

SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
AUDITED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
SALIDA, COLORADO

December 31, 2024

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Independent Auditor's Report

July 29, 2025

Board of Trustees
Southern Chaffee County Regional Library District
Salida, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Southern Chaffee County Regional Library District (the District) as of and for the year ended December 31, 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the District, as of December 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted accounting standards, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through vii and budgetary comparison information on page 21-22 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Board of Trustees
Southern Chaffee County Regional Library District

Supplementary Information

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

Arren Rost & DeMardo, Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
For the Year Ended December 31, 2024

As management of the Southern Chaffee County Regional Library District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2024. This discussion and analysis are designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the District's financial statements as a whole.

District Operation and Background

The Southern Chaffee County Regional Library District was formed in November 1974 with a 1.5 mill levy increase. Voters approved additional funding for the library in two subsequent elections. In the early 1980's, the mill levy was increased to 2.5 mills. In 1995, the levy was increased again to 3.5 mills. The Salida Regional Library is a public library and serves a regional population in southern Chaffee County, Colorado.

Financial Highlights

- The assets of the District exceeded its liabilities at December 31, 2024 by \$5,734,804. Of this amount \$2,295,690 may be used to meet the District's ongoing obligations to patrons and creditors. The remaining \$3,439,114 is invested in capital assets or restricted.
- The District's total net position increased by \$777,484.
- As of December 31, 2024, the District's governmental funds reported combined ending fund balances of \$2,716,248, an increase of \$368,383 in comparison to the prior year.
- At the end of the current year, unassigned fund balance of the General Fund that is available for spending at the District's discretion is \$288,707.
- Total revenue in the general fund increased \$480,377 compared to the prior year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

The basic financial statements present two different views of the District using government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the District.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner like a private-sector business.

The *statement of net position* presents information on all the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

MANAGEMENT'S DISCUSSION AND ANALYSIS
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
For the Year Ended December 31, 2024

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes. The governmental activities of the District primarily include library services to their patrons. The government-wide financial statements can be found on pages 4 -5 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, such as State Statutes. The District currently has three governmental funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflow and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation, which is a part of the fund financial statements, to facilitate the comparison between governmental funds and governmental activities.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Endowment Fund and Reserves Fund.

The basic governmental fund financial statements can be found on pages 6 and 8 of this report.

Budgetary Comparison

The District adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided for each fund on pages 21 - 23.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10 – 20 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the government's financial position. In the case of the District, assets exceeded liabilities by \$5,734,804 at the close of fiscal year 2024. Increases or decreases in net position may serve as a useful indicator as to whether the financial condition of the District is improving or deteriorating over time.

A portion of the District's net position reflects its investment in capital assets (i.e., land, buildings, collections and other equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to patrons; consequently, these assets are not available for future spending.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
For the Year Ended December 31, 2024**

Government-wide Financial Analysis (Continued)

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

Assets:	<u>2024</u>	<u>2023</u>
Cash equivalents and investments	\$ 2,728,271	\$ 2,228,741
Taxes and other receivable	1,570,035	1,579,428
Other assets	19,949	141,410
Capital assets, net	3,034,052	2,617,651
Total Assets	<u>7,352,307</u>	<u>6,567,230</u>
Liabilities:		
Accounts payable and accrued payroll liabilities	22,709	22,622
Long-term liabilities-Due within one year	25,725	-
Long-term liabilities-Due in more than one year	9,720	25,606
Total Liabilities	<u>58,154</u>	<u>48,228</u>
Deferred inflow – property taxes	<u>1,559,349</u>	<u>1,561,682</u>
Net Position:		
Invested in capital assets, net of related debt	3,031,510	2,613,161
Restricted:		
Emergencies	58,000	43,000
Endowment	349,604	353,621
Unrestricted	2,295,690	1,947,538
Total Net Position	<u>\$ 5,734,804</u>	<u>\$ 4,957,320</u>

At the end of the current fiscal year, the Southern Chaffee County Regional Library District had positive balances in all net position categories.

The portion of the District's net position (40%) represents unrestricted net position of \$2,295,690, which may be used to meet the District's ongoing obligations to patrons and creditors.

A significant portion of the District's net position (53%) reflects its investment in capital assets. These assets include land, buildings, collections, bookmobile and other equipment. These capital assets are used to provide services to patrons; consequently, they are not available for future spending.

An additional \$407,604 of the District's net position (7%) represents resources that are subject to external restriction on how they may be used. The amount reserved for TABOR is \$58,000, \$349,604 of which the donations can only be invested, and the earnings from those investments are available to the District for future operations and capital expenditures.

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains the requirements of setting an emergency reserve. This reserve cannot be accessed except for an unexpected disaster. This reserve amounts to \$58,000 and \$43,000 as of December 31, 2024 and 2023, respectively.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
For the Year Ended December 31, 2024**

Government-wide Financial Analysis (Continued)

Changes in Net Position. Governmental activities increased the District's net position by \$777,484 in 2024 and \$425,796 in 2023. The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. Revenues and expenses in this statement are recorded when earned or when a liability is incurred. The following table reflects the condensed Statement of Activities for the year ended December 31:

	<u>2024</u>	<u>2023</u>
Revenues:		
Program revenues:		
Charges for services	\$ 20,112	\$ 19,319
Grants and contributions	7,630	8,390
General revenues:		
Property taxes	1,657,646	1,191,372
Penalties and interest	4,399	2,909
Specific ownership taxes	149,866	140,951
Investment earnings	126,445	105,814
Other	1,049	2,000
Total Revenues	<u>1,939,405</u>	<u>1,470,755</u>
Expenses:		
Salaries and benefits	667,262	579,339
Special events and programs	40,100	19,777
Library materials	79,185	70,775
General operating library materials	154,647	145,824
Building operations and maintenance	87,027	87,846
Depreciation	161,442	141,398
Total Expenses	<u>1,189,663</u>	<u>1,044,959</u>
Change in net position	777,484	425,796
Net position – beginning	4,957,320	4,531,524
Net position – ending	<u>\$ 5,734,804</u>	<u>\$4,957,320</u>

The District receives 93% of its funding from property and other tax revenues. Salaries and benefits represent 56% of the District's total expenditures. Under the method of accounting used for the government-wide financial statements, library books and other collections are capitalized as assets and depreciated over their estimated useful lives. Consequently, most of the year's expenditures for books and collections are not included in the "library material" expense as show above.

Fund Statements Financial Analysis

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds Overview. The focus of District governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financial requirements. In particular, unreserved fund balance may serve as a useful measure of a governments' net resources available for spending at the end of the fiscal year.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
For the Year Ended December 31, 2024**

Fund Statements Financial Analysis (Continued)

As of the end of 2024, the combined ending fund balances of the District governmental funds were \$2,716,248. Approximately 11% of this consists of unassigned fund balance which is available as working capital, 82% is committed fund balance which is available for capital expenditures, and 7% is nonspendable fund balance, which can only be invested in the endowment fund. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is committed for the following purposes: 1) a state constitution mandated emergency reserve (\$58,000); 2) restricted for use in future expenditures or capital purchases.

The District has three governmental funds. They are 1) General Fund; 2) Endowment Fund; and 3) Reserves Fund.

1. **General Fund.** This is the primary operating fund of the District. It accounts for many of the District's expenditures. The General Fund balance was \$346,707 as of December 31, 2024. Of this amount \$58,000 was reserved for emergencies. The 2024 fund balance is \$190,369 less than the previous year. The General Fund balance decreased in 2024 mainly due to purchase of solar system and other equipment as well as funds transferred to the reserved fund.
2. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents about 24% of total 2024 expenditures, while total fund balance is also 28% of the same amount. 2024 expenditures for general fund activities were less than budget by \$167,176.
3. **Endowment Fund.** This accounts for contributions wherein the principal amount of the gift is restricted and only the earnings from investments are available to the District and are committed to the Reserves Fund. Per board policy, the remaining balance stays in the fund which is committed to the Reserves Fund. The Endowment Fund balance was \$349,604 as of December 31, 2024. The 2024 fund balance is \$4,017 less than the previous year. 2024 expenditures for the Endowment Fund were zero and zero was budgeted.
4. **Reserves Fund.** It accounts for accumulation of resources for approved future project expenditures. The Reserves Fund balance was \$2,019,937 as of December 31, 2023. The 2024 fund balance is \$562,769 less than the previous year. 2024 budgetary expenditures for the Reserves Fund were \$248,000 and \$255,000 was budgeted.

General Fund Budgetary Highlights

The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements.

For 2024, the Board of Trustees appropriated \$1,393,940 for general fund expenditures and other financing uses.

2024 General Fund Budget

	Original	Final	
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>
Revenues	\$ 1,686,472	\$ 1,686,472	\$ 1,875,170
Expenditures	\$ 1,393,940	\$1,393,940	\$ 1,226,764

MANAGEMENT'S DISCUSSION AND ANALYSIS
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
For the Year Ended December 31, 2024

Capital Assets

Capital Assets. The District's investment in capital assets as of December 31, 2024 was \$3,034,052 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, bookmobile, books, audio visual equipment and a lease. Additional information on the District's capital assets can be found in Note 6.

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

Books and audio visual devices	\$ 77,797
Furniture and Equipment	12,495
Bookmobile	372,000
Solar System	115,551

The summary of capital assets at 12-31-24:

Land	\$ 143,826
Building	3,406,866
Furniture and equipment	220,049
Bookmobile	372,000
Books and audio visual devices	395,284
Leased assets	6,372
Accumulated Depreciation	<u>(1,559,313)</u>
Total Capital Assets	<u>\$ 3,034,052</u>

Long-Term Liabilities

At the end of 2024, the District had \$35,445 in long-term liabilities which consists of \$2,543 outstanding for the lease of office equipment and \$32,902 for accrued compensated absences.

Economic Factors and Next Year's Budget

For the fiscal year 2025 budget, the total mill levy is 3.5 mills. The mill levy for the fiscal year 2024 was also 3.5 mills.

The following factors were considered when the budget was prepared:

- The Southern Chaffee County Library District's overall financial position remained stable, with minimal projected increases in revenue for the fiscal year.
- Local and state economic indicators continue to reflect a high cost of living, impacting operational planning.
- The planned launch of the Bookmobile and its dedicated catalog in the fall of 2024, expected to enhance outreach and expand access to services for our community.
- Ongoing evaluation of facilities management remains a priority, with consideration given to necessary capital improvement projects and maintenance needs.
- Escalating healthcare expenses have affected staffing expenditures, requiring careful budget adjustments to maintain service levels.

MANAGEMENT’S DISCUSSION AND ANALYSIS
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
For the Year Ended December 31, 2024

The District’s ongoing participation in library consortiums remains a strategic priority, enabling continued access to a broad range of shared materials and digital resources. However, due to current political and economic conditions, the operational costs associated with these partnerships are projected to rise, resulting in increased participation fees for the District.

The District continues to see increased attendance at in-house programs, reinforcing the importance of sustained budgetary support for program development and delivery. Additionally, growing usage of digital resources—including eBooks and audiobooks via Libby/OverDrive, as well as streaming services such as Kanopy—reflects the continued demand for accessible and comprehensive virtual offerings.

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

Request for Information

This financial report is designed to provide a general overview of the District’s finances, compliance with finance related laws and regulations, and demonstrate the District’s commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Salida Regional Library Director at 405 E. Street Salida, CO 81201. Susan Matthews smatthews@salidalibrary.org 719-538-4826

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
December 31, 2024

Assets

Cash and equivalents	\$	166,503
Investments		2,561,768
Taxes receivable		1,570,035
Prepaid expenses		19,949
Capital assets		
Non-depreciable		143,826
Depreciable - net		2,890,226
		2,890,226
Total Assets		7,352,307

Liabilities

Accounts payable		11,589
Accrued salaries		10,858
Payroll liabilities		262
Long-term liabilities		
Due within one year		25,725
Due in more than one year		9,720
		9,720
Total Liabilities		58,154

Deferred Inflow of Resources

Deferred inflow - property taxes		1,559,349
		1,559,349

Net Position

Invested in capital assets, net of related debt		3,031,510
Restricted for:		
Emergencies		58,000
Endowment		349,604
Unrestricted		2,295,690
		2,295,690
Total Net Position	\$	5,734,804

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

STATEMENT OF ACTIVITIES
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
For the year ended December 31, 2024

	Program Revenue				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Government activities:					
Culture and recreation:					
Salaries and benefits	\$ 667,262	\$ -	\$ -	\$ -	\$ (667,262)
Library materials	79,185	20,112	5,500	-	(53,573)
Special events and programs	40,100	-	-	-	(40,100)
General operating	154,647	-	2,130	-	(152,517)
Building operations	87,027	-	-	-	(87,027)
Depreciation and amortization	161,442	-	-	-	(161,442)
Total	\$ 1,189,663	\$ 20,112	\$ 7,630	\$ -	\$ (1,161,921)
General revenues and taxes					
Taxes:					
General property taxes					\$ 1,657,646
Penalties and interest					4,399
Specific ownership taxes					149,866
Investment earnings (loss)					126,445
Other revenue					1,049
					<u>1,939,405</u>
					777,484
					4,957,320
					<u>\$ 5,734,804</u>

Total General Revenues and Taxes
Change in Net Position
Net Position - Beginning
Net Position - Ending

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

BALANCE SHEET- GOVERNMENTAL FUNDS
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
 December 31, 2024

	Major Funds			<u>Total</u>
	<u>General Fund</u>	<u>Endowment Fund</u>	<u>Reserves Fund</u>	
<u>Assets</u>				
Cash and cash equivalents	\$ 52,252	\$ 109,952	\$ 4,300	\$ 166,504
Investments	306,478	239,652	2,015,637	2,561,767
Taxes receivable	<u>1,570,035</u>	<u>-</u>	<u>-</u>	<u>1,570,035</u>
Total Assets	<u>1,928,765</u>	<u>349,604</u>	<u>2,019,937</u>	<u>4,298,306</u>
<u>Liabilities</u>				
Accounts payable	11,589	-	-	11,589
Payroll liabilities	262	-	-	262
Accrued wages	<u>10,858</u>	<u>-</u>	<u>-</u>	<u>10,858</u>
Total Liabilities	<u>22,709</u>	<u>-</u>	<u>-</u>	<u>22,709</u>
<u>Deferred Inflow of Resources</u>				
Deferred inflow - property taxes	<u>1,559,349</u>	<u>-</u>	<u>-</u>	<u>1,559,349</u>
<u>Fund Balances</u>				
Nonspendable	-	199,899	-	199,899
Restricted				
Emergency	58,000	-	-	58,000
Capital Expenditures	-	149,705	-	149,705
Committed	-	-	2,019,937	2,019,937
Unassigned	<u>288,707</u>	<u>-</u>	<u>-</u>	<u>288,707</u>
Total Fund Balances	<u>\$ 346,707</u>	<u>\$ 349,604</u>	<u>\$ 2,019,937</u>	<u>\$ 2,716,248</u>

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

RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
December 31, 2024

Total Fund Balances - Government Funds	\$ 2,716,248
Amounts reported for governmental activities in the Statement of Net Position were different because:	
Capital assets used in governmental activities were not current financial resources, and therefore, are not reported in the governmental funds.	3,034,052
Some expenditures reported in the governmental funds require the use of current financial resources because items are prepaid using the payments method and, therefore, are not reported as expenses in the Statement of Activities	19,949
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Leases	(2,543)
Compensated absences	<u>(32,902)</u>
Net Position of Governmental Activities	<u>\$ 5,734,804</u>

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT

GOVERNMENTAL FUNDS

For the Year Ended December 31, 2024

	Major Funds			Total
	General Fund	Endowment Fund	Reserves Fund	
Revenues				
General property tax	\$ 1,657,646	\$ -	\$ -	\$ 1,657,646
Penalty and interest	4,399	-	-	4,399
Specific ownership tax	149,866	-	-	149,866
Investment income (loss)	35,517	14,870	76,058	126,445
Grant and donation income	7,630	-	-	7,630
Charges for services	20,112	-	-	20,112
Other	-	1,049	-	1,049
Total Revenues	<u>1,875,170</u>	<u>15,919</u>	<u>76,058</u>	<u>1,967,147</u>
Expenditures				
Program Services:				
Salaries and fringe benefits	660,478	-	-	660,478
Library materials	77,613	-	-	77,613
Special events and programs	40,100	-	-	40,100
General operating	155,703	-	-	155,703
Building operations and maintenance	87,027	-	-	87,027
Capital outlay	205,843	-	372,000	577,843
Total Expenditures	<u>1,226,764</u>	<u>-</u>	<u>372,000</u>	<u>1,598,764</u>
Excess of Revenues Over (Under) Expenditures	648,406	15,919	(295,942)	368,383
Other Financing Sources (Uses)				
Transfers in (out)	<u>(838,775)</u>	<u>(19,936)</u>	<u>858,711</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(190,369)	(4,017)	562,769	368,383
Fund balances - beginning	<u>537,076</u>	<u>353,621</u>	<u>1,457,168</u>	<u>2,347,865</u>
Fund balances - ending	<u>\$ 346,707</u>	<u>\$ 349,604</u>	<u>\$ 2,019,937</u>	<u>\$ 2,716,248</u>

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

**RECONCILIATION OF REVENUES, EXPENDITURES CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT

For the Year Ended December 31, 2024

Total Net Change in Fund Balances - Governmental Funds \$ 368,383

Amounts reported for governmental activities in the Statement of Activities and Changes in Net Position were different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives as depreciation expense.

Capital outlay	\$ 577,843	
Depreciation expense	(159,495)	
Amortization expense	<u>(1,947)</u>	416,401

Expenditures for services which benefit a future period are reported as prepaid expenses and included in current assets in the government-wide statement of net position. In the governmental fund financial statements they are treated as expenditures when paid. This is the amount by which prepaid expenditures increased (decreased) from the prior year. 2,539

The issuance of long-term obligations provide current financial resources to the governmental funds, while repayment of the principal of long-term obligations consumes the current financial resources of the governmental funds. The net effect of these differences in the treatment of long-term obligations and related items. 1,947

Principal payments on long-term obligations

In the statement of activities, certain operating expenses - compensated absences (PTO) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used or due (essentially, the amounts actually paid). This amount represents the net effect on the statement of activities. (11,786)

Change in Net Position - Governmental Activities \$ 777,484

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

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
December 31, 2024

Note 1 - Summary of Significant Accounting Policies

The basic financial statements of Southern Chaffee County Regional Library District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the District are described below.

Financial Reporting Entity

The Southern Chaffee County Regional Library District is incorporated as a library district under the laws of the State of Colorado. The District is governed by an appointed five-member Board of Trustees in accordance with CRS 24-90-108(2)(c). As required by generally accepted accounting principles, these financial statements present the Southern Chaffee County Regional Library District (the primary government) and its component units, if any. No additional separate governmental units, agencies, or nonprofit corporations are included in the financial statements of the District since none were discovered to fall within the oversight responsibility based upon the application of the following criteria: financial accountability, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

Government-wide Financial Statements

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

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

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

Reconciliation of Government-Wide and Fund Financial Statements

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

NOTES TO FINANCIAL STATEMENTS (Continued)
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
December 31, 2024

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, are recorded only when payment is due.

Grants and similar items are recognized when requirements imposed by the provider have been met.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the Government-wide financial statements. The District has presented all major funds that meet the applicable criteria. The following funds are major funds:

General Fund

This fund records financial transactions for the regular operations of the District. All revenues and expenditures not allocated by law or contractual agreement to a special fund are accounted for in this fund.

Endowment Fund

The Endowment Fund is used to account for contributions wherein the principal amount of the gift is restricted and only the earnings from investments are available for future operating or capital expenditures.

Reserves Fund

The Reserves Fund is used to account for the accumulation of resources for approved future project expenditures. (This fund is not considered a major special revenue fund under GASB 54, paragraph 30).

Cash and Investments

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
December 31, 2024

Note 1 - Summary of Significant Accounting Policies (Continued)

Cash and Investments (Continued)

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

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

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The District considers all accounts receivable to be collectible and, accordingly, provides no allowance for doubtful accounts.

Property Taxes

Chaffee County is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of the levy year and may be paid in two equal installments before the last day of February and the 15th day of June or in full before the last day of April.

Property taxes are recognized as revenue when they are levied because they are considered to be both measurable and available. Available means due or past due and receivable within the current period and collected no more than 60 days after December 31.

Deposits and Prepaid Expenses

Prepaid expenses include amounts paid for items that benefit the next year.

Capital Assets

Capital assets are defined by the District as assets tangible in nature. Purchased or constructed capital assets are recorded at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

Capital assets are depreciated using the straight line method over the following estimated useful lives.

Buildings and improvements	50 years
Bookmobile	10 years
Books and audio-visual devices	5 years
Furniture and equipment	3 - 10 years

Land is not depreciated and assets under construction are not depreciated until they become available for service.

Deferred Outflows/Inflows of Resources

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
December 31, 2024

Note 1 - Summary of Significant Accounting Policies (Continued)

Accounts Payable

Accounts payable represent obligations due to vendors for goods delivered or services rendered prior to December 31, 2024.

Compensated Absences

Compensated absences arise from policies concerning vacation and sick leave. The District has a PTO (paid time off) plan, which is an all-purpose, flexible approach combining vacation, sick and personal leave. The amount of PTO varies between ten and twenty-two hours per month depending upon the number of years of continuous service by the employee. The employees are allowed to accumulate between 160-480 hours of PTO based on their years of service. At the time of separation, employees will be paid a percentage of unused PTO depending on the years of service which range from 20% to 100%.

Amounts recognized as expenditures on the fund financial statements are those which have been paid in the current year or are expected to be liquidated with currently available expendable financial resources. In the government-wide statement, PTO is accrued when incurred and reported as a liability of the governmental type activity.

Accounting Principles - Leases

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

Accounting Principles - SBITA

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

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

New Accounting Pronouncement - Compensated Absences

In June 2022, the GASB issued GASB Statement No. 101, *Compensated Absences*. This standard updates the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The District adopted the standard on January 1, 2024. There was no effect on beginning net position.

NOTES TO FINANCIAL STATEMENTS (Continued)
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
December 31, 2024

Note 1 - Summary of Significant Accounting Policies (Continued)

Net Position

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

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

Fund Balances

The District presents fund balances in clearly defined categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. In the fund financial statements that following classifications describe the relative strength of the spending constraints.

- *Non-spendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory) or is legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation. The portion of net position restricted for emergency is the TABOR reserve requirement which is 3% of the fiscal year's spending excluding bonded debt service.
- *Committed fund balance* - The portion of fund balance constrained for specific purposes according to limitations imposed by the District's highest level of decision making authority, the Board of Trustees, prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Board of Trustees.
- *Assigned fund balance* - The portion of fund balance set aside for planned or intended purposes. The intended use may be expressed by the Board of Trustees or other individuals authorized to assign funds to be used for a specific purpose. Assigned fund balance in special revenue funds will also include any remaining fund balance that is not restricted or committed. This classification is necessary to indicate that those funds are, at a minimum, intended to be used for the purpose of that particular fund.
- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the above criteria. The District will only report a positive unassigned fund balance in the General Fund.

If both restricted and unrestricted amounts of fund balance are available for use when an expenditure is incurred, it is District policy to use restricted amounts first. Unrestricted fund balance will be used in the following order: committed, assigned and unassigned.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS (Continued)
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
December 31, 2024

Note 2 - Stewardship, Compliance, and Accountability

Budgets and Budgetary Data

Formal budgetary accounting is employed as a management control tool for all funds of the District. Budgets are prepared on the modified accrual basis of accounting for all government fund types. Annual operating budgets are adopted each fiscal year through passage of an annual budget resolution. The Board of the Trustees may amend the original adopted budget during the year by passing a new resolution to reflect current needs, changing conditions, or revised estimates. The budgetary amounts presented in the accompanying financial statements/schedules reflect original and most recent amended amounts which were adopted in accordance with the appropriate provisions of state law. All unencumbered budget appropriations lapse at the end of each fiscal year. The District does not recognize encumbrances.

Differences between the budgetary reporting basis and the generally accepted accounting principles (GAAP) basis used to reflect actual revenues and expenditures are described as follows:

1. In 2023, a deposit for a bookmobile was reported as an asset on the GAAP basis and was treated as an expenditure on the budgetary basis. In 2024, the District received the bookmobile and the \$124,000 deposit was treated as a capital outlay expenditure on the GAAP basis and was not treated as an expenditure on the budgetary basis.

Tax, Revenue, Spending and Debt Limitations

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR imposes tax raising, revenue, spending and debt limitations on local government entities within the State of Colorado. These limitations became effective for the first fiscal year beginning after December 31, 1992.

In 2000, the Southern Chaffee County Regional Library District passed a referendum regarding the revenue and spending limits imposed by Article X, section 20 of the Colorado constitution. The referendum allows the District, without increasing or adding any taxes of any kind, to collect, retain and expend all revenues and other funds collected during 1999 and thereafter.

In addition to the tax raising, revenue, spending and debt limitation provisions of TABOR, there is also a requirement that every entity to which TABOR applies must establish an "emergency reserve". To be used for declared emergencies only, each entity shall reserve 3% or more of its fiscal year spending excluding bonded debt service. For the year ended December 31, 2024, the District has reserved \$58,000, which represents 3% of fiscal year spending.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The District carries commercial insurance for such risks, including workers' compensation and accident insurance. Settled claims resulting from these risks did not exceed commercial insurance coverage during 2024.

Grant Funding

The District receives funding from state and other grants sources which may be subject to regulatory or other oversight by the granting agencies. Such oversight may include an audit or other compliance procedures. Any adjustments made by a granting agency would become a liability to the District. There are no such proceedings presently in progress.

NOTES TO FINANCIAL STATEMENTS (Continued)
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
 December 31, 2024

Note 3 - Cash Deposits and Investments

Deposits

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be equal to 102% of the aggregate uninsured deposits.

As of December 31, 2024, all of the District deposits were either insured by the Federal Deposit Insurance Corporation or held in eligible public depositories as required by PDPA.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned to it. The District's policy for custodial credit risk parallels Colorado statutes.

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

	<u>Carrying Amounts</u>	<u>Less Than One Year</u>	<u>Less Than Five Years</u>
Deposits:			
Cash and Checking	\$ 52,252	\$ 52,252	\$ -
Money markets	114,251	114,251	-
Investments:			
ColoTrust	1,898,985	1,898,985	-
Certificate of Deposit	235,000	-	235,000
U.S. Treasury Notes	427,783	427,783	-
Total	<u>\$ 2,728,271</u>	<u>\$ 2,493,271</u>	<u>\$ 235,000</u>

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. The law outlines the types of securities that public entities in Colorado may acquire and hold as investments. These include U.S. government and agency securities, certain bonds of political subdivisions, bankers' acceptances, commercial paper, local government investment pools, repurchase agreements, money market funds, and guaranteed insurance contracts. The statute also includes a provision limiting any investment to a five-year maturity unless the governing body authorizes a longer period.

The District has invested \$1,898,985 in the Colorado Government Liquid Asset Trust (ColoTrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. ColoTrust operates similarly to a money market fund and each share is equal in value to \$1. Investments of ColoTrust consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to ColoTrust in connection with the direct investment and withdrawal functions of ColoTrust. Substantially all securities owned by ColoTrust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by ColoTrust.

NOTES TO FINANCIAL STATEMENTS (Continued)
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
December 31, 2024

Note 3 - Cash Deposits and Investments (Continued)

Investments (Continued)

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

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

Interest Rate Risk - The District's policy of limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates parallels Colorado statutes. Specifically all securities are limited to a maximum maturity of five years from date of purchase unless the governing body authorizes a longer period.

Credit Risk - The District's general investment policy beyond the requirements of Colorado statutes is to apply the prudent-person rule: Prudence and protection of District funds are the primary criteria. All investments and bid requests for investments are predicated on liquidity, yield, safety and interest of the local economy. As of December 31, 2024, the District's investment in ColoTrust rates AAAM by Standard and Poor's and Aaa by Moody's and the U.S. agency securities were rated at Aaa by Moody's and AA+ by Standard and Poor's.

Note 4 - Accounts and Other Receivables

Taxes receivable consist of taxes which are due but will not be collected until January 2025. As of December 31, 2024, these receivables are considered both measurable and available.

Note 5 - Property Tax Accrual

Property taxes which have been levied for 2024 which will not be collected until 2025 have been accrued as a receivable at December 31, 2024. An offsetting amount for deferred inflow of resources - unavailable property tax revenue has also been recorded in the general fund.

Note 6 - Change in Capital Assets

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

NOTES TO FINANCIAL STATEMENTS (Continued)
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
December 31, 2024

Note 6 - Change in Capital Assets (Continued)

	Balance at 12-31-23	Additions	Deletions	Balance at 12-31-24
Governmental Activities				
Non Depreciable Assets				
Land	\$ 143,826	\$ -	\$ -	\$ 143,826
Depreciated Assets				
Buildings	3,291,315	115,551	-	3,406,866
Books and audio visual devices	407,315	77,797	89,828	395,284
Bookmobile	-	372,000	-	372,000
Furniture and fixtures	142,640	12,495	-	155,135
Office equipment	113,882	-	-	113,882
Leased assets	6,372	-	-	6,372
Total Depreciated Assets	<u>3,961,524</u>	<u>577,843</u>	<u>89,828</u>	<u>4,449,539</u>
Less Accumulated Depreciation				
Buildings	1,031,539	69,162	-	1,100,701
Books and audio visual devices	245,187	66,975	89,828	222,334
Bookmobile	-	12,400	-	12,400
Furniture and fixtures	101,273	8,606	-	109,879
Office equipment	107,818	2,352	-	110,170
Leased assets	1,882	1,947	-	3,829
Total Accumulated Depreciation	<u>1,487,699</u>	<u>161,442</u>	<u>89,828</u>	<u>1,559,313</u>
Total Capital Assets, net	<u>\$ 2,617,651</u>	<u>\$ 416,401</u>	<u>\$ -</u>	<u>\$ 3,034,052</u>

Depreciation expense by function:

Culture and recreation	<u>\$ 161,442</u>
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Note 7 - Long Term Liabilities

The following is a summary of the District's long-term liability transactions for the year ended December 31, 2024:

	Debt Outstanding January 1	Additions	Retirements and Repayments	Debt Outstanding December 31	Due Within One Year
Governmental activities:					
Leases	\$ 4,490	\$ -	\$ 1,947	\$ 2,543	\$ 2,024
Compensated absences	21,116	11,786	-	32,902	23,701
Totals	<u>\$ 25,606</u>	<u>\$ 11,786</u>	<u>\$ 1,947</u>	<u>\$ 35,445</u>	<u>\$ 25,725</u>

Leases

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

Year Ending December 31	Principal	Interest	Total
2025	\$ 2,024	\$ 63	\$ 2,087
2026	519	3	522
	<u>\$ 2,543</u>	<u>\$ 66</u>	<u>\$ 2,609</u>

NOTES TO FINANCIAL STATEMENTS (Continued)
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
December 31, 2024

Note 8 - Retirement Plans

The District is a member employer of the Colorado County Officials and Retirement Association. This Association was formed by Colorado State Statute to provide retirement benefits to employees of Colorado local governments. The Association administers two different retirements plans, 401(a) Defined Contribution Plan and a 457 Deferred Compensation Plan.

Defined Contribution Plan

The District provides pension benefits for all of its full-time and salaried employees through a defined contribution plan administered by the Colorado County Officials and Employees Retirement Association. Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Board of Trustees.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings and forfeitures, if any. Employees are eligible to participate upon the completion of six months of service and attaining age twenty-one (21). As required by the terms of the plan, the minimum the employees must contribute is 3% of compensation to the plan and the District must match employee contributions up to 6%. In addition, employees may make additional voluntary contributions not to exceed 10% of compensation. Employees are vested at 20% per year, becoming fully vested after five years, in employer contributions and earnings. Employer contributions forfeited by an employee before becoming fully vested are returned to the District.

The District's total payroll for the year ended December 31, 2024 was \$537,480. The District's contributions were calculated using the base earnings of eligible, participating employees of \$298,063. The District's contribution for 2024 was \$17,781, employees contribution was \$17,781, for a total of \$35,562.

The plan held no securities of the District or other related parties during the year or as of the end of the year.

Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457.

The plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan are deposited with the Colorado County Officials and Employees Retirement Association. During 2023, there were no participants in the plan.

Note 9 - Net Position and Fund Balance Classifications

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

Invested in capital assets, net of related debt	\$ 3,031,510
Restricted:	
Tabor	58,000
Endowment	349,604
Unrestricted	<u>2,295,690</u>
Total Net Position	<u><u>\$ 5,734,804</u></u>

NOTES TO FINANCIAL STATEMENTS (Continued)
SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT
 December 31, 2024

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

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

<u>Funds</u>	<u>Fund Balances</u>					<u>Totals</u>
	<u>Nonspendable</u>	<u>Restricted</u>		<u>Committed</u>		
	<u>Principal of Endowment</u>	<u>Tabor</u>	<u>Capital Expenditures</u>	<u>Capital Outlay</u>	<u>Unassigned</u>	
General	\$ -	\$ 58,000	\$ -	\$ -	\$ 288,707	\$ 346,707
Endowment	199,899	-	149,705	-	-	349,604
Reserves	-	-	-	2,019,937	-	2,019,937
	<u>\$ 199,899</u>	<u>\$ 58,000</u>	<u>\$ 149,705</u>	<u>\$ 2,019,937</u>	<u>\$ 288,707</u>	<u>\$ 2,716,248</u>

Note 10 - Interfund Transfers

Transfers and allocations are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them or to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers during the fiscal year ending December 31, 2024 consisted of transfers and allocations to the reserves fund from the general fund in the amount of \$838,775 and \$19,936 from the endowment fund to the reserves funds. Total transfers were \$858,711.

REQUIRED SUPPLEMENTARY INFORMATION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**BUDGET TO ACTUAL - GENERAL FUND****SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT**

For the Year Ended December 31, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
General property taxes	\$ 1,562,082	\$ 1,562,082	\$ 1,657,646	\$ 95,564
Penalty and interest	2,000	2,000	4,399	2,399
Specific ownership taxes	88,500	88,500	149,866	61,366
Investment income	12,500	12,500	35,517	23,017
Grant and donation income	7,500	7,500	7,630	130
Charges for services	13,300	13,300	20,112	6,812
Other income	590	590	-	(590)
Total Revenues	<u>1,686,472</u>	<u>1,686,472</u>	<u>1,875,170</u>	<u>188,698</u>
Expenditures				
Culture and recreation				
Accounting fees	650	650	-	650
Auditing fees	5,945	5,945	5,968	(23)
Contingency	46,851	46,851	-	46,851
Courier service	16,500	16,500	14,668	1,832
Dues and Subscriptions	7,000	7,000	7,117	(117)
Electronic subscriptions	30,000	30,000	26,477	3,523
Equipment, facilities and furnishings	187,520	187,520	156,197	31,323
Insurance	17,240	17,240	14,114	3,126
Janitorial fees and supplies	32,000	32,000	32,236	(236)
Legal	3,000	3,000	479	2,521
Library materials	117,500	117,500	113,087	4,413
Marmot	19,200	19,200	19,756	(556)
Miscellaneous	31,750	31,750	20,331	11,419
Office supplies	13,100	13,100	12,611	489
Postage	1,700	1,700	1,447	253
Programs	43,325	43,325	40,100	3,225
Recording materials	25,700	25,700	16,650	9,050
Repairs and Maintenance	20,600	20,600	13,292	7,308
Salaries and benefits	695,947	695,947	660,478	35,469
Telephone and telecom	8,780	8,780	8,101	679
Treasurer's fees	47,050	47,050	47,506	(456)
Utilities	22,582	22,582	16,149	6,433
Total Expenditures	<u>1,393,940</u>	<u>1,393,940</u>	<u>1,226,764</u>	<u>167,176</u>
Excess of Revenues Over (Under) Expenditures	292,532	292,532	648,406	355,874
Other Financing Sources (Uses)				
Transfers in (out)	-	-	(838,775)	(838,775)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	292,532	292,532	(190,369)	(482,901)
Fund Balance - Beginning	<u>300,000</u>	<u>300,000</u>	<u>537,076</u>	<u>237,076</u>
Fund Balance - Ending	<u>\$ 592,532</u>	<u>\$ 592,532</u>	<u>\$ 346,707</u>	<u>\$ (245,825)</u>

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET TO ACTUAL - ENDOWMENT FUND

SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT

For the Year Ended December 31, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Investment income	\$ 11,501	\$ 11,501	\$ 14,870	\$ 3,369
Other income	1,440	1,440	1,049	(391)
Total Revenues	<u>12,941</u>	<u>12,941</u>	<u>15,919</u>	<u>2,978</u>
Expenditures				
Miscellaneous	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	12,941	12,941	15,919	2,978
Other Financing Sources (Uses)				
Transfers in (out)	-	-	(19,936)	(19,936)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	12,941	12,941	(4,017)	(16,958)
Fund Balance - Beginning	<u>330,585</u>	<u>330,585</u>	<u>353,621</u>	<u>23,036</u>
Fund Balance - Ending	<u>\$ 343,526</u>	<u>\$ 343,526</u>	<u>\$ 349,604</u>	<u>\$ 6,078</u>

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

OTHER SUPPLEMENTARY INFORMATION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET TO ACTUAL - RESERVES FUND

SOUTHERN CHAFFEE COUNTY REGIONAL LIBRARY DISTRICT

For the Year Ended December 31, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Budget Basis Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Investment income (loss)	\$ 48,810	\$ 48,810	\$ 76,058	\$ 27,248
Total Revenues	<u>48,810</u>	<u>48,810</u>	<u>76,058</u>	<u>27,248</u>
Expenditures				
Capital outlay	255,000	255,000	248,000	7,000
Insurance	-	-	-	-
Miscellaneous	-	-	-	-
Total Expenditures	<u>255,000</u>	<u>255,000</u>	<u>248,000</u>	<u>7,000</u>
Excess of Revenues Over (Under) Expenditures	(206,190)	(206,190)	(171,942)	34,248
Other Financing Sources (Uses)				
Transfers in (out)	<u>412,000</u>	<u>412,000</u>	<u>858,711</u>	<u>446,711</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	205,810	205,810	686,769	480,959
Fund Balance - Beginning	<u>1,340,336</u>	<u>1,340,336</u>	<u>1,457,168</u>	<u>116,832</u>
Fund Balance - Ending	<u>\$ 1,546,146</u>	<u>\$ 1,546,146</u>	<u>\$ 2,143,937</u>	<u>\$ 597,791</u>

Reconciliation From Budgetary Basis to GAAP Basis of Accounting

Revenue (Budgetary Basis)	<u>\$ 76,058</u>
Expenditures (Budgetary Basis)	248,000
Plus:	
Deposit for capital outlay purchase - prior year	<u>124,000</u>
Expenditures (GAAP Basis)	<u>372,000</u>
Excess of Revenue Over (Under) Expenditures	<u>\$ (295,942)</u>

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