NEDERLAND COMMUNITY LIBRARY DISTRICT

BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2025

TABLE OF CONTENTS

INTRODUCTORY SECTION	PAGE
Title Page	
Table of Contents	
FINANCIAL SECTION	
Independent Auditors' Report	
Management's Discussion and Analysis	i-v
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements	
Balance Sheet – Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5
Notes to Financial Statements	6 - 14
Required Supplementary Information	
General Fund – Budgetary Comparison Schedule	15

FINANCIAL SECTION

JOHN CUTLER & ASSOCIATES

Board of Directors
Nederland Community Library District
Nederland, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund, of Nederland 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 Nederland Community Library District as of December 31, 2025, and the respective changes in financial position, 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 Nederland Community Library District and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 of 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 of 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 judgement, 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 required budgetary on page 15 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 (GASB) 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.

John Cutler & Associates, LLC

July 13, 2026

NEDERLAND COMMUNITY LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS

Our discussion and analysis of Nederland Community Library District's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2025. Please read it in conjunction with the District's financial statements which begin on page 1.

Overview of the Financial Statements
This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statement consists of three components: 1) the government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

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 of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Activities presents information showing how the 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 reported in this statement for some items will result in cash flows in future fiscal periods (e.g., uncollected taxes). The government-wide financial statements detail functions of the District that are principally supported by tax revenues (governmental activities), grants and charges for services. The governmental activity of the District is general library services.

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.

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. 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. The governmental fund financial statements can be found on pages 3 through 5 of this report. The District adopted an annual appropriated budget for the General Fund. A budgetary comparison statement for the General Fund is on page 15 of this report.

Notes to Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 6 through 14 of this report.

Nederland Community Library District
Condensed Statement of Net Position
December 31, 2025

	Governmental Activities	
	2025	**2024**
Assets		
Current and other assets	1,038,604	1,027,915
Capital assets	1,458,773	1,472,259
Total Assets	2,497,377	2,500,174
Deferred Outflows of Resources		
Liabilities		
Current liabilities	114,000	126,995
Long-term liabilities	742,500	856,500
Total Liabilities	856,500	983,495
Deferred Inflows of Resources	675,477	665,989
Net Position		
Invested in capital assets, net of related debt	602,273	504,259
Restricted	20,100	21,000
Unrestricted	343,027	324,431
Total Net Position	965,400	850,690

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by $965,400 at the close of the most recent fiscal year.

The District's net position reflect its investment in capital assets (e.g. land, buildings and improvements, equipment and vehicles) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

From 2024 to 2025, the District's total assets decreased $2,797. The decrease is attributable to depreciation on the capital assets. Total liabilities decreased $126,995, primarily due to reduction of long term debt. The Statement of Net Position can be found on page 1.

Nederland Community Library District
Condensed Statement of Activities
December 31, 2025

	Governmental Activities	
	2025	**2024**
Revenues		
Program Revenues		
Grants and donations	106,947	25,637
General Revenues		
Taxes	645,972	666,270
Investment Earnings		
Interest	132	39
Other	17,863	28,913
Total General Revenues	770,914	573,811
Total Revenues	626,786	721,859
Expenses		
General government	231,681	256,938
Library	413,343	302,450
Interest on long term debt	11,180	25,282
Total expenses	656,204	584,670
Change in Net Position	114,710	137,189
Net Position, Beginning	850,690	713,501
Net Position, Ending	965,400	850,690

The District's overall financial position, as measured by net position, increased $ 114,740 during 2025, due to a increase in revenues.

Financial Analysis of the District's Funds

As mentioned previously, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A discussion of the District's governmental funds follows.

Government Funds: The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and the balance of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Fund balances are detailed on page 3 of this report.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balance of $395,970.

Of this fund balance, $110,377 is restricted or nonspendable, meaning it is not available for new spending, because it has already been committed for emergencies under Taxpayers' Bill of Rights (TABOR), debt service, and capital outlay. The $295,593 remainder of the fund balance is unreserved and undesignated.

General Fund Budgetary Highlights

Budget Variances: The budget to actual comparison details can be seen on page 15 of the financial statements. General fund revenues were more than budgeted by $102,359 due to increased grants and donations. Actual expenditures were under budget by $17,238 primarily due to increased program expenses.

Capital Asset and Debt Administration

Capital Assets: The District's investment in capital assets at December 31, 2025 amounted to $1,446,153 (net of accumulated depreciation/amortization). The analysis of changes in capital assets is as follows:

Capital Assets (Net of Depreciation)

	2025	Change	2024
Land	100,000	0	100,000
Construction in progress	0	0	0
Buildings	1,371,933	(13,377)	1,358,556
Furniture and Equipment	326	(109)	217
Total	1,472,259	(13,486)	1,458,773

Additional information on the District's capital assets can be found in Note 4 of this report.

Long-Term Obligations: At the end of the current fiscal year, the District had total outstanding long term debt of $856,500. The analysis of changes in long term debt is as follows:

Long Term Obligations

	2025	Change	2024
Series G.O. Bonds	$856,500	($ 111,500)	$968,000

During 2025, the District made the scheduled principal and interest payments on the bond obligation. Additional information on the District's long-term obligations can be found in Note 5 of this report.

Economic Factors and Next Year's Budgets and Rates

The District's 2027 property tax revenue will be heavily impacted by the Town of Nederland's decision to purchase Eldora Ski Mountain, if the sale is completed. At the time of this writing, the sale has not been completed although it appears very likely it will occur. The Town's purchase of the property will significantly reduce the amount of property tax the library will receive (if Eldora Ski Mountain becomes municipally owned rather than privately-owned, the library will no longer receive property tax). The library has attempted to work with Town administration and leadership to receive replacement funding, though, to date, no formal agreement has been reached. The library projects a minimum 20% reduction in property tax revenue. The library is also facing the potential for additional revenue loss through Colorado State Library grants that are administered by the State Library and funded, in part, through the federal Institute of Museum and Library Services (IMLS). At this time, the library has paused its international programming and implemented a hiring freeze to prepare for the potential loss of revenue in the coming year.

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Request for Information
The financial report is designed to provide a general overview of the District's finances for all those interested in the government's finances. Questions concerning any of the information provided in the report or additional financial information should be addressed to: Nederland Community Library District, P.O. Box 836, Nederland, Colorado 80466.

BASIC FINANCIAL STATEMENTS

NEDERLAND COMMUNITY LIBRARY DISTRICT

STATEMENT OF NET POSITION
As of December 31, 2025

	GOVERNMENTAL ACTIVITIES	
	2025	2024
ASSETS		
Cash and Investments	$ 315,693	$ 319,463
Property Taxes Receivable	642,634	628,454
Inventory	80,277	79,998
Capital Assets, Not Depreciated	100,000	100,000
Capital Assets, Depreciated, Net of Accumulated Depreciation	1,358,773	1,372,259
TOTAL ASSETS	2,497,377	2,500,174
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Accrued Expenses	-	15,495
Noncurrent Liabilities		
Due within One Year	114,000	111,500
Due in More Than One Year	742,500	856,500
TOTAL LIABILITIES	856,500	983,495
DEFERRED INFLOWS OF RESOURCES		
Deferred Revenue - Property Taxes	642,634	628,454
Gain on Refunding	32,843	37,535
TOTAL DEFERRED INFLOWS OF RESOURCES	675,477	665,989
NET POSITION		
Net Investment in Capital Assets	602,273	504,259
Restricted for Emergencies	20,100	21,000
Unrestricted	343,027	325,431
TOTAL NET POSITION	$ 965,400	$ 850,690

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

NEDERLAND COMMUNITY LIBRARY DISTRICT

STATEMENT OF ACTIVITIES
Year Ended December 31, 2025

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES Charges for Services	PROGRAM REVENUES Operating Grants and Contributions	Net (Expense) Revenue and Change in Net Position Governmental Activities 2025	Net (Expense) Revenue and Change in Net Position Governmental Activities 2024
PRIMARY GOVERNMENT					
Governmental Activities					
General Government	$ 231,681	$ -	$ -	$ (231,681)	$ (256,938)
Library	413,343	3,503	103,444	(306,396)	(276,813)
Interest and Other Fiscal Charges	11,180	-	-	(11,180)	(25,282)
Total Governmental Activities	$ 656,204	$ 3,503	$ 103,444	(549,257)	(559,033)
GENERAL REVENUES					
Property Taxes				616,586	637,272
Specific Ownership Taxes				29,386	28,998
Interest				132	39
Other				17,863	29,913
TOTAL GENERAL REVENUES				663,967	696,222
CHANGE IN NET POSITION				114,710	137,189
NET POSITION, Beginning				850,690	713,501
NET POSITION, Ending				$ 965,400	$ 850,690

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

NEDERLAND COMMUNITY LIBRARY DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2025

	GENERAL FUND	
	2025	2024
ASSETS		
Cash and Investments	$ 315,693	$ 319,463
Property Taxes Receivable	642,634	628,454
Inventory	80,277	79,998
TOTAL ASSETS	$ 1,038,604	$ 1,027,915
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES		
LIABILITIES		
Accrued Expenses	$ -	$ 15,495
TOTAL LIABILITIES	-	15,495
DEFERRED INFLOWS OF RESOURCES		
Deferred Property Tax Revenue	642,634	628,454
FUND BALANCES		
Nonspendable	80,277	79,998
Restricted for Emergencies	20,100	21,000
Unassigned	295,593	282,968
TOTAL FUND BALANCES	395,970	383,966
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	1,458,773	1,472,259
Long-term liabilities are not due and payable in the current period and are not reported in the funds. This amount is for bonds payable $865,500 and deferred gain on refunding $32,843.	(889,343)	(1,005,535)
Net position of governmental activities	$ 965,400	$ 850,690

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

NEDERLAND COMMUNITY LIBRARY DISTRICT

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

	GENERAL FUND	
	2025	2024
REVENUES		
Taxes	$ 645,972	$ 666,270
Charges for Services	3,503	4,461
Interest	132	39
Other	121,307	51,089
TOTAL REVENUES	770,914	721,859
EXPENDITURES		
Current		
General Government	236,373	261,630
Library	366,694	328,556
Capital Outlay	33,163	-
Debt Service		
Principal	111,500	108,900
Interest	11,180	25,282
TOTAL EXPENDITURES	758,910	724,368
NET CHANGE IN FUND BALANCE	12,004	(2,509)
FUND BALANCE, Beginning	383,966	386,475
FUND BALANCE, Ending	$ 395,970	$ 383,966

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

NEDERLAND 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 Changes in Fund Balances - Total Governmental Funds	$	12,004
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense ($46,649), exceeded capital outlay $33,163 for the year.		(13,486)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. These include payments on bonds payable $111,500 and the amortization of the deferred gain on refunding of $4,692.		116,192
Change in Net Position of Governmental Activities	$	114,710

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Nederland Community Library District (the "District") conform to accounting principles generally accepted in the United States of America as applicable to governmental units. 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 organization, or if the organization provided benefits to, or imposes financial burdens on the District.

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

Government-Wide and Fund Financial Statements

The District financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. Governmental activities, which normally are supported by intergovernmental revenues, are reported in a single column.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segments 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 patrons or others 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. Unrestricted intergovernmental revenues not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported in separate columns in the fund financial statements.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The District's government-wide financial statements include a statement of net position and a statement of activities. These statements present summaries of governmental activities for the District. Governmental activities normally are supported by taxes and intergovernmental revenues.

The government-wide financial statements are presented on an *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities, including capital assets, and infrastructure assets, are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

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. Available means collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Property taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The District reports the following major governmental fund:

> *General Fund* – This is the District's operating fund. It accounts for all activities of the government.

Assets, Liabilities and Fund Equity

Cash – Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the District's cash.

Accounts Receivable – Receivables consist of amounts due from other governments. An allowance for doubtful accounts is not necessary as they have been fully collected in the succeeding year.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Equity (Continued)

Inventories – Inventories consist of books and magazines and are carried at cost using the first-in, first-out method.

Capital Assets – Capital assets are defined by the District as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date of donation.

Long Term Obligations - In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Inflows of Resources

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 and so will not be recognized as an inflow of resources (revenue) until that time.

Net Position

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

Net Investment in Capital Assets includes the District's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position (Continued)

Unrestricted Net Position typically includes unrestricted liquid assets. The Board has the authority to revisit or alter this designation.

Net Position/Fund Balance Classification

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 because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact. The District has classified inventory as nonspendable for the year ended December 31, 2025.

- 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 Directors. These amounts cannot be used for any other purpose unless the Board of Directors 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. The District did not have any committed resources as of December 31, 2025.

- 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

Property taxes are levied on or before December 15 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the District on a monthly basis.

Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred revenue are recorded at December 31. As the tax is collected in the succeeding year, the deferred revenue is recognized as revenue and the receivable is reduced.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the General Fund. All annual appropriations lapse at fiscal year-end.

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

- Budgets are required by state law for all funds. 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 Directors to obtain citizen comments.
- Prior to December 31, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

- Revisions that alter the total expenditures of any fund must be approved by the Board of Directors. Budgeted amounts reported in the accompanying financial statements are as originally adopted and amended by the Board of Directors.

Legal Compliance

The actual expenditures of the General Fund exceeded the budgeted amount by $17,238. This may be a violation of State Statutes.

NOTE 3: 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.

The District has a formal policy that limits their exposure to custodial credit risk. This policy limits deposits only to accounts managed in accordance with the Colorado Public Deposit Protection Act (PDPA).

At December 31, 2025, the District had deposits with financial institutions with a carrying amount of $315,693. The bank balances with the financial institutions were $312,028. Of these balances $250,000 were covered by federal depository insurance and $62,028 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

NOTE 3: CASH AND INVESTMENTS (Continued)

Interest Rate Risk

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
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The District had no investments requiring categorization as of December 31, 2025.

NOTE 4: CAPITAL ASSETS

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

	Balances 12/31/24	Additions	Deletions	Balances 12/31/25
Governmental Activities				
Capital Assets, not depreciated				
Land	$ 100,000	$ -	$ -	$ 100,000
Capital Assets, depreciated				
Buildings	1,732,311	-	-	1,732,311
Building Improvements	148,737	33,163	-	181,900
Furniture & Fixtures	1,089	-	-	1,089
Total Capital Assets, depreciated	1,882,137	33,163	-	1,915,300
Less Accumulated Depreciation				
Buildings	488,916	34,646	-	523,562
Building Improvements	20,199	11,894	-	32,093
Furniture & Fixtures	763	109	-	872
Total Accumulated Depreciation	509,878	46,649	-	556,527
Total Capital Assets, depreciated, net	1,372,259	(13,486)	-	1,358,773
Governmental Activities, Capital Assets, Net	**$ 1,472,259**	**$ (13,486)**	**$ -**	**$ 1,458,773**

Depreciation expense was charged to the Library activity.

NOTE 5: LONG-TERM DEBT

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2025.

	Balance 12/31/24	Additions	Payments	Balance 12/31/25	Due In One Year
2018 G.O. Refunding Notes	**$ 968,000**	**$ -**	**$ 111,500**	**$ 856,500**	**$ 114,000**

2018 G.O. Refunding Notes

The District issued 2018 General Obligation (G.O.) Refunding Notes, dated August 21, 2018, with principal and interest payments due semi-annually on June 1 and December 1, through 2032. Interest accrues at a rate of 2.31%. The Notes were issued for the purpose of refunding the outstanding 2009 G.O. Bonds. The Notes are subject to redemption prior to maturity at the option of the District, in whole or in part, on any date after December 1, 2018, at a redemption price of 100%, plus accrued interest to the date of redemption.

Annual debt service requirements for the bonds at December 31, 2025 are as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 114,000	$ 19,785	$ 133,785
2027	116,700	17,152	133,852
2028	119,400	14,456	133,856
2029	122,100	11,698	133,798
2030	124,900	8,877	133,777
2031-2032	259,400	8,247	267,647
Totals	**$ 856,500**	**$ 80,215**	**$ 936,715**

NOTE 6: COMMITMENTS AND CONTINGENCIES

Tabor Amendment – In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and growth. On November 2005, voters within the District approved the collection, retention and expenditure of property taxes, specific ownership taxes, interest income and any other income of the District. The District has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2025, the emergency reserve of $20,100 was recorded in the General Fund.

NOTE 7: RISK MANAGEMENT

The District is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carried commercial insurance for these risks of loss. Settled claims have not exceeded insured amounts in the last three years.

NOTE 8: *RETIREMENT COMMITMENTS*

Employee Pension Plan

The District contributes to a multiple employer defined contribution retirement plan administered by the TIAA/CREF. This plan is for all full-time salaried (exempt) employees, the Director of the District is the only employee who is qualified to participate in the plan. The District contributes 3% of the employee's base salary. Employees may make additional voluntary contributions not to exceed $14,000. Plan provisions are established and may be amended by the Board of Directors. During the year ended December 31, 2025 and 2024, employer and employee contributions were $0 and $0, respectively. This plan is in compliance with the Colorado Secure Saving Plan.

NOTE 9: *SUBSEQUENT EVENTS*

Potential subsequent events were considered through July 13, 2026. It was determined that no events were required to be disclosed through this date.

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REQUIRED SUPPLEMENTARY INFORMATION

NEDERLAND COMMUNITY LIBRARY DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2025

	2025				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2024 ACTUAL
REVENUES					
Local Sources					
Property Taxes	$ 628,455	$ 628,455	$ 616,586	$ (11,869)	$ 637,272
Specific Ownership Taxes	15,000	15,000	29,386	14,386	28,998
Grants and Donations	15,000	15,000	103,444	88,444	21,176
Charges for Services	3,000	3,000	3,503	503	4,461
Interest	100	100	132	32	39
Miscellaneous	7,000	7,000	17,863	10,863	29,913
TOTAL REVENUES	668,555	668,555	770,914	102,359	721,859
EXPENDITURES					
General Government					
Salaries and Benefits	153,506	153,506	164,323	(10,817)	202,448
Supplies	4,500	4,500	5,778	(1,278)	4,538
Insurance	12,000	12,000	10,375	1,625	9,247
Advertising	13,000	13,000	11,578	1,422	11,863
Professional Fees	26,000	26,000	23,217	2,783	16,936
Small Equipment	7,000	7,000	6,958	42	1,052
Miscellaneous	5,150	5,150	14,144	(8,994)	15,546
Debt Service					
Principal	111,500	111,500	111,500	-	108,900
Interest and Other Charges	22,361	22,361	11,180	11,181	25,282
Total General Government	355,017	355,017	359,053	(4,036)	395,812
Library					
Salaries and Benefits	187,619	192,619	200,839	(8,220)	138,759
Books and Materials	47,000	47,000	46,744	256	42,464
Computer System	2,000	2,000	4,608	(2,608)	6,003
Program Development	36,600	36,600	80,226	(43,626)	79,170
Maintenance	59,500	59,500	20,541	38,959	50,612
Utilities	16,700	16,700	11,111	5,589	11,548
Capital Outlay	-	-	33,163	(33,163)	-
Reserves	32,236	32,236	2,625	29,611	-
Total Library	381,655	386,655	399,857	(13,202)	328,556
TOTAL EXPENDITURES	736,672	741,672	758,910	(17,238)	724,368
NET CHANGE IN FUND BALANCE	(68,117)	(73,117)	12,004	85,121	(2,509)
FUND BALANCE, Beginning	68,117	68,117	383,966	315,849	386,475
FUND BALANCE, Ending	$ -	$ (5,000)	$ 395,970	$ 400,970	$ 383,966

See the accompanying independent auditors' report.