



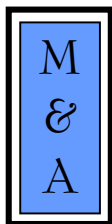
EAGLE VALLEY LIBRARY DISTRICT

Financial Statements
December 31, 2025

**Eagle Valley Library District
Financial Report
December 31, 2025**

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McMAHAN AND ASSOCIATES, L.L.C.

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Trustees
Eagle Valley Library District
Eagle, Colorado**

Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, and each major fund of Eagle Valley Library District (the "District"), as of and for the year ended December 31, 2025, which collectively comprise the District's basic financial statements as listed in the Table of Contents, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, and each major fund of Eagle Valley 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 ("U.S. GAAP").

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. 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 Eagle Valley Library District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Eagle Valley Library District's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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 one year after the date that the financial statements are issued.

Member: American Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT
To the Board of Trustees
Eagle Valley Library District
Eagle, Colorado

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 U.S. 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 U.S. 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

U.S. GAAP require that the Management's Discussion and Analysis in Section B 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 U.S. GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITOR'S REPORT
To the Board of Trustees
Eagle Valley Library District
Eagle, Colorado

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Eagle Valley Library District's basic financial statements. The individual fund budgetary comparisons in Section E are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund budgetary comparison 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. Such 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 U.S. GAAS. In our opinion, the information in Section E is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
May 28, 2026



Management Discussion and Analysis

Eagle Valley Library District Management's Discussion and Analysis

As management of Eagle Valley 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.

Financial Highlights

- The assets of the District exceeded its liabilities and deferred inflows of resources by \$27,206,297 at the close of the most recent fiscal year end. The unrestricted net position, which represents the amounts available to meet the District's ongoing obligations to citizens and creditors, was \$14,824,052.
- The District's total net position increased by \$3,059,049.
- At the end of the current fiscal year, unrestricted fund balance for the general fund was \$15,121,905 or 250% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis provided here are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise of two components: Government-wide financial statements and Notes to the Financial Statements.

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 similar to a private-sector business.

The Statement of Net Position presents information on all the District's assets and liabilities, and deferred inflows/outflows of resources, 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 government's Net Position changed during the most recent fiscal year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The governmental activity of the District is library services. There are currently no business-type activities of the District and the District discreetly presents the Eagle Valley Library Foundation, a non-profit organization formed exclusively for the benefit of, to perform the functions of, or to carry out the charitable and educational purposes of the District.

The government-wide financial statements can be found on pages C1 and C2 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. The District currently has one fund, the General Fund, which is a governmental fund.

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 inflows 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.

Overview of the Financial Statements (continued)

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 expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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 section D of this report.

Government-wide financial analysis

Almost all of the District's revenue was from property taxes (see the Notes to the Financial Statements). Most of the District's assets are reflected in the investment in capital assets (i.e., buildings, books, furniture, fixtures, and equipment). Capital assets account for 33% of the total assets. The District will use these assets to provide services to its citizens. Accordingly, these assets are not an available source for payment of future spending. Of the remaining net position, 3% of the governmental activities annual budget is restricted for use in the event of an emergency.

Eagle Valley Library District's Net Position

	2025	2024
Assets:		
Current and other assets	\$ 24,443,177	\$ 20,687,189
Capital assets	12,103,085	12,265,582
Total Assets	36,546,262	32,952,771
Liabilities:		
Current liabilities	141,110	233,365
Noncurrent liabilities	381,452	328,232
Total Liabilities	522,562	561,597
Deferred Inflows of Resources:		
Unavailable revenue - Property taxes	8,817,403	8,243,926
Total Deferred Inflows of Resources	8,817,403	8,243,926
Net Position:		
Investment in capital assets	12,103,085	12,265,582
Restricted	279,160	205,980
Unrestricted	14,824,052	11,675,686
Total Net Position	\$ 27,206,297	\$ 24,147,248

Approximately 44% of the District's Net Position reflects its investment in capital assets, which includes buildings, equipment, land, vehicles, and books and periodicals. The decrease in the District's investment in capital assets is largely due to current year depreciation expense exceeding capital asset additions.

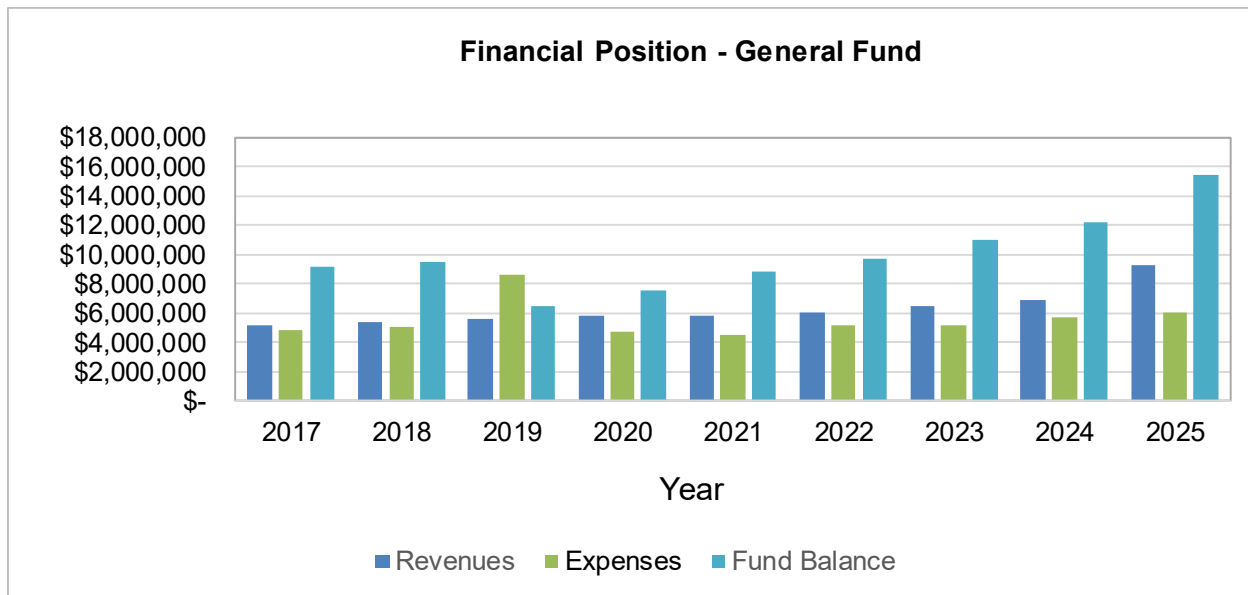
Government-wide financial analysis (continued):**Eagle Valley Library District's Change in Net Position**

Revenues:	2025	2024
Program revenues:		
Collection revenue	\$ 7,185	\$ 7,612
Grant income	20,684	17,233
Other income	20,402	13,013
General revenues:		
Property taxes	8,229,399	5,978,670
Specific ownership taxes	415,911	280,572
Interest on taxes	13,622	3,519
Earnings on investments	604,670	595,430
Total Revenues	9,311,873	6,896,049
Expenses:		
Personnel services	3,430,430	3,029,451
Supplies	245,056	368,365
Library materials	334,645	300,723
Insurance	54,036	49,360
Purchased services	823,843	866,512
Building costs and utilities	168,957	150,648
Treasurer's fee	247,293	179,466
Depreciation and amortization	948,564	877,572
Total Expenses	6,252,824	5,822,097
Change in Net Position	3,059,049	1,073,952
Net Position - Beginning	24,147,248	23,073,296
Net Position - Ending	\$ 27,206,297	\$ 24,147,248

The increase in net position is mainly attributable to savings in budgeted purchased service expenses, increase in property taxes due to an increase in assessed valuation by Eagle County, and savings in budgeted personnel costs. Property taxes were the most significant source of general revenues for the District accounting for approximately 88.4% of revenues. Specific ownership taxes, which consist of vehicle taxes collected at the County, were also a significant source of revenue accounting for 4.47% of total revenues. Lastly, earnings on investments, accounted for 6.49% of total revenues.

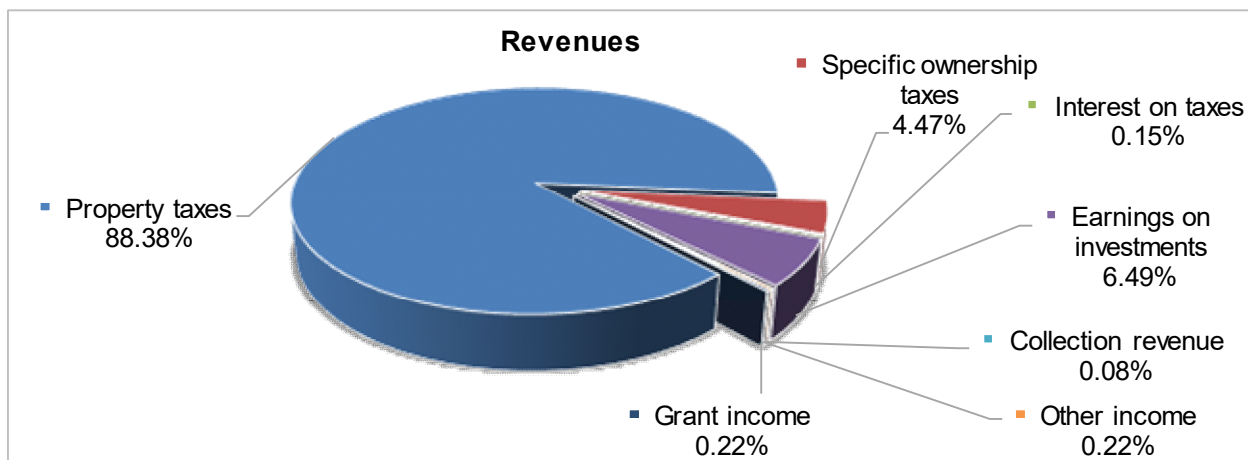
Financial Analysis of the District's Funds

As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District had the following changes in its General Fund for the years 2017 through 2025:



The District's General Fund had a change in fund balance of \$3,274,766 and an ending fund balance of \$15,484,664. Revenues increased \$2,415,824 from 2024. This was largely due to increases in earnings on investments and increase in property tax revenues as a result of higher assessed valuations of taxable properties within the District. Expenditures increased \$321,365 from 2024, due to a planned final payment on the books mobile, completion of the facilities masterplan, and slightly higher personnel costs.

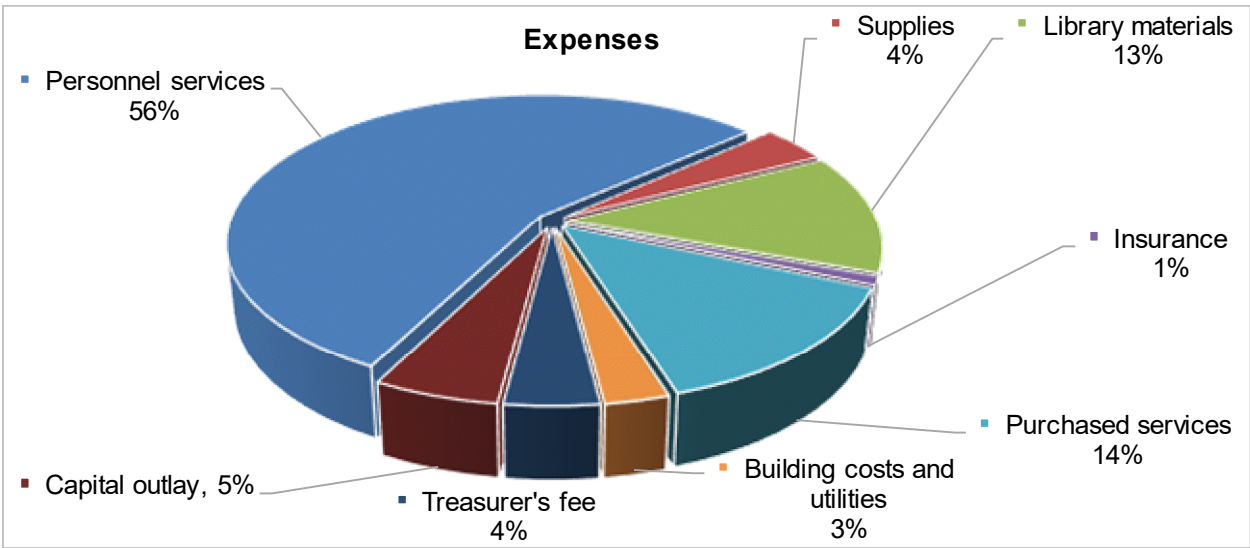
The following chart represents the District's revenues:



Property taxes make up the largest source of revenue for the District.

Financial Analysis of the District’s Funds (continued)

The following chart represents the District’s expenses:



The District’s General Fund expenditures and other financing sources increased 5.6%. Personnel services (wages, retirement, health insurance, etc.), library materials, and purchased services made up the largest source of expenditures for the District.

Budget variances in the General Fund

The District’s 2025 budget was approved at the end of 2024. The District did not amend its budget for 2025. Significant budget variances were as follows:

	Final Budget	Actual	Variance From Final Budget	Reason
Revenues:				
Earnings on investments	500,000	604,670	104,670	Conservative budgeting.
Expenditures:				
Purchased services	1,205,579	823,842	381,737	A contingency is allotted on an annual basis, but wasn't needed (\$150,000). Additionally, 2025 was the first year the bookmobile was operational, and the District budgeted conservatively unaware of what costs might be incurred, which led to a \$198,000 favorable savings.
Capital outlay	817,166	328,666	488,500	Projects were unexpectedly delayed.

Capital assets

The District’s had a net investment in capital of assets of \$12,103,085 at the end of 2025. Additional information as well as a detailed classification of the District’s net capital assets can be found in the Notes to the Financial Statements in section D of this report.

Next year's budget and rates

The District had \$15,484,664 of fund balance at the end of the current fiscal year. The District's 2026 budget anticipated a beginning balance of \$15,118,141. The 2026 budget anticipates revenues of \$9,760,103 and expenditures of \$7,642,588.

Request 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 government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Eagle Valley Library District, P.O. Box 240, Eagle, CO 81631 or you may call 970-328-8800.



EAGLE VALLEY
LIBRARY DISTRICT

Basic Financial Statements

Eagle Valley Library District
Statement of Net Position
December 31, 2025

	Primary Government		
	General Fund	Adjustments	Statement of Net Position
			Component Unit
Assets:			
Cash and cash equivalents	255,419	-	255,419
Investments	15,248,219	-	15,248,219
Cash with County Treasurer	38,537	-	38,537
Accounts receivable, net of allowance for doubtful accounts of \$49,316	-	-	-
Prepaid expenses	83,599	-	83,599
Property taxes receivable	8,817,403	-	8,817,403
Capital assets, net of depreciation	-	12,103,085	12,103,085
Total Assets	24,443,177	12,103,085	36,546,262
Liabilities:			
Current liabilities:			
Accounts payable	141,110	-	141,110
Non-current liabilities:			
Accrued compensated absences	-	381,452	381,452
Total Liabilities	141,110	381,452	522,562
Deferred Inflows of Resources:			
Unavailable revenue - Property taxes	8,817,403	-	8,817,403
Total Deferred Inflows of Resources	8,817,403	-	8,817,403
Fund Balance/Net Position:			
Fund Balance:			
Restricted	279,160	(279,160)	-
Nonspendable	83,599	(83,599)	-
Assigned for:			
Library expansion	8,909,177	(8,909,177)	-
Working capital	2,000,000	(2,000,000)	-
Replacement reserve	4,173,119	(4,173,119)	-
Unassigned	39,609	(39,609)	-
Total Fund Balance	15,484,664	(15,484,664)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balance	24,443,177		
Net Position:			
Investment in capital assets		12,103,085	12,103,085
Restricted for emergency reserve		279,160	279,160
Unrestricted		14,824,052	14,824,052
Total Net Position		27,206,297	27,206,297

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

Eagle Valley Library District
Statement of Revenues, Expenditures and Changes in Fund Balance / Statement of Activities
For the Year Ended December 31, 2025

	Primary Government			
	General Fund	Adjustments	Statement of Activities	Component Unit
Revenues:				
Property taxes	8,229,399	-	8,229,399	-
Specific ownership taxes	415,911	-	415,911	-
Interest on taxes	13,622	-	13,622	-
Investment income	604,670	-	604,670	6,557
Collection revenue	7,185	-	7,185	-
Donations	-	-	-	6,640
Grant income	20,684	-	20,684	-
Other income	20,402	-	20,402	-
Total Revenues	9,311,873	-	9,311,873	13,197
Expenditures/Expenses:				
Personnel services	3,377,211	53,219	3,430,430	-
Supplies	245,056	-	245,056	375
Library materials	792,045	(457,400)	334,645	-
Insurance	54,036	-	54,036	-
Purchased services	823,842	1	823,843	-
Building costs and utilities	168,957	-	168,957	-
Treasurer's fee	247,293	-	247,293	-
Capital outlay	328,667	(328,667)	-	-
Depreciation	-	948,564	948,564	-
Total Expenditures/Expenses	6,037,107	215,717	6,252,824	375
Change in Fund Balance / Net Position	3,274,766	(215,717)	3,059,049	12,822
Net Position - Beginning of Year	12,209,898		24,147,248	178,100
Net Position - Ending of Year	15,484,664		27,206,297	190,922

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



Notes to the Basic Financial Statements

**Eagle Valley Library District
Notes to the Basic Financial Statements
December 31, 2025**

I. Summary of Significant Accounting Policies

Eagle Valley Library District (the "District") was established November 3, 1992, by a vote of the Eagle County electorate. The District operates under the laws of the State of Colorado and is governed by a Board of Trustees appointed by the Eagle County Commissioners. The Trustees are appointed for a five-year term. The District was formed to provide for the selection, organization and distribution of books and other materials to residents and visitors to the District. The District currently has libraries located in Eagle, Avon, and Gypsum, Colorado.

The District's financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

The reporting entity consists of the primary government and component units. Component units are legally separate entities that are included in a government's reporting entity because of the significance of their operating or financial relationships with the District. The District's financial statements include the Eagle Valley Library District Foundation, Inc. (the "Foundation") which was formed exclusively to carry out the charitable and education functions of the District.

The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component unit.

B. Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. Currently, the District has only governmental activities.

1. Government-wide Financial Statements

In the government-wide Statement of Net Position, the governmental activities columns are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's Net Position is reported in three parts - invested in capital assets, net of related debt, restricted Net Position and unrestricted Net Position.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's Net Position resulting from the current year's activities.

Eagle Valley Library District
Notes to the Basic Financial Statements
December 31, 2025
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

2. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, TABOR reserves, fund equity, revenues, and expenditures/expenses.

The fund focus is on current available resources and budget compliance.

The District reports a General Fund, which accounts for resources devoted to financing the general services that the District performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund. The fund is used to account for all activities for which a separate fund has not been established.

C. Measurement Focus and Basis of Accounting

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures or expenses are recognized in the accounts and reported in the financial statements.

1. Long-term Economic Focus and Accrual Basis

Governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

D. Financial Statement Accounts

1. Cash, Cash Equivalents, and Investments

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with maturities of three months or less.

**Eagle Valley Library District
Notes to the Basic Financial Statements
December 31, 2025
(Continued)**

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

1. Cash, Cash Equivalents, and Investments (continued)

Investments are stated at fair value or net asset value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The District follows Colorado statutes specifying specific investment instruments meeting defined rating criteria in which local governments may invest, which include:

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

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

3. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by governmental units until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable on the fund financial statements.

4. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements.

5. Capital Assets

Capital assets, which include buildings, equipment, vehicles and infrastructure, are reported in the government-wide financial statements. Capital assets include assets with an individual cost of \$5,000 or more and an estimated useful life in excess of two years. Books and periodicals, although having an individual cost of less than \$5,000, are also considered capital assets. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

**Eagle Valley Library District
Notes to the Basic Financial Statements
December 31, 2025
(Continued)**

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

5. Capital Assets (continued)

Books and periodicals are depreciated using the average of the past six years' purchases.

Buildings, vehicles and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Furniture, fixtures and equipment	3 - 15
Buildings	40
Vehicles	5 - 7
Books and media	6

6. Compensated Absences

The District allows its employees to accumulate various forms of paid time off:

- Vacation leave accrues at a rate of 0.0538 to 0.0923 per eligible hour for District staff on a biweekly basis. The accrual rate varies with years of service and whether the employee is classified as a full-time or part-time employee. Vacation can be accrued up to a maximum of 240 hours and is paid out upon termination up to the maximum accrual.
- Healthy Family Workplaces Act ("HFWA") paid leave provides up to 48 hours for part-time and temporary employees.
- Sick leave is accrued at a rate of 0.0462 per eligible hour for both full-time and part-time employees and can be accrued up to a maximum of 360 hours for part-time employees and 720 hours for full-time employees. The District does not pay out any accrued sick leave upon termination.

However, the District estimates the portion of sick and HFWA leave that is more likely than not to be used as paid leave and recognizes that amount as a liability for compensated absences.

7. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one item that qualifies for reporting in this category, unavailable revenue from property taxes, reported in the governmental balance sheet and on the Statement of Net Position. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Eagle Valley Library District
Notes to the Basic Financial Statements
December 31, 2025
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

8. Categories and Classification of Fund Balance:

Governmental accounting standards establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications include Non-spendable, Restricted, Committed, Assigned and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund Balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the general fund. The general fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. For further details of the various fund balance classifications refer to Note I.D.

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position

The governmental fund Balance Sheet includes adjustments between *fund balance – governmental funds* and *Net Position of governmental activities* as reported in the government-wide Statement of Net Position. One element of the reconciling column accounts for capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the funds. \$12,103,085 represents the book value of capital assets at December 31, 2025. Long-term liabilities of \$381,452 are not due and payable in the current period, and therefore are not reported in the fund financial statements.

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes adjustments between *net change in fund balance of governmental funds* and *changes in Net Position of governmental activities* as reported in the government-wide Statement of Activities. One element of the reconciliation involves the additions of capital assets including books and periodicals of \$457,400 and equipment and capital improvements of \$328,667 as these items are reported as expenditures in the governmental funds report. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense therefore another reconciling item includes depreciation on fixed assets of \$948,564. The final element of the reconciliation is the change in the accrued compensated absences of \$53,219.

Eagle Valley Library District
Notes to the Basic Financial Statements
December 31, 2025
(Continued)

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at year end. In the fall of each year, the District's Board of Trustees formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budget for the governmental funds are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

- (1) For the 2025 budget, prior to August 25, the County Assessor sent to the District a certified assessed valuation of all taxable property within the District's boundaries.
- (2) On or before October 15, 2024, the Director submitted to the District's Board of Trustees a recommended budget that detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
- (3) For the 2025 budget, prior to December 15, 2024, the District computed and certified to the County Commissioners a rate of levy that will derive the necessary property taxes as computed in the proposed budget.
- (4) After a required public hearing, the District adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.
- (5) After adoption of the budget resolution, the District may make the following changes: (a) supplemental appropriations to the extent of revenues in excess of the estimated in the budget; (b) emergency appropriations; and (c) reduction of appropriations for which originally estimated revenues are insufficient.

The level of control in the budget at which expenditures exceed appropriations is at the fund level. All appropriations lapse at year-end.

Taxes levied in one year are collected in the succeeding year. Thus taxes certified in 2024 were collected in 2025 and taxes certified in 2025 will be collected in 2026. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15th.

B. TABOR Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 ("TABOR"), which has several limitations, including raising revenue, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment.

Eagle Valley Library District
Notes to the Basic Financial Statements
December 31, 2025
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

One of the requirements of TABOR is for emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year revenue (excluding bonded debt service). The District has reserved a portion of its December 31, 2025 year end fund balance in the General Fund for emergencies as required under TABOR in the amount of \$279,160, which is the approximate required reserve.

On November 4, 1997, the District's electorate approved a ballot question allowing the District to collect and expend any additional amounts raised over and above the limitation imposed by TABOR and Colorado Revised Statute 29-1-301, the 5.5% limit.

IV. Detailed Notes on All Funds

A. Cash, Cash Equivalents, and Investments

The District's cash, cash equivalents and investments are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. As of year-end, the carrying amount of the District's cash, cash equivalents and investments was \$15,503,638.

At December 31, 2025, the District reported net unrealized gains/(losses) on investments of \$20,639. These items are reflected in the District's net investment income shown on the Statement of Revenues, Expenditures and Changes in Fund Balances. The District had the following cash, cash equivalents and investments with the following maturities:

			Maturities	
	Rating	Carrying Amounts	Less than one year	One to five years
<i>Primary Government:</i>				
<i>Cash and cash equivalents:</i>				
Checking	Not Rated	249,256	-	-
Savings and money market	Not Rated	6,163	-	-
<i>Investments:</i>				
Investment pool	AAAm	9,021,632	9,021,632	-
Certificates of deposit - Negotiable	Not Rated	2,709,609	2,222,667	486,942
Certificates of deposit - Non Negotiable	Not Rated	3,516,978	2,916,978	600,000
		\$ 15,503,638	\$ 14,161,277	\$ 1,086,942

Eagle Valley Library District
Notes to the Basic Financial Statements
December 31, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Cash, Cash Equivalents, and Investments (continued)

		Maturities		
	Rating	Carrying Amounts	Less than one year	One to five years
<u>Component Unit:</u>				
<i>Cash and cash equivalents:</i>				
Checking	Not Rated	\$ 16,712	\$ -	\$ -
<i>Investments:</i>				
Certificates of deposit	Not Rated	174,210	174,210	-
		<u>\$ 190,922</u>	<u>\$ 174,210</u>	<u>\$ -</u>

The Investment Pool represents investments in the Colorado Government Liquid Asset Trust("COLOTRUST") which is a 2a7-like pool. The fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool.

Fair Value of Investments

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

At December 31, 2025 the District had the following recurring fair value measurements:

Primary Government:

<u>Investments Measured at Fair Value</u>	<u>Fair Value</u>	Fair Value Measurements at Reporting Date Using		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Negotiable certificates of deposit	\$ 2,709,269	\$ -	\$ 2,709,609	\$ -

Investments Measured at Net Asset Value

Colotrust investment pool	\$ 9,021,632
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Component Unit:

<u>Investments Measured at Fair Value</u>	<u>Fair Value</u>	Fair Value Measurements at Reporting Date Using		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Negotiable certificates of deposit	\$ 174,210	\$ -	\$ 174,210	\$ -

Eagle Valley Library District
Notes to the Basic Financial Statements
December 31, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Cash, Cash Equivalents, and Investments (continued)

Investments classified in Level 1 are valued using prices quoted in active markets for those securities. Investments classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities' relationship to benchmark quoted prices;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund.

The fair value of the COLOTRUST investment pool is determined by the pool's share price. The District has no regulatory oversight for the pool. At December 31 2025, the District's cash in COLOTRUST were 59% of the District's investment portfolio.

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the District has invested primarily in COLOTRUST. Funds in COLOTRUST can be withdrawn without notice or penalty.

Credit Risk. The District's investment policy limits investments to those authorized by State statutes as listed in note I.D.1. The District's general investment policy is to apply the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk. The District diversifies its investments by security type and institution. Financial institutions holding District funds must provide the District a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository. At December 31, 2025, the District's investment in certificates of deposit represented 23% of the District's investment portfolio.

Eagle Valley Library District
Notes to the Basic Financial Statements
December 31, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

B. Capital Assets

The District had the following capital asset changes during 2025:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 36,546	\$ 29,195	\$ (36,546)	\$ 29,195
Land	691,973	-	-	691,973
Total capital assets not being depreciated	<u>728,519</u>	<u>29,195</u>	<u>(36,546)</u>	<u>721,168</u>
Capital assets, being depreciated:				
Buildings	12,795,176	118,192	-	12,913,368
Furniture, fixtures and equipment	931,043	217,826	(22,042)	1,126,827
Vehicles	496,412	-	-	496,412
Books and media	6,576,200	457,395	(386,633)	6,646,962
Total capital assets being depreciated	<u>20,798,831</u>	<u>793,413</u>	<u>(408,675)</u>	<u>21,183,569</u>
Less accumulated depreciation for:				
Buildings	(5,791,248)	(353,176)	-	(6,144,424)
Furniture, fixtures and equipment	(652,231)	(112,814)	22,042	(743,003)
Vehicles	(155,919)	(88,106)	-	(244,025)
Books and media	(2,662,365)	(394,468)	386,633	(2,670,200)
Total accumulated depreciation	<u>(9,261,763)</u>	<u>(948,564)</u>	<u>408,675</u>	<u>(9,801,652)</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,265,587</u>	<u>\$ (125,956)</u>	<u>\$ (36,546)</u>	<u>\$ 12,103,085</u>

C. Receivables

Receivables as of year-end for the District's funds, including applicable allowances for uncollectible accounts, are as follows:

Fines, fees and delinquent accounts	\$ 49,316
Taxes receivable from County Treasurer	38,537
Less: Allowance for doubtful accounts	<u>(49,316)</u>
Total receivables	<u>\$ 38,537</u>

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The \$8,817,403 of unavailable revenue is property taxes levied in 2025 but not available until 2026.

Eagle Valley Library District
Notes to the Basic Financial Statements
December 31, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Fund Balance Disclosure

The District classifies governmental fund balances as follows:

- 1. Non-spendable** - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements. As of December 31, 2025, \$83,599 was non-spendable.
- 2. Spendable Fund Balance:**
 - a. Restricted** – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. As of December 31, 2025 \$279,160 was restricted for emergencies.
 - b. Committed** – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Board. The District's original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the Board's platform to review and/or make changes to each department's budget. Before year end, a budgetary committee will meet again with each department for final review and approval of preliminary budget. The Budget is then formally presented to the Board via an advertised public process for their review, revisions and final approval by year end. All subsequent budget requests made during the year, after the Board's approval, must be presented via a public process and again approval by the Board.
 - c. Assigned** – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board or its management designee. As of December 31, 2025, \$15,082,296 was assigned for library expansion, replacement reserves, and working capital.
 - d. Unassigned** - includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted or committed.

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy. However, the District's budget includes a calculation of a targeted reserve positions, and the Administration calculates targets and report them annually to the Board.

Eagle Valley Library District
Notes to the Basic Financial Statements
December 31, 2025
(Continued)

V. Other Information

A. Risk Management

1. Colorado Special Districts Property and Liability Pool

The District is exposed to various risks of loss related to workers compensation and general liability. The District has acquired commercial coverage for these risks and any settled claims are not expected to exceed the commercial insurance coverage.

The District is also exposed to the risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. To address such risks, the District is a participant in a public entity risk pool administered by Colorado Special Districts Property and Liability Pool ("CSDPL").

CSDPL's operations are funded by contributions from member governments. Coverage is provided in the amount of \$250,000 per claim or occurrence for property, \$1,000,000 per claim or occurrence for liability, and \$150,000 per claim or occurrence for crime. CSDPL has also acquired additional excess coverage from outside sources.

Surpluses or deficits realized by CSDPL for any given year are subject to change for such reasons as interest earnings on invested amounts for those years and funds, re-estimation of losses for those years and funds and credits or distributions from surplus for those years and funds.

CSDPL's combined financial information for the year ended December 31, 2024, the latest date for which information is available, is summarized as follows:

Admitted Assets:

Cash and investments	\$ 83,069,025
Other assets	3,579,014
Total Admitted Assets	<u>86,648,039</u>

Total Liabilities	<u>\$ 57,746,885</u>
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Unassigned Surplus	28,901,154
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Total revenues	\$ 32,245,532
Total underwriting expenses	(30,236,676)
Net investment income	2,533,713
Net Income	<u><u>\$ 4,542,569</u></u>

2. Other Risks

The District carried commercial insurance for all other risks of loss not addressed above, including worker's compensation and employee health and accident insurance. Any settled claims are not expected to exceed the commercial insurance coverage.

**Eagle Valley Library District
Notes to the Basic Financial Statements
December 31, 2025
(Continued)**

V. Other Information (continued)

B. Employee Benefit Plans

1. Retirement Savings Plan - IRC 401(a)

The District offers its employees a retirement savings plan created in accordance with Internal Revenue Code Section 401(a). The benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on investments of those contributions.

The plan requires all District employees who work on a continuous basis to defer a portion of their salary until future years. The plan is administered and invested by CRA. All continuous employees are required to make contributions equal to 10% of gross wages. The District also contributes 10% of the employee gross wages. Employees are 100% vested in their retirement contributions and the employer's share immediately.

The District's current year covered payroll and total payroll was \$2,455,420 and \$2,511,147, respectively. During the year, District and employee contributions amounted to \$245,542, which was 10% of the District's covered payroll.

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan 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, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are to be held in trust for the exclusive benefit of the plan participants and their beneficiaries.

The accrual basis of accounting is used for the plan. Revenues are recognized when earned and expenditures are recognized when incurred. Investments are recorded at market value. Employees are 100% vested in their deferred compensation contributions as no employer contributions are made to the plan.



Required Supplementary Information

Eagle Valley Library District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
General Fund
For the Year Ended December 31, 2025
(With Comparative Totals For the Year 2024)

	2025		2024
	Original and Final Budget	Actual Amounts	Final Budget Variance Positive (Negative) Actual Amounts
Revenues:			
Property taxes	8,245,350	8,229,399	(15,951)
Specific ownership taxes	320,000	415,911	95,911
Interest on taxes	-	13,622	13,622
Investment income	500,000	604,670	104,670
Collection revenue	9,000	7,185	(1,815)
Grant income	14,069	20,684	6,615
Other income	18,500	20,402	1,902
Total Revenues	9,106,919	9,311,873	204,954
Expenditures:			
Personnel services	3,760,008	3,377,211	382,797
Supplies	310,300	245,056	65,244
Library materials	779,419	792,045	(12,626)
Insurance	54,993	54,036	957
Purchased services	1,205,579	823,842	381,737
Building costs and utilities	150,000	168,957	(18,957)
Treasurer's fee	247,360	247,293	67
Capital outlay	817,166	328,667	488,499
Total Expenditures	7,324,825	6,037,107	1,287,718
Net Change in Fund Balance	1,782,094	3,274,766	1,492,672
Fund Balance - Beginning of Year	11,516,339	12,209,898	693,559
Fund Balance - End of Year	13,298,433	15,484,664	2,186,231