

MANCOS LIBRARY DISTRICT

Accountants' Reports
and
Basic Financial Statements

December 31, 2024

MANCOS LIBRARY DISTRICT

TABLE OF CONTENTS

December 31, 2024

Independent Auditors' Report on Basic Financial Statements	1-2
Management's Discussion and Analysis	3-11
Basic Financial Statements	
Government -Wide Financial Statements	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements	
Balance Sheet-Governmental Funds and the Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance- Governmental Funds to the Statement of Activities	16
Notes to the Financial Statements	17-25
Required Supplemental Information	26
Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual-General Fund	27

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Mancos Library District
Mancos, Colorado 81328

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Mancos Library District as of and for the year ended December 31, 2024, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

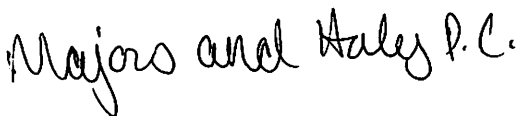
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Mancos Library District as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other matters*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 on pages 3 through 11 and page 27 be presented to supplement the basic financial statements. Such information, although not a required 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.



Majors and Haley, P.C.
June 10, 2025

MANCOS LIBRARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2024

FINANCIAL HIGHLIGHTS

Key financial highlights for the District in 2024 are as follows:

- Net position of governmental activities increased by \$94,625, which represents a 5.7 percent increase from 2023.
- General revenues accounted for \$565,471 in revenue or 94 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$35,383 or 6 percent of total revenues of \$600,854.
- Governmental activities total current assets increased by \$84,324. Net non-current assets decreased by \$72,640. Current liabilities decreased by \$1,141 and non-current liabilities decreased by \$79,400.
- The District incurred \$506,229 in expenses related to government activities. \$35,383 of these expenses were offset by program specific charges for services, grants and contributions. General revenues (primarily property taxes) of \$565,471 were adequate to cover the costs of these programs.
- The only major fund, the General Fund, had \$600,854 in revenues, \$408,850 in expenditures and \$104,139 in other financing uses. Its fund balance increased by \$87,865 from \$537,893 to \$625,758.

MANCOS LIBRARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2024

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
- The governmental funds statements tell how basic services such as television services 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. The statements are followed by a section of required supplemental information that further explains and supports the financial statements with a comparison of the District's budget for the year.

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private companies. The statement of net position includes all of the District'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.

The two District-wide statements report the District's net position and how it has changed. Net position (the difference between the District's assets, deferred outflows of resources and liabilities and deferred inflows of resources) is one way to measure the District's financial position.

MANCOS LIBRARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2024

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of District facilities.

In the District-wide financial statements, the District's activities are reported in the following category:

- **Governmental activities-** All of the District's services are included here. These activities are financed mainly through property taxes.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by state law. The District uses one type of fund:

- **Governmental funds-** All of the District's basic services are included in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general operations and the services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

MANCOS LIBRARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Year Ended December 31, 2024

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Total current assets increased by \$84,324. Net non-current assets decreased by \$72,640. Current liabilities decreased by \$1,141 and non-current liabilities decreased by \$79,400. Deferred inflows of resources increased by \$11,440.

The District's combined net position was larger on December 31, 2024 than it was at December 31, 2023, increasing by 5.7 percent to \$1,672,740

Table 1 provides a summary of the District's net position for 2024 compared to 2023:

Table 1
Condensed Statement of Net Position

	Governmental Activities		Total District	
	2024	2023	2024	2023
Assets				
Current assets	\$ 631,575	\$ 547,251	\$ 631,575	\$ 547,251
Capital assets	1,776,682	1,849,322	1,776,682	1,849,322
Total assets	2,408,257	2,396,573	2,408,257	2,396,573
Liabilities				
Current liabilities	87,617	88,758	87,617	88,758
Long-term liabilities	729,700	809,100	729,700	809,100
Total liabilities	817,317	897,858	817,317	897,858
Deferred inflows of resources				
Unearned property tax revenue	447,606	436,166	447,606	436,166
Net Position				
Net Investment in capital assets	1,046,982	1,040,222	1,046,982	1,040,222
Restricted	16,000	15,000	16,000	15,000
Unrestricted	609,758	522,893	609,758	522,893
Total net position	\$ 1,672,740	\$ 1,578,115	\$ 1,672,740	\$ 1,578,115

MANCOS LIBRARY DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2024**

Table 2 shows the changes in net position for fiscal year 2024 as compared to 2023.

**Table 2
Changes in Net Position**

	Governmental Activities		Total District	
	2024	2023	2024	2023
Revenues				
Program revenues				
Charges for services	\$ 4,192	\$ 8,218	\$ 4,192	\$ 8,218
Operating grants and contributions	31,191	35,449	31,191	35,449
General revenues				
Property taxes	498,104	408,037	498,104	408,037
Specific ownership taxes	49,439	53,531	49,439	53,531
Earnings on investments	6,331	2,846	6,331	2,846
Other	11,597	958	11,597	958
Total revenues	600,854	509,039	600,854	509,039
Expenses				
Culture and recreation	481,490	455,028	481,490	455,028
Interest	24,739	27,154	24,739	27,154
Total expenses	506,229	482,182	506,229	482,182
Increase (decrease) in net position	\$ 94,625	\$ 26,857	\$ 94,625	\$ 26,857

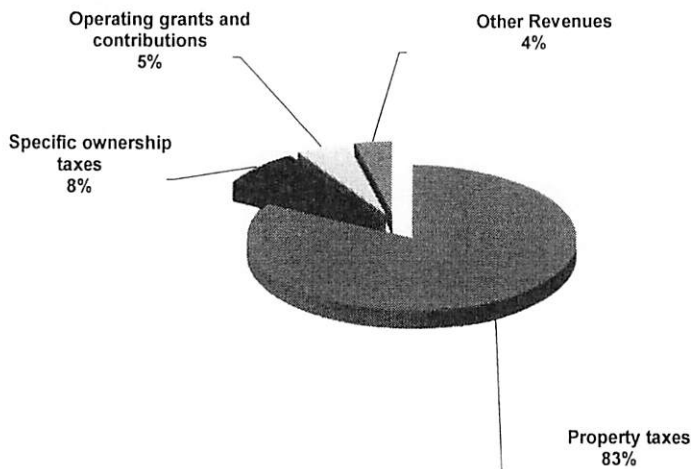
Property taxes accounted for most of the District's total revenue, contributing 83 percent (See Table 3). Another 5 percent came from operating grants and contributions, 8 percent came from specific ownership taxes, and other revenues made up the remaining 4 percent.

MANCOS LIBRARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2024

The District's expenses are all related to culture and recreation.

Table 3
Sources of Revenue for Fiscal Year 2024



Governmental Activities

The primary sources of operating revenue for the District come from property taxes. The District receives approximately 83 percent of this funding from these sources while the remaining amounts come from operating grants and contributions, charges for services, specific ownership taxes, and other general revenues.

MANCOS LIBRARY DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2024**

The statement of activities shows the cost of program services and the charges for services and grants offsetting those service costs. Table 5 shows, for governmental activities, the total cost of services and net cost of services for 2024 as compared to 2023. That is, it identifies the cost of these services supported by general revenues including general property taxes and specific ownership taxes.

**Table 4
Government Activities**

	Total Cost of Services		Net Cost of Services	
	2024	2023	2024	2023
Culture and recreation	\$ 481,490	\$ 455,028	\$ 446,107	\$ 411,361
Interest	24,739	27,154	24,739	\$ 27,154
Total	\$ 506,229	\$ 482,182	\$ 470,846	\$ 438,515

- The cost of all governmental activities during the year was \$506,229.
- However, \$565,471 was financed by District taxpayers. This portion of governmental activities was financed with \$547,543 in property and specific ownership taxes, and \$17,928 in other general revenues.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Information about the District's only major funds, the General Fund, starts on page 14. This fund is accounted for using the modified accrual basis of accounting. The General Fund has total revenues of \$600,854 and expenditures of \$512,989.

MANCOS LIBRARY DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2024**

General Fund Budgetary Highlights

The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

Over the course of the year, the District did not revise the annual operating budget.

- Actual expenditures were \$66,447 less than budget, primarily because the District budgets expenditures in a conservative manner.

CAPITAL ASSET ADMINISTRATION

By the end of 2024, the District has invested \$3,274,387 in land, buildings, and equipment (including furniture).

Table 5 shows capital assets for 2024 compared to 2023:

***Table 5
Capital Assets at December 31***

	Governmental Activities		Total District	
	2024	2023	2024	2023
Land	\$ 155,955	\$ 155,955	\$ 155,955	\$ 155,955
Art	4,400	4,400	4,400	4,400
Buildings	2,685,018	2,685,018	2,685,018	2,685,018
Equipment	347,774	347,774	347,774	347,774
Books	81,240	81,240	81,240	81,240
Total	<u>\$ 3,274,387</u>	<u>\$ 3,274,387</u>	<u>\$ 3,274,387</u>	<u>\$ 3,274,387</u>

Additional information on the District's capital assets can be found in the Notes to the Financial Statements on page 23 of this report.

MANCOS LIBRARY DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2024**

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District is not aware of any existing circumstances that could significantly affect its financial health in the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Mancos Library District, 211 W 1st St, Mancos, Colorado 81328.

MANCOS LIBRARY DISTRICT
Statement of Net Position

December 31, 2024

	Governmental Activities
Assets	
Cash	\$ 627,874
Cash with county treasurer	3,701
Property tax receivable	447,606
Capital assets	3,274,387
Accumulated depreciation	(1,497,705)
Total capital assets, net of depreciation	1,776,682
Total Assets	2,855,863
Liabilities	
Accrued expenses	5,817
Long-term liabilities	
Due in one year	81,800
Due in more than one year	647,900
Total Liabilities	735,517
Deferred inflows of resources	
Unearned property tax revenue	447,606
Net Position	
Net investment in capital assets	1,046,982
Restricted	
TABOR	16,000
Unrestricted	609,758
Total Net Position	\$ 1,672,740

The accompanying notes are an integral part of this statement.

MANCOS LIBRARY DISTRICT
Statement Activities

For the Year Ended December 31, 2024

	Program Revenues				Net (Expenses) Revenue And Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental Activities						
Culture and recreation	\$ 481,490	\$ 4,192	\$ 31,191		\$ (446,107)	\$ (446,107)
Interest	24,739				(24,739)	\$ (24,739)
Total Governmental Activities	506,229	4,192	31,191	-	(470,846)	(470,846)
Total District	\$ 506,229	\$ 4,192	\$ 31,191	\$ -	(470,846)	(470,846)

General Revenues

Property taxes	498,104	498,104
Specific ownership taxes	49,439	49,439
Earnings on investments	6,331	6,331
Miscellaneous	11,597	11,597
Total General Revenues	565,471	565,471
Changes in Net Position	94,625	94,625
Net Position Beginning of the Year	1,578,115	1,578,115
Net Position End of the Year	\$ 1,672,740	\$ 1,672,740

The accompanying notes are an integral part of this statement.

MANCOS LIBRARY DISTRICT

Balance Sheet
Governmental Funds

December 31, 2024

		<u>General Fund</u>
Assets		
Cash	\$	627,874
Cash with county treasurer		3,701
Property tax receivable		447,606
Total Assets		<u><u>\$ 1,079,181</u></u>
Liabilities		
Accrued expenses	\$	5,817
Total Liabilities		<u>5,817</u>
Deferred Inflows of Resources		
Unearned property tax revenue		<u>447,606</u>
Fund Balance		
Restricted		
TABOR		16,000
Unrestricted		
Assigned for subsequent year's expenditures		609,758
Total Fund Balance		<u>625,758</u>
Total Liabilities, Fund Balance and Deferred Inflows of Resources		<u><u>\$ 1,079,181</u></u>
Reconciliation of the Governmental Funds Balance Sheet with the Statement of Position		
Total Fund Balance Governmental Funds	\$	625,758
Amounts reported for governmental activities in the Statement of Net Position are different because		
Capital assets used in governmental activities are not financial resources and, therefore are not reported as assets in governmental funds.		
Capital assets	\$	3,274,387
Accumulated depreciation		<u>(1,497,705)</u>
		1,776,682
Long term liabilities are not due and payable in the current period and therefore, they are not reported in the governmental fund financial statements		
Due in one year		(81,800)
Due in more than one year		<u>(647,900)</u>
		(729,700)
Total Net Position Governmental Activities		<u><u>\$ 1,672,740</u></u>

The accompanying notes are an integral part of this statement.

MANCOS LIBRARY DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the Year Ended December 31, 2024

	<u>General Fund</u>
Revenues	
Taxes	\$ 547,543
Earnings on investments	6,331
Other	46,980
Total revenues	<u>600,854</u>
Expenditures	
Culture and recreation	408,850
Total expenditures	<u>408,850</u>
Other financing sources (uses)	
Debt Service Principal	(79,400)
Debt Service Interest	(24,739)
Total other financing sources (uses)	<u>(104,139)</u>
Excess of Revenue and other financing sources over (under) expenditures and other financing uses	87,865
Fund Balances beginning of the year	537,893
Fund balances end of the year	<u><u>\$ 625,758</u></u>

The accompanying notes are an integral part of this statement.

MANCOS LIBRARY DISTRICT

**Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities**

December 31, 2024

Net Change in Fund Balances Governmental Funds **\$ 87,865**

Amounts reported for governmental activities in the Statement of Activities are different because

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital outlay	\$ -	
Depreciation expense	(72,640)	
	<hr/>	(72,640)

Repayment of debt principal is an expenditure in the governmental fund, but the repayment reduces long term liabilities in the Statement of Net Position.

Capital lease principal payments	79,400
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Change in Net Position of Governmental Activities **\$ 94,625**

The accompanying notes are an integral part of this statement.

MANCOS LIBRARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

Summary of Significant Accounting Policies – The Mancos Library District (the District) financial statements are prepared in accordance with U.S. generally accepted accounting principals (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements of Interpretations). In 2012, the District adopted GASB Statement 63. Accordingly, the statement of net assets is renamed the statement of net position and includes four components if applicable: assets, deferred outflows of resources, liabilities and deferred inflows of resources

The following significant accounting policies were applied to the preparation of the accompanying financial statements.

Reporting Entity – The Mancos Library District is a special district organized under Colorado Revised Statute 32-4-101. The area served includes the Town of Mancos and the surrounding area.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements that provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the 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.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

Fund Accounting – The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and in the means by which spending activities are controlled. The various funds are grouped into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental Funds – are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds). The following are the District's major governmental funds.

MANCOS LIBRARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

General Fund – is the only fund maintained by the District. It is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include local property taxes, specific ownership taxes and grants.

Basis of Presentation-

District-wide Financial Statements- The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government.

The District-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with a brief explanation to better identify the relationship between the county-wide financial statements and the statements for governmental funds.

The District-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements- Fund financial statements report detailed information about the County. The focus of governmental is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

MANCOS LIBRARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

Basis of Accounting – determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

Revenues- Exchange and Non-exchange Transactions- Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value are recorded on the accrual basis when the exchange takes place. On a modified accrual basis revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when used is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes collected within 60 days after year-end, interest, and certain grants.

Unearned Revenue- arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

Expenses/Expenditures- On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses and changes in fund net assets as an expense with a like amount reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

MANCOS LIBRARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

Budgets and Budgetary Accounting – The District is required by Colorado Statutes to adopt annual budgets for all funds. Each budget is prepared on the same basis (U.S. GAAP basis) as that used for accounting purposes.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

Prior to October 15, the Budget Officer submits to the District Board a proposed operating budget for the fiscal year commencing the following January 1.

The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain comments.

Prior to December 31, the budget is legally adopted through passage of adoption and appropriations resolutions.

Formal budgetary integration is employed as a management control device during the year.

Appropriations are adopted by resolution for each fund in total and lapse at the end of each year. Over-expenditures are not deemed to exist unless the fund as a total has expenditures in excess of appropriations.

Capital Assets – General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the District-wide statement of net position but are not reported in the fund financial statements.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated general fixed assets are valued at their estimated fair value on the date donated. The District maintains a capitalization threshold of five hundred dollars.

All reported capital assets are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

MANCOS LIBRARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

Description	Governmental Activities <u>Estimated Lives</u>
Buildings and Improvements	50 Years
Equipment	5-15 Years
Furniture	7 Years

Property Tax Revenue Recognition – Property taxes are billed and collected on behalf of the District by the Montezuma County Treasurer. The property taxes are levied and certified in December of the year prior to the year the taxes are collected. Property taxes become an enforceable lien on January 1 of each year. Secured property taxes are due in two equal installments on February 28 and June 15, and are delinquent after February 28 and June 15 respectively. The entire balance can be paid by April 30 without penalty. Property taxes levied are recorded as deferred revenues in the year levied, as they are not due until the following year. An allowance for un-collectible taxes is not provided as the un-collectible amounts were determined to be negligible based upon an analysis of historical trends.

Compensated absences- Compensated absences arise from policies concerning vacation pay. District employees receive payment for unused vacation as of the date of termination. One half of the employee's unused vacation time may be carried to a subsequent year. The estimated accrual for unused vacation benefits at December 31 is \$2,222. The liability has been included as accrued expenses on the District's financial statement. Employees are not paid for unused sick leave upon termination of employment. Accordingly, sick pay is charged to expenditures when taken. No provision has been made in the financial statements for unused sick pay

Accrued Liabilities and General Long-Term Obligations- All payables, accrued liabilities and long-term obligations are reported in the district-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 judgments, the non-current portion of capital leases, 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. In general, payment made within sixty days after year-end are considered to have been made with current available financial resources. Capital leases and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements.

Governmental Fund Balances- In the governmental fund financial statements, fund balances are classified as follows:

MANCOS LIBRARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

Restricted- Amounts that can be used only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors. This includes the District's TABOR reserve.

Committed- Amounts that can be used only for specific purposes determined by a formal action by the District Board.

Assigned- Amounts that are designated by the District Board for a particular purpose but are not spendable until appropriated. This includes assignments for subsequent year's expenditures.

Unassigned- All amounts not included in the other spendable classifications.

Net Position- Net position represents the difference between assets, deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are liabilities imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

Cash and Investments –

Deposits- The Colorado Public Deposit Protection Act (PDPA) governs the County's cash deposits. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets, to be maintained by another institution or held in trust for all of its local government depositors as a group, with a market value at least equal to 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and the reporting of uninsured deposits and assets maintained in the collateral pools.

At December 31, the carrying amount of the District's deposits was \$627,874 and the bank balance was \$628,242. All of the District's deposits were covered by federal depository insurance.

MANCOS LIBRARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

Capital Assets – Capital asset activity for the fiscal year ended December 31, 2024:

	Capital Assets Jan 1, 2024	Additions	Deletions/ Transfers	Capital Assets Dec 31, 2024
Governmental Activities				
Capital assets, not being depreciated:				
Art	\$ 4,400			\$ 4,400
Land	155,955			155,955
Total capital assets not being depreciated	<u>160,355</u>	<u>-</u>	<u>-</u>	<u>160,355</u>
Capital assets, being depreciated:				
Buildings	2,685,018			2,685,018
Equipment and furniture	347,774			347,774
Books and materials	81,240			81,240
Total capital assets being depreciated	<u>3,114,032</u>	<u>-</u>	<u>-</u>	<u>3,114,032</u>
Less accumulated depreciation for:				
Buildings	(1,005,031)	\$ (68,925)		(1,073,956)
Equipment and furniture	(338,794)	(3,715)		(342,509)
Books and materials	(81,240)	-		(81,240)
Total accumulated depreciation	<u>(1,425,065)</u>	<u>(72,640)</u>	<u>-</u>	<u>(1,497,705)</u>
Total capital assets being depreciated, net	1,688,967	(72,640)	-	1,616,327
Governmental Activities Capital Assets, net	<u>\$ 1,849,322</u>	<u>\$ (72,640)</u>	<u>\$ -</u>	<u>\$ 1,776,682</u>

Depreciation expense of \$72,640 was charged as a direct expense in 2024.

Long-Term Debt-

Financed Purchase Agreements - Up until October 31, 2017 the District's building was financed from the Mancos Library Finance Corporation under a financed purchase agreement. The Corporation obtained Certificates of Participation in 2007 and 2009 in the amounts of \$1,180,000 and \$500,000 that accrued interest at the rates of 5.4% and 6.25% respectively. The proceeds of the certificates were used to construct a new library facility. In 2017 the District entered into a new financed purchase agreement with Vectra Bank. Whereas Vectra Bank has agreed to finance the building for the sum of \$1,235,000 accruing interest at a rate of 3.08% for the purpose of refinancing the Certificates. The agreement is payable in 15 annual installments starting December 1, 2018.

On October 31, 2017 \$1,466,703 (including \$1,235,000 from the financed purchase agreement and \$231,703 in available District money) was deposited into a trust with an escrow agent to

MANCOS LIBRARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

provide funds for fees and issuance costs and future debt service payments on the Certificates. As a result, the Certificates are considered legally satisfied. After all expenses the refinancing savings equals \$225,752 on the present value basis.

Changes in General Long-Term Debt- A summary of changes in long-term debt follows:

	Balance January 1, 2024	Additions	Deletions	Balance December 31, 2024
Finance Purchase Agreement - Vectra bank	\$ 809,100		\$ (79,400)	\$ 729,700
Total	\$ 809,100	\$ -	\$ (79,400)	\$ 729,700

The annual requirements to amortize the financed purchase agreement are as follows:

Year Ending December 31	Principal	Interest	Total
2025	\$ 81,800	\$ 22,475	\$ 104,275
2026	84,400	19,955	104,355
2027	86,900	17,356	104,256
2028	89,600	14,679	104,279
2029	92,400	11,920	104,320
2030	95,200	9,074	104,274
2031	98,200	6,141	104,341
2032	101,200	3,117	104,317
Total	\$ 729,700	\$ 104,717	\$ 834,417

Fund Balance Restrictions and Assignments – Restricted indicates that a portion of the fund balance can only be spent for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors. Assigned indicates amounts that are designated for a specific purpose by the District Board but are not spendable until appropriated. The District uses the following restrictions and assignments:

Restricted

MANCOS LIBRARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

TABOR- indicates that a portion of the fund balance has been segregated for expenditures for declared emergencies only. Fund balance restricted for TABOR consists of \$16,000 in the General Fund.

Assigned for future expenditures- indicates anticipated fund balance available for appropriation in the next budget year. Fund balance assigned for future expenditures consists of \$609,758 within the General Fund.

Commitments and Contingent Liabilities – There appear to be no commitments or contingencies that would pose a threat of significant liability to the District.

Tax Spending, Revenue and Debt Limitations- Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments.

Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenue.

Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Those exceptions include spending from certain revenue and financial sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves.

The Amendment requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year spending. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment.

Risk Management – The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The District has purchased commercial insurance for such risks including worker's compensation. Settled claims resulting from these risks have not exceeded commercial insurance in any of the past three years.

MANCOS LIBRARY DISTRICT
Required Supplementary Information

December 31, 2024

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements.

Such information includes:

Budgetary Comparison Schedule
General Fund

MANCOS LIBRARY DISTRICT

Schedule of Revenues, Expenditures and Changes in
Fund Balances- Budget and Actual
General Fund

For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Taxes				
General property taxes	\$ 436,166	\$ 436,166	\$ 489,492	\$ 53,326
Delinquent tax and interest			8,612	8,612
Specific ownership taxes	45,000	45,000	49,439	4,439
Total taxes	481,166	481,166	547,543	66,377
Earnings on investments	750	750	6,331	5,581
Other revenues				
Grants and donations	41,000	41,000	36,503	(4,497)
Other	6,850	6,850	10,478	3,628
Total other revenues	47,850	47,850	46,981	(869)
Total revenues	529,766	529,766	600,855	71,089
Expenditures				
Culture and recreation				
Salaries and benefits	315,000	315,000	276,351	38,649
Insurance	15,237	15,237	13,808	1,429
Repairs	8,700	8,700	24,924	(16,224)
Fundraising		-	780	(780)
Professional fees	2,400	2,400	2,998	(598)
Supplies	10,300	10,300	8,802	1,498
Utilities	17,200	17,200	14,540	2,660
Other	19,300	19,300	50,177	(30,877)
County treasurer fees	8,500	8,500	9,949	(1,449)
Capital outlay	80,100	80,100	6,522	73,578
Debt service				
Principal	74,700	74,700		74,700
Interest	28,000	28,000		28,000
Total culture and recreation	579,437	579,437	408,851	170,586
Total expenditures	579,437	579,437	408,851	170,586
Other financing sources (uses)				
Debt Service Principal	-	-	(79,400)	(79,400)
Debt Service Interest	-	-	(24,739)	(24,739)
Total other financing sources (uses)	-	-	(104,139)	(104,139)
Excess of revenue and other financing sources over (under) expenditures and other financing uses	(49,671)	(49,671)	87,865	137,536
Fund balance, beginning of the year	509,889	509,889	537,893	28,004
Fund balance, end of the year	\$ 460,218	\$ 460,218	\$ 625,758	\$ 165,540