 1,846,814</u>

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

NORTHERN PLAINS PUBLIC LIBRARY

**RECONCILIATION OF GOVERNMENTAL FUND BALANCE
TO GOVERNMENTAL ACTIVITIES NET POSITION
DECEMBER 31, 2023**

Fund Balance - Governmental Funds		\$ 2,547,112
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds		
Capital assets, not being depreciated	35,000	
Capital assets, being depreciated	2,484,826	
Accumulated depreciation	<u>(1,079,676)</u>	<u>1,440,150</u>
Total Net Position - Governmental Activities		<u>\$ 3,987,262</u>

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

NORTHERN PLAINS PUBLIC LIBRARY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023
With Comparative Totals for the Year Ended December 31, 2022

	General Fund	
	2023	2022
REVENUES		
Intergovernmental Revenues	\$ 1,034,488	\$ 684,342
Charges for Services	597	798
Investment Earnings	77,589	12,904
Other Revenues	<u>2,820</u>	<u>5,079</u>
TOTAL REVENUES	<u>1,115,494</u>	<u>703,123</u>
EXPENDITURES		
Current:		
General Government	351,610	288,384
Capital Outlay	<u>51,539</u>	<u>51,630</u>
TOTAL EXPENDITURES	<u>403,149</u>	<u>340,014</u>
NET CHANGE IN FUND BALANCE - GAAP BASIS	712,345	363,109
FUND BALANCE, BEGINNING	<u>1,834,767</u>	<u>1,471,658</u>
FUND BALANCE, ENDING	<u>\$ 2,547,112</u>	<u>\$ 1,834,767</u>

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

NORTHERN PLAINS PUBLIC LIBRARY

**RECONCILIATION OF GOVERNMENTAL FUNDS CHANGE IN FUND BALANCE
TO GOVERNMENTAL ACTIVITIES CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023**

Change in Fund Balance - Governmental Funds			\$	712,345
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level				
Capitalized Asset Purchases		\$	47,820	
Depreciation Expense			<u>(90,559)</u>	<u>(42,739)</u>
Change in Net Position - Governmental Activities			\$	<u>669,606</u>

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

**Northern Plains Public Library
Notes to the Financial Statements
December 31, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Northern Plains Public Library (the "Library") was established on September 11, 1985 under the provisions of Article 90 of Title 24 of the Colorado Revised Statutes. The Weld County Commissioners together with the city councils of the six participating municipalities of Ault, Eaton, Evans, Fort Lupton, Greeley and Hudson, Colorado and the Weld County School Library RE-8 Library acted to establish the High Plains Library District. The Northern Plains Public Library is the operating entity for the library funded through the Town of Ault's portion of the High Plains Library District funding.

The financial statements of the Library have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following summary of significant accounting policies is presented to assist the reader in evaluating the Library's financial statements.

Reporting Entity

In conformity with GASB financial reporting standards, the Library is the reporting entity for financial reporting purposes. The Library is the primary government financially accountable for all activities of the Library.

As defined by generally accepted accounting principles, the financial reporting entity consists of the primary government (the Library) and its component units. Component units are legally separate organizations for which the appointed officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's governing board, and either a) the ability to impose its will by the primary government, or b) there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government; or
- 2) Fiscal dependency on the primary government and there is a potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointment by a higher level of government, or (3) a jointly appointed board.

Based upon the foregoing criteria, there are no component units included in the accompanying financial statements. The Library provides library services in Ault, Colorado and surrounding areas. The library is a component unit of the Town of Ault, Colorado (the "Town").

Government-wide and Fund Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Governmental activities, which are normally 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. The Library does not have any business-type activities.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

Government-wide financial statements report information about the reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the Library as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

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

Fund financial statements report detailed information about the Library. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each fund is considered to be a separate accounting entity and is presented in a separate column. The Library's sole fund, the General Fund, is classified as a major governmental fund.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized 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, whereby only current assets, deferred outflows of resources, liabilities, and deferred inflows of resources generally are included in the balance sheet, and the statement of revenues, expenditures and changes in fund balances present increases and decreases in those components. These funds use the modified accrual basis of accounting whereby 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 Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Intergovernmental grants and earnings on investments 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 Library.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Because governmental fund financial statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements, a reconciliation is presented that briefly explains the adjustments necessary to reconcile to ending net position and the change in net position.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt which is recognized when due.

The Library reports the following major governmental fund:

General Fund

The General Fund is the Library's general operating fund and is used to account for all financial transactions. Major revenue sources include allocated taxes passed through the Town of Ault which is reported as intergovernmental resources. Expenditures include all costs associated with the daily operation of the Library.

Budgets

The Library follows these procedures in establishing the budgetary data reflected in the financial statements:

- By October 15, the Library staff submits, to the Board of Directors, a proposed operating budget for the fiscal year beginning the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Any budget revisions that alter the total expenditures of any fund must be approved by the Board of Directors through passage of a formal resolution,
- The Library legally adopts budgets for all of the funds of the Library on a basis consistent with GAAP.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the board of directors. All appropriations lapse at year end.

Encumbrances

The Library does not report encumbered balances as of December 31, 2023 as all encumbrances lapse at year end.

Cash and Cash Equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition including participation in local government investment pools.

**Northern Plains Public Library
Notes to the Financial Statements
December 31, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are stated at fair value based on quoted market values, with the exception of money market funds and external investment pools. These are stated at cost, which approximates fair value. Certificates of deposit are carried at estimated fair value, including accrued interest.

Capital Assets

Capital assets, which include land, buildings, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. The Library capitalizes all library books and related assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position. Depreciation on the remaining capital assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and Infrastructure	40 years
Furniture and Equipment	5-15 years
Books and other collection items	10 years

Accrued Compensated Absences Payable

In accordance with the provisions of GASB Statement No. 16, Accounting for Compensated Absences, vested or accumulated vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay for it. Amounts of vested or accumulated vacation pay that are not expected to be liquidated with expendable available financial resources are reported on the government-wide financial statements. Compensated absences are reported in governmental funds only if they have matured. The Library's policy for accrued compensated absences is "use it or lose it", therefore the Library has no liability for accrued compensated absences at December 31, 2023.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgements and the noncurrent portion of long-term liabilities that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Balance

Long-term debt is reported at face value, net of applicable discounts and deferred charge on refunding. Costs related to the issuance of debt are expensed when incurred. Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statements of net position. Long-term liabilities that will be paid from governmental funds are not recognized in the fund financial statements until due. The District currently does not have long term obligations.

Net Position/Fund Balances Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

In the government-wide financial statements, net position is either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as "nonspendable" include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Amounts are reported as "restricted" when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors, reported and at their highest level of action are reported as "committed" fund balance. Those 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 (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as "assigned" fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

All remaining governmental balances or deficits in other governmental funds are presented as unassigned.

**Northern Plains Public Library
Notes to the Financial Statements
December 31, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

NOTE 2: CASH AND INVESTMENTS

The Library’s cash and investment balances as of the year ended December 31, 2023 are as follows:

	<u>Fair Value</u>
Local Government Pool	\$ <u>1,877,053</u>
Bank Deposits	\$ 675,510
Investments	<u>1,877,053</u>
Total Cash and Investments	\$ <u>2,552,562</u>

This balance is presented in the financial statements as follows:

Cash	\$ 123,556
Investments	<u>2,429,006</u>
Total Cash and Investments	\$ <u>2,552,562</u>

DEPOSITS

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government’s deposits may not be returned to it. The Library’s deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. 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 at least equal to 102% of the uninsured deposits. The institution’s internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized.

**Northern Plains Public Library
Notes to the Financial Statements
December 31, 2023**

NOTE 2: CASH AND INVESTMENTS (Continued)

DEPOSITS (Continued)

The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and December 31, 2023, all of the Library's deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

At December 31, 2023, all of the Library's deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

	Bank Balance	Book Balance
FDIC Insured	\$ 421,013	\$ 421,013
PDPA Secured (Not in Entity's Name)	264,848	254,497
Total Cash	\$ 685,861	\$ 675,510

At December 31, 2023 the Library's deposits are categorized as shown above. Included in the bank balances are certificates of deposits and money market funds totaling \$343,597 shown as investments for the financial statement presentation.

INVESTMENTS

Information regarding the Library's investments as of December 31, 2023 is as follows:

Credit Risk

Colorado statutes specify which instruments units of local government may invest, which include:

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

The Library's policy is to hold investments until maturity.

The Library's investment policy limits its investments to those allowed by Colorado Revised Statute 24-75-601.1 as described above.

During the year ended December 31, 2023, the Library invested funds in Colotrust. As an investment pool, it operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. The pool invests in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pools operate similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. The pool is rated AAAM by the Standard and Poor's Corporation.

**Northern Plains Public Library
Notes to the Financial Statements
December 31, 2023**

NOTE 2: CASH AND INVESTMENTS (Continued)

INVESTMENTS

The balance of this investment as of December 31, 2023 was \$1,877,053. Separate financial statements can be obtained by calling (303) 864-7474 or by going to www.colotruster.com

Concentration of Credit Risk - Investments

The Library places no limit on the amount that may be invested in any one issuer. As of December 31, 2023, the Library did not hold any investments requiring additional disclosure.

Interest Rate Risk - Investments

Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase.

Custodial Credit Risk - Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counter-party, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2023, the Library did not hold any investments requiring safekeeping.

NOTE 3: CAPITAL ASSETS

Changes in governmental activities capital assets for the year ended December 31, 2023 was as follows:

	Balance 1/1/2023	Additions	Deletions	Balance 12/31/2023
Capital assets not being depreciated:				
Land	\$ 35,000	\$ -	\$ -	\$ 35,000
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>35,000</u>
Capital assets being depreciated:				
Building and improvements	1,641,113	-	-	1,641,113
Equipment	85,646	-	-	85,646
Library Collection	<u>710,247</u>	<u>47,820</u>	<u>-</u>	<u>758,067</u>
Total capital assets being depreciated	<u>2,437,006</u>	<u>47,820</u>	<u>-</u>	<u>2,484,826</u>
Less: Accumulated depreciation				
Building and improvements	(367,814)	(56,281)	-	(424,095)
Equipment	(73,174)	(2,801)	-	(75,975)
Library books	<u>(548,129)</u>	<u>(31,477)</u>	<u>-</u>	<u>(579,606)</u>
Total accumulated depreciation	<u>(989,117)</u>	<u>(90,559)</u>	<u>-</u>	<u>(1,079,676)</u>
Capital assets, net	<u>\$ 1,482,889</u>	<u>\$ (42,739)</u>	<u>\$ -</u>	<u>\$ 1,440,150</u>

The depreciation amount of \$90,559 has all been allocated to the Library Services function in the accompanying statement of activities.

**Northern Plains Public Library
Notes to the Financial Statements
December 31, 2023**

NOTE 4: FUND BALANCE RESERVATIONS/APPROPRIATIONS

Emergency Reserve

On November 3, 1992, the voters of Colorado approved the TABOR Amendment which added a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations, which apply to the State of Colorado, all local governments, and special districts.

The Library's financial activity for the year ended December 31, 2023 will provide the basis for calculation of future limitations adjusted for allowable increases tied to inflation and local growth. Subsequent to December 31, 2023, revenue in excess of the Library's "spending limit" must be refunded unless voters approve the retention of such excess revenue. TABOR generally requires voter approval for any new tax, tax increases, and new debt.

At a November 7, 1995 election, the voting citizens of the Town of Ault approved an ordinance to "Allow, effective January 1, 1995, the collection, retention, and expenditure of the full proceeds of the Town Sales and Use Tax, fee, other revenues, and Non-Federal Grants, notwithstanding any state restrictions of Article X, Section 20 of the Colorado Constitution." This effectively removed all spending limitations imposed by TABOR.

TABOR is extremely complex and subject to interpretation. Ultimate implementation may depend upon litigation and legislative guidance. Library management believes the Library is in compliance with the requirements of TABOR, however the Library has made certain interpretations of the TABOR amendment's language in order to determine it is in compliance.

The Article requires an emergency reserve be set aside for 2023 in the amount of 3% or more of its fiscal year spending. At December 31, 2023, the Library has reserved the following for emergencies:

General Fund	<u>\$34,000</u>
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NOTE 5: RISK MANAGEMENT

The Library 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 carries commercial insurance covering specific and general risks of loss, including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have similarly not been any significant reductions in insurance coverage over the same period.

**Northern Plains Public Library
Notes to the Financial Statements
December 31, 2023**

NOTE 6: SUBSEQUENT EVENTS

The Library has approved and adopted by the board of directors the policy of accruing employee vacation and sick pay. The Library permits an employee to earn one (1) week of vacation pay after one (1) year of employment, two (2) weeks of vacation pay after two (2) years of employment and three (3) weeks of vacation pay after three (3) years of employment. Vacation hours are based on average weekly hours worked the previous year. A maximum of 50% unused vacation hours can be rolled over to the following year up to a maximum of 1 ½ of eligible vacation hours. Any vacation hours not used or rolled over will be paid out at the end of each year. The Library allows the accumulation of up to 48 hours per year of sick leave and a maximum of 96 hours to be rolled over. All unused sick and vacation leave will be paid out upon termination of employment. This change in accounting principle will be effective May 1, 2024.

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Required Supplementary Information

NORTHERN PLAINS PUBLIC LIBRARY

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2023

With Comparative Totals for the Year Ended December 31, 2022

	2023		Variance With Final Budget	2022 Actual
	Original & Final Budget	Actual		
REVENUES				
Intergovernmental Revenues				
Other Intergovernmental	\$ 1,041,284	\$ 1,034,488	\$ (6,796)	\$ 684,342
Charges for Services				
Other Charges for Services	650	597	(53)	798
Investment Earnings				
	10,200	77,589	67,389	12,904
Other Revenues				
Donations	600	1,100	500	1,900
Other Miscellaneous Revenue	2,050	1,720	(330)	3,179
Total Other Revenue	2,650	2,820	170	5,079
TOTAL REVENUES	1,054,784	1,115,494	60,710	703,123
EXPENDITURES				
General Government				
Personnel Services	279,917	243,430	36,487	211,401
Insurance	5,200	2,972	2,228	5,054
Professional Fees	27,000	23,500	3,500	20,600
Repairs and Maintenance	16,000	21,536	(5,536)	13,029
Supplies	13,700	10,250	3,450	11,801
Telephone and Utilities	17,000	10,542	6,458	9,410
Travel and Training	7,000	6,591	409	1,608
Other Expenses	37,850	32,789	5,061	15,481
Total General Government	403,667	351,610	52,057	288,384
Capital Outlay				
General Government Capital Outlay	50,000	51,539	(1,539)	51,630
TOTAL EXPENDITURES	453,667	403,149	50,518	340,014
NET CHANGE IN FUND BALANCE - BUDGET BASIS	\$ 601,117	712,345	\$ 111,228	363,109
FUND BALANCE, BEGINNING		1,834,767		1,471,658
FUND BALANCE, ENDING		\$ 2,547,112		\$ 1,834,767

See accompanying Independent Auditors' Report.