

**BERTHOUD COMMUNITY LIBRARY DISTRICT
BERTHOUD, COLORADO**

BASIC FINANCIAL STATEMENTS

December 31, 2025

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FINANCIAL SECTION

Board of Trustees
Berthoud Community Library District
Berthoud, Colorado

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Berthoud Community Library District (the "District"), as of and for the year ended December 31, 2025, 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 respective financial position of the governmental activities and each major fund of the Berthoud Community Library District as of December 31, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 and the budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

PB Solutions LLC

Littleton, Colorado
June 4, 2026

BERTHOUD COMMUNITY LIBRARY DISTRICT

Management's Discussion and Analysis

As management of Berthoud Community 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 fiscal year ended December 31, 2025. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

The year ending December 31, 2025 was the 16th year of operations for the Library District. The District's net position increased from \$1,383,848 to \$1,663,244 during the year.

The General Fund fund balance increased from \$984,615 to \$1,272,268.

Operations of the Library are funded primarily through property taxes.

Overview of the Financial Statements

This Management's Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include: (1) district-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

Government-wide Financial Statements

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

- The *Statement of Net Position*. This is the government-wide statement of financial position presenting information that includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference 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 as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of District infrastructure, in addition to the financial information provided in this report.
- The *Statement of Activities* reports how the District's net position changed during the current year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by the District's taxpayers.

Both government-wide financial statements distinguish governmental activities of the District that are principally supported by property taxes from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general library operations. The District has no business-type activities.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's significant funds. The District reports one governmental fund, the General Fund.

The District has one fund type. *Governmental funds* are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements.

However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financial requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to assist in understanding the difference between these two perspectives.

Notes to Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's detailed budget presentation. This statement demonstrates compliance with the District's adopted and final revised budget.

Government-Wide Financial Analysis

The following represents condensed financial information taken from the government-wide (accrual basis) financial statements for the years ended December 31, 2025, and 2024.

The District's net position increased in 2025 primarily due to an increase in property taxes due to rising property valuations and an increase to income on investments due to higher interest rates (See Capital Assets below).

The District is reliant on property tax and SOT revenue to support operations. During 2025, taxes provided 94% of the District's total revenues.

For the tax collection year 2025, the annual authorized operating mill levy was 2.400.

Berthoud Community Library District Net Position

	Governmental Activities 12/31/2025	Governmental Activities 12/31/2024
ASSETS		
Cash and Investments	\$1,273,733	\$ 987,666
Property Taxes Receivable	1,007,623	932,698
Capital Assets, Net	443,270	445,773
Total Assets	\$ 2,724,626	\$2,366,137
LIABILITIES		
Accrued Liabilities	715	1,968
Accrued Salaries	750	1,083
Compensated Absences	52,294	46,540
Total Liabilities	53,759	49,591
Deferred Flow of Resources	1,007,623	932,698
NET POSITION		
Net Investment in Capital Assets	443,270	445,773
Restricted	30,000	30,000
Unrestricted	1,189,974	908,075
Total Net Position	\$1,663,244	\$1,383,848

Berthoud Community Library District Changes Net Position

	Governmental Activities	
	12/31/2025	12/31/2024
Program Revenue:		
Charges for Services	\$ 4,343	\$ 4,433
Operating Grants and Contributions	20,771	15,461
Total Program Revenue	25,114	19,894
General Revenue:		
Property and SO Taxes	989,508	1,003,855
Investment Earnings	41,603	8,869
Total General Revenue	1,031,111	1,012,724
Total Revenue	1,056,225	1,032,618
Expenses:		
Library Services	776,829	867,872
Total Expenses	776,829	867,872
Increase (Decrease) in Net Position	279,396	164,746
Beginning Net Position	1,383,848	1,219,102
Ending Net Position	\$ 1,663,244	\$ 1,383,848

Financial Analysis of the Funds

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's *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, unrestricted, unassigned fund balance may serve as a useful measure of the District's net resources that are available for spending at the end of the fiscal year.

The District has one governmental fund, the General Fund. The General Fund is the chief operating fund of the District

Income – The majority of the District's income is from property tax and specific ownership tax. Due to the changing assessment rates established by the State Legislature, the 2025 income from taxes was lower than the 2024 income. The District also gets a small percentage of its income from grants, including the State Grants to Libraries; fees for services such as printing; donations; and interest earned. These non-tax income amounts were primarily stable between 2024 and 2025.

Expenditures –The District expended fewer funds on staff salaries due to small wage increases, stable schedules for part-time staff members, and gaps in positions being vacated and filled. The District's Board of Trustees also directed staff to increase programming opportunities by hiring more outside presenters. In addition to the on-going programming initiatives, the District also presented its second Berthoud Literary Festival in 2025, resulting in a significant programming expenditure. The remaining District expenditures remained relatively flat compared to 2024.

Capital Assets and Long-Term Debt

Capital assets for the District consist of buildings and building improvements, and collection inventory.

Compensated absences is the District's total vacation and other compensated absences liability – The District employed 9 individuals during 2025. District policy states that upon separation of employment, employees will receive pay for earned, unused vacation, not to exceed one hundred-twenty (120) hours.

General Fund Budgetary Highlights

General Fund revenues were \$1,056,225; an increase of \$59,430 over final budget estimates. This is primarily due to the receiving more revenue than budgeted from interest. General Fund expenditures were \$160,568 less than budgeted. This was primarily due to facility maintenance and repairs costing less than the budgeted amounts; changes in the District's utility providers that reduced monthly charges; the lack of need for the District to spend money on services such as attorney fees; and programming and programming supplies costing less than the budgeted amounts.

Currently Known Facts

The District intends to continue to prioritize expenditures on staffing, programming, and collections in service to the community. The possibility of leasing and moving into an expanded space in the next three to five years means that the District also intends to build the general fund balance over the next few years in anticipation of expenditures that will exceed revenues in the event of furnishing and outfitting a larger library space.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Amie Pilla, Library CEO.

BASIC FINANCIAL STATEMENTS

BERTHOUD COMMUNITY LIBRARY DISTRICT

STATEMENT OF NET POSITION

December 31, 2025

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Investments	\$ 1,273,733
Taxes Receivable	1,007,623
Capital Assets, Depreciated, Net of Accumulated Depreciation	<u>443,270</u>
TOTAL ASSETS	<u>2,724,626</u>
LIABILITIES	
Accounts Payable	715
Accrued Salaries and Benefits	750
Noncurrent Liabilities	
Due Within One Year	15,688
Due in More Than One Year	
Compensated Absences	<u>36,606</u>
TOTAL LIABILITIES	<u>53,759</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax Revenues	<u>1,007,623</u>
NET POSITION	
Net Investment in Capital Assets	443,270
Restricted	30,000
Unrestricted	<u>1,189,974</u>
TOTAL NET POSITION	<u>\$ 1,663,244</u>

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

BERTHOUD COMMUNITY LIBRARY DISTRICT

STATEMENT OF ACTIVITIES
Year Ended December 31, 2025

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE)
		CHARGES FOR	OPERATING	CAPITAL	REVENUE
		SERVICES	GRANTS AND	GRANTS AND	AND CHANGES
			CONTRIBUTIONS	CONTRIBUTIONS	IN NET POSITION
					GOVERNMENTAL
					ACTIVITIES
PRIMARY GOVERNMENT					
Governmental Activities					
Library Services	\$ 776,829	\$ 4,343	\$ 20,771	\$ -	\$ (751,715)
Total Primary Government	<u>\$ 776,829</u>	<u>\$ 4,343</u>	<u>\$ 20,771</u>	<u>\$ -</u>	<u>\$ (751,715)</u>
		GENERAL REVENUES			
		Property Taxes			931,192
		Specific Ownership Taxes			58,316
		Earnings on Investments			41,603
		TOTAL GENERAL REVENUES			<u>1,031,111</u>
		CHANGE IN NET POSITION			279,396
		NET POSITION, Beginning			<u>1,383,848</u>
		NET POSITION, Ending			<u>\$ 1,663,244</u>

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

BERTHOUD COMMUNITY LIBRARY DISTRICT

BALANCE SHEET
GENERAL FUND
December 31, 2025

ASSETS	
Cash and Investments	\$ 1,273,733
Taxes Receivable	1,007,623
TOTAL ASSETS	<u>\$ 2,281,356</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
LIABILITIES	
Accounts Payable	\$ 715
Accrued Expenses	750
TOTAL LIABILITIES	<u>1,465</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax Revenues	<u>1,007,623</u>
FUND BALANCES	
Restricted for Emergencies	30,000
Committed	
Literacy Reserve	12,807
Building Reserve	13,500
Operating Reserve	948,926
Unassigned	267,035
TOTAL FUND BALANCES	<u>1,272,268</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 2,281,356</u>

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

BERTHOUD COMMUNITY LIBRARY DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
Year Ended December 31, 2025

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

Total fund balances of governmental funds			\$ 1,272,268
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.			
	Capital Assets, Depreciated	647,711	
	Accumulated Depreciation	<u>(204,441)</u>	443,270
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds.			
	Compensated Absences		<u>(52,294)</u>
Net position of governmental activities			<u><u>\$ 1,663,244</u></u>

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

BERTHOUD COMMUNITY LIBRARY DISTRICT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL FUND
Year Ended December 31, 2025

REVENUES	
Property Taxes	\$ 931,192
Specific Ownership Taxes	58,316
Charges for Services	4,343
Grants and Contributions	20,771
Earnings on Investments	<u>41,603</u>
TOTAL REVENUES	<u>1,056,225</u>
EXPENDITURES	
Current	
Library Services	<u>768,572</u>
TOTAL EXPENDITURES	<u>768,572</u>
CHANGE IN FUND BALANCES	287,653
FUND BALANCES, Beginning	<u>984,615</u>
FUND BALANCES, Ending	<u><u>\$ 1,272,268</u></u>

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

BERTHOUD COMMUNITY LIBRARY DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2025

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

Net change in fund balances - total governmental funds		\$	287,653
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.			
Capital Outlay	43,965		
Depreciation	<u>(46,468)</u>		(2,503)
Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds.			
Changes in Compensated Absences			<u>(5,754)</u>
Change in net position of governmental activities		\$	<u><u>279,396</u></u>

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

BERTHOUD COMMUNITY LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Berthoud Community Library District (the “District”) was formed on November 8, 2008, by ballot initiative. The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units. The District is governed by an elected board of seven members. Following is a summary of the more significant policies:

Reporting Entity

The financial reporting entity consists of the District and organizations for which the District is financially accountable. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the District. In addition, any legally separate organizations for which the District is financially accountable are considered part of the reporting entity. Financial accountability exists if the District appoints a voting majority of the organization’s governing board and is able to impose its will on the District, or if the organization provides benefits to, or imposes financial burdens on the District.

Based upon the application of these criteria, no additional organizations are includable within the District’s reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported in a single column. Likewise, the *primary government* is reported separately from the legally separate *component units* for which the District is financially accountable.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the 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.

BERTHOUD COMMUNITY LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

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

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

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

In the fund financial statements, the District reports the following major governmental fund:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

Assets, Liabilities, and Fund Balance/Net Position

Deposits and Investments – The District considers cash and cash equivalents to be all demand deposits as well as short- term investments with a maturity date of three months or less. Investments are stated at fair value.

Receivables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Capital Assets – Capital assets, which include property, equipment, and books and audio-visual materials, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of one year except for library books and audio-visual materials, which are capitalized regardless of cost. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

BERTHOUD COMMUNITY LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Balance/Net Position (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives. Library books and audio-visual materials are depreciated using a composite rate on a first-in, first-out basis.

Buildings and Improvements	40 years
Books and Audio-Visual Materials	10 years

Compensated Absences – District employees are entitled to certain compensated absences based on their length of employment and are allowed to accumulate unused absences. Employees are limited to the amount of accumulated vacation leave that can be carried to the next fiscal year depending on the employee's years of service. Upon termination of employment, employees are entitled to receive compensation for accrued vacation days at their current pay rate. These compensated absences are recognized as expenditures when due in the General Fund. A liability in the amount of \$52,294 has been recorded in the government-wide financial statements for the accrued compensated absences.

Deferred Outflows and Deferred Inflows of Resources – In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Property Taxes – Property taxes are levied on December 15 based on the assessed value of property as certified by the County Assessor on October 1. The property tax may be paid in total by April 30 or one-half payment by February 28 and the second half by June 15. The billings are considered due on these dates. The bill becomes delinquent, and penalties and interest may be assessed by the County Treasurer on the postmark day following these dates. The tax sale date is the first Thursday of November.

Under Colorado Law, all property taxes become due and payable on January 1, in the year following that in which they are levied. The County Treasurer's Office collects property taxes and remits them to the District on a monthly basis.

BERTHOUD COMMUNITY LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Balance/Net Position (Continued)

Net Position – The government-wide financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Investment in Capital Assets is intended to reflect the portion of net position which is associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position represents liquid assets, which have third party limitations on their use.

Unrestricted Net Position represents assets that do not have any third-party limitation on their use. While District management may have categorized and segmented a portion for various purposes, the District Board has the unrestricted right to revisit or alter these managerial decisions.

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The District does not report any nonspendable fund balances.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees. These amounts cannot be used for any other purpose unless the Board of Trustees removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. As of December 31, 2025, the District reports committed fund balances for Literary Reserve, Building Reserve, and Operating Reserve.

BERTHOUD COMMUNITY LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Balance/Net Position (Continued)

- Assigned – This classification includes amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. As of December 31, 2025, the District does not report any assigned resources.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned fund balance.

Risk Management

Public Entity Risk Pool

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool was formed by an agreement of member special districts of the Special District Association as a separate and independent governmental and legal entity pursuant to the provisions of Article XIV, Section 18(2) of the Colorado Constitution and Section 29-1-201 et seq., 8-44-101(1)(C) and (3), 8-44-204, 24-10-115.5, and 29-13-102, C.R.S., as amended. Membership is restricted to Colorado Special Districts, which are members of the Special District Association.

The purpose of the Pool is to provide defined liability, property, and workers compensation coverage, and claims and risk management services related hereto, for member special districts through a self-insurance pool.

The District pays annual premiums to the Pool. In the event aggregate losses incurred by the Pool exceed amounts recoverable from the reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds, which the Pool determines are not needed for purposes of the Pool, may be returned to the members pursuant to a distribution formula.

Subsequent Events

The District has evaluated events subsequent to the year ended December 31, 2025, through June 4, 2026, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

BERTHOUD COMMUNITY LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 2: CASH AND INVESTMENTS

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2025, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

At December 31, 2025, the District had deposits with financial institutions with a carrying amount of \$1,066,555. The bank balances with the financial institutions were \$1,071,485. Of these balances, \$250,000 were covered by federal depository insurance and \$821,485 were covered by collateral held by authorized escrow agents in the financial institution's name (PDPA).

Investments

Interest Rate Risk

State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five year. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

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

BERTHOUD COMMUNITY LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 2: CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk

State statutes do not limit the amount the District may invest in one issuer, except for corporate securities.

Local Government Investment Pools

The District invested \$207,178 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00 (net asset value). Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions.

Substantially all securities owned 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 the entities. ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

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BERTHOUD COMMUNITY LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025, is summarized below:

	Balance 12/31/2024	Additions	Deletions	Balance 12/31/2025
Governmental Activities				
Capital Asset, Being Depreciated				
Buildings and Improvements	\$ 327,785	\$ -	\$ -	\$ 327,785
Books and Audio-Visual Materials	317,858	43,965	41,897	319,926
Total Capital Assets, Being Depreciated	645,643	43,965	41,897	647,711
Accumulated Depreciation				
Buildings and Improvements	111,567	12,711	-	124,278
Books and Audio-Visual Materials	88,303	33,757	41,897	80,163
Total Depreciation	199,870	46,468	41,897	204,441
Net Capital Assets	\$ 445,773	\$ (2,503)	\$ -	\$ 443,270

Depreciation and Amortization expenses were charged to the Library Services program.

NOTE 4: DEFINED CONTRIBUTION PLAN

The District sponsors a Simplified Employee Retirement Plan (SEP) for all full-time employees. Employees are eligible to contribute to the plan upon hiring. The District contributes 5% of eligible wages as employer contributions. Employees may make voluntary contributions. During the fiscal years ended December 31, 2025, and 2024, the District contributed \$14,283 and \$13,765, respectively, to the plan.

NOTE 5: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the "Tabor Amendment"), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Tabor Amendment is complex and subject to judicial interpretations. The District believes it has complied with the Amendment.

The District has established a reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2025, the emergency reserve of \$30,000 was reported as a restriction of net position and fund balance in the Governmental Activities and General Fund, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

BERTHOUD COMMUNITY LIBRARY DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2025

	ORIGINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2024 ACTUAL
REVENUES				
Property Taxes	\$ 934,395	\$ 931,192	\$ (3,203)	\$ 948,714
Specific Ownership Taxes	45,000	58,316	13,316	55,141
Charges for Services	2,200	4,343	2,143	4,433
Grants and Contributions	12,700	20,771	8,071	15,461
Earnings on Investments	2,500	41,603	39,103	8,869
TOTAL REVENUES	996,795	1,056,225	59,430	1,032,618
EXPENDITURES				
Current				
Salaries and Benefits	481,000	448,745	32,255	458,469
Purchased Services	48,000	23,069	24,931	27,188
Insurance	56,500	56,771	(271)	10,907
Repairs and Maintenance	58,400	25,092	33,308	112,755
Library Materials	68,000	63,697	4,303	68,464
General and Office Supplies	21,500	10,524	10,976	10,563
Programming	60,000	16,526	43,474	25,310
Staff Development	20,000	17,858	2,142	14,656
Technology	56,740	42,623	14,117	52,186
Treasurer Fees	20,000	18,906	1,094	18,959
Utilities	22,000	18,039	3,961	17,502
Other	14,000	26,722	(12,722)	13,107
Capital Outlay	3,000	-	3,000	-
TOTAL EXPENDITURES	929,140	768,572	160,568	830,066
CHANGE IN FUND BALANCE	\$ 67,655	287,653	\$ 219,998	202,552
FUND BALANCES, Beginning		984,615		782,063
FUND BALANCES, Ending		\$ 1,272,268		\$ 984,615

See the accompanying independent auditor's report

ESTES VALLEY PUBLIC LIBRARY DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2025

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

State statutes require that all funds have legally adopted budgets and appropriations. Total expenditures may not exceed the amounts appropriated at the fund level. Budgets are adopted on a basis consistent with generally accepted accounting principles. For the year ended December 31, 2025, the District adopted a budget for the General Fund.

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Management submits to the Board of Trustees a proposed operating budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year end.
- Public hearings are conducted by the Board of Trustees to obtain taxpayer comments.
- Prior to December 15, the budget is adopted by formal resolution.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted or amended by the Board of Trustees.