Pine River Public Library District

Financial Statements

Year Ended December 31, 2025

Pine River Public Library District

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Independent Auditor's Report

To the Board of Trustees of
Pine River Public Library District
Bayfield, CO

Opinion

We have audited the accompanying financial statements of the governmental activities, and the major fund, of Pine River Public Library District, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Pine River Public Library District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund, of Pine River Public Library District, as of December 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Pine River Public 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 opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pine River Public Library 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

MBE CPAs, LLP

Durango, CO
June 15, 2026

Management's Discussion and Analysis

As management of Pine River Public Library District (the "District"), we offer this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2025. We encourage the readers to consider this Management's Discussion and Analysis (MD&A) in conjunction with the District's financial statements, which follow this MD&A.

Background Information

In 1930, six members of the Bayfield Study Club formed the first Board of Directors of the Bayfield Public Library. In 1934, the Board purchased the old bank building on Mill Street for $1,500 and began raising money to furnish the building and buy books. The Bayfield Public Library ran solely on the efforts of volunteers until 1941 when the Town Clerk was paid to also act as Town Librarian.

In 1972, the District was formed, and property tax revenues were available to fund operations and services, and in 1976, a full-time librarian was hired. The District operated in the old bank building on Mill Street in Bayfield until it moved to its present location on Bayfield Center Drive in March 2004. In 2010, the Board of Trustees voted to expand the facility. The project started in July of 2012 and was completed in February 2013. A garden and outdoor learning area were added during 2013. In February 2014, Pine River Public Library was named "Best Small Library in America" by the Library Journal. In 2017, the District partnered with the Town of Bayfield to build the Bayfield Library Park on the District's one-acre parcel to the west of the District. The park was 86% financed through Grants from GOCO and the Colorado Health Foundation and is maintained by the Town of Bayfield.

In 2018, the District went to its voters for a 2.0 mill increase in property taxes to cover shortfalls in revenues due to increased operating costs and reduced production in oil and gas, this request failed.

In 2019, the District went back to its voters for a 1.5 mill increase in property taxes and the issue passed bringing the total current mills to 4.0.

Today's 12,000 square foot Pine River Library is home to almost 40,000 items including books, audiobooks, public access computers, learning tablets, and a Library of Things. The District includes more than 80 public computers, a large community room, two smaller meeting rooms, a media and telehealth hub, a children's imagination room, comfortable chairs for reading, and a large selection of books, magazines, audio and video materials, online databases, and downloadable media including audio, video, e-magazines, and e-books. The District's staff also provide additional services such as passport applications, notary services, hunting and fishing license applications, etc.

Financial Highlights

- The District's total assets exceeded its liabilities and deferred inflows of resources on December 31, 2025 by $5,202,008. This represents an increase of $23,032 since December 31, 2024. This perspective on net position includes spendable resources as well as the investment in buildings, collections, and other capital assets of $3,131,046, including restricted emergency reserves of $33,590.

- During the year, the District's expenses of $1,112,216 were $30,567 less than the $1,142,783 generated in program and general revenues for governmental activities.

- The District's general fund reported an ending fund balance of $2,103,742, an increase of $30,567 in comparison to the prior year. The portion of the total fund balance for the General Fund that is unrestricted and available for spending at the District's discretion is $2,070,152.

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Financial Highlights (continued)

- The District received $33,534 in grants and contributions. Of these:

    - The Friends of the Library donated $10,000 for the Imagination Room and Children’s area remodel, $2,375 for Animal/Science/after school snacks projects, and $1,600 for the Learn Over Lunch program for senior citizens.

    - The District received a grant of $9,039 from The Department of Health Care Policy and Financing (HCPF) and the Office of eHealth Innovation to create a Telehealth Hub and Checkout Kit. This was spent on remodeling the existing Media Hub, making that room soundproof, refurbishing/purchasing furniture, and adding computers and medical accessories to enable patrons to attend telehealth appointments from the District.

- A generous patron bequest of almost $23,000 received in 2024 was put towards improving the community garden pathways in 2025. A total of $97,430 was spent on installing flagstone pathways and adding an electric gate opener to make the garden ADA accessible and easier for strollers, etc.

- In July 2025, the District switched to Marmot Library Network for technology and network support. This will increase costs but will provide the support necessary for the District to maintain safe, fast, and efficient technology resources for our community.

Overview of the Financial Statements

This annual report consists of a series of financial statements and notes to the statements. The statements are organized so the reader can understand the District as a whole and then proceed to provide an increasingly detailed look at specific financial activities.

The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements.

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short-term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for the appropriations budget.

The notes to the financial statements provide narrative explanations and additional data needed for full disclosure in the government-wide statements and the fund financial statements.

Reporting the District as a Whole

<u>Government-wide Financial Statements</u>

The analysis of the District's overall financial condition and operations is presented in the Statement of Net Position and the Statement of Activities. Its primary purpose is to show whether the District is better or worse off as a result of the year's activities. The Statement of Net Position includes all the District’s assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These statements apply the accrual basis of accounting which is the basis used by private sector companies.

Reporting the District as a Whole (continued)

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as fees received from individuals and entities from outside the District and grants (program revenues), and revenues provided by taxpayers (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in them. The District's net position (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider non-financial factors as well, such changes in the District's property tax base and condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, the District is reporting its governmental activities. The District currently has no business-type activities or component units as defined by GASB.

Governmental activities – the District's financial activities center on promoting the establishment and development of publicly supported library services. The District's revenue consists primarily of funds received from property taxes, specific ownership taxes, and charges for service.

Reporting the District's Fund

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. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on the activities of the District's individual governmental funds and are divided into two parts: 1) the "modified accrual basis statements" and 2) the "budgetary basis statements".

The financial statements on pages 10 and 12 of the audit focuses on assets that can readily be converted into cash in the short term and liabilities that will be settled in the short term. Governmental funds are reported using modified accrual accounting, which recognizes expenditures when the liability is incurred and revenue when measurable and available. The modified accrual accounting method provides a short-term spending focus, which helps the reader assess the amount of financial resources immediately available to finance the District's programs.

The annual budgets shown in the "budgetary basis statements" are prepared as described in the summary of significant accounting policies in the notes to the financial statements. These budgets are presented using the modified accrual basis of accounting and are found in the Required Supplementary Information section.

The "budgetary basis statements" for the General Fund, demonstrate how the District complied with the year's approved budget. The budgetary comparison schedule is presented using the same classifications as those used in the legal budget document.

Notes to the Basic 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 basic financial statements can be found on pages 16 through 28.

Government-Wide Financial Analysis

The Statement of Net Position and the Statement of Activities present the District's financial information as a whole.

Condensed Statement of Net Position

	2025	2024
Current and other assets	$ 3,175,673	$ 3,044,731
Capital assets, net	3,131,046	3,132,939
Operating lease right-of-use assets	28,872	-
Total assets	6,335,591	6,177,670
Current liabilities	26,993	51,626
Noncurrent liabilities	55,433	27,138
Total liabilities	82,426	78,764
Deferred inflows of financial resources	1,051,157	919,930
Total liabilities and deferred inflows of financial resources	1,133,583	998,694
Net position		
Net investment in capital assets	3,131,046	3,132,939
Restricted net position	33,590	28,110
Unrestricted net position	2,037,372	2,017,927
Total net position	$ 5,202,008	$ 5,178,976

The District's assets exceeded its liabilities and deferred inflows of resources on December 31, 2025 by $5,202,008. The District's net position increased by $23,032 during 2025. This overall increase is mainly due to an increase in revenue, decrease in expenses and conservative spending. The District reports $3,131,046 invested in capital assets, which includes land, buildings, library materials, furniture and equipment. The District uses capital assets to provide services to patrons; consequently, these assets are not available for future spending. The remaining portions of the District's net position are classified as either restricted or unrestricted. The restricted portion includes $33,590 for an emergency reserve and federal and state grant restrictions. Of the remaining $2,037,372, $1,850,223 is committed as follows:

Six months emergency operating expenses	$ 525,223
Educational fund	25,000
Facility repair and improvement	1,000,000
Reserve Fund	300,000
Total committed fund balance	$ 1,850,223

The District's appraised valuation of taxable property increased from $229,982,450 to $262,789,440 an increase of 14.3%. This increase is attributable largely to property reappraisals and oil and gas production. The District's total property taxes assessed for 2025 was $1,051,157. This is a increase of $131,227 from the $919,930 assessed in 2024.

Condensed Statement of Activities

	2025	2024
Program revenue		
Charges for services	$ 11,084	$ 12,576
Grants and contributions	33,534	48,471
General revenues		
Property and other taxes	1,009,565	1,228,258
Interest	88,600	91,696
Total Revenue	1,142,783	1,381,001
Program expenses		
Primary government	1,119,751	1,033,981
Change in net position	23,032	347,020
Net position – beginning	5,178,976	4,831,956
Net position – ending	$ 5,202,008	$ 5,178,976

Fund Financial Analysis

On December 31, 2025, the District reported a fund balance of $2,103,742 in the General Fund. Of that, $33,590 is reserved for emergencies under TABOR. Of the remaining fund balances, $201,508 is available for future commitments and is unassigned, $1,850,223 is committed by the Board of Trustees and $18,421 is non-spendable prepaid expenditures.

The General Fund balance increased in 2025 by $30,567 due to conservative spending, unexpected revenue, and lower personnel expenditures.

Property taxes are the most significant source of revenue for the District. Property taxes ($901,688) accounted for 79% of total revenues ($1,142,783). Specific ownership taxes, which are a type of property tax, consist of vehicle taxes collected by La Plata County, and other taxes ($107,877) and were also a significant source of revenue accounting for approximately 9% of total revenues. Grants and contributions ($33,534) made up 3% of the District's revenue and the remaining funds came from investment interest and collection revenues.

Budgetary Highlights

Over the course of the year, the District revised its budget. Actual expenditures were $38,230 below the final budget amounts and resources available were $30,252 above the final budgeted amount.

Budgetary Highlights (continued)

Significant budget variances from the final were as follows:

Account	2025 Actual	2025 Final Budget	Budget Variance	Reason
Revenues:				
Specific ownership and other taxes	107,877	100,000	7,877	Unexpected increase
Interest	88,600	70,000	18,600	High interest rates
Expenditures:				
Technology	82,963	95,200	(12,237)	Some items were moved to 2026.

Capital Assets

The District's investment in capital assets as of December 31, 2025 totaled $3,131,046 net of accumulated depreciation. These assets include buildings, land, furniture, equipment, books, and audiovisual equipment.

Additional information on the District’s capital assets can be found in Notes A and E to the financial statements.

The capital purchases in 2025 was $97,430 for the community garden pathway paving project.

Economic Factors and Next Year's Budget Outlook

Since the District derives nearly all its revenues from property taxes, any change in the assessment rate, assessed property values, or oil and gas production has a significant impact on the District’s budget. Local voters approved a mill levy for the District of 4 mills in 2019 and included language to avoid future assessment or legislative limitations.

During 2025, the District saw property taxes decrease to $901,688 but this will increase to $1,051,157 in 2026 due to a new assessment cycle. This will represent an increase of 14% from 2025 but only 1% over property taxes received in 2024 ($1,044,522). House Bill 24B-1001 states that revenue may not increase by more than 10.5% over a two-year period. The “base year” can be either year in a prior assessment cycle (in this case property taxes received in 2024 or 2025) therefore the 1% increase from 2024 to 2026 is well within the allowable margin.

Voters had given the District’s board permission, with the ballot measure in 2019, to float the mill levy to accommodate changes to the assessment rate (which the board has not done). Total District revenue in 2026 is expected to be approximately $1,244,157. The predicted District expenditures for 2026 is $1,158,297 which represents a 4% overall increase from 2025.

The Friends of the Library conducted a fundraiser at the end of 2025 generating $14,000 to create a Local History Corner in 2026 to coincide with the America 250, Colorado 150 anniversaries. District’s staff will create an area dedicated to exploring databases of genealogy and books about our community and area. Furniture and a special use computer will be installed early in 2026, custom software, and a special collection will be developed throughout the year.

Insurance charges are affecting the District budget as cyber security was erased from the existing plan necessitating a change of provider. Unfortunately, the new more comprehensive plans are significantly more expensive.

Economic Factors and Next Year's Budget Outlook (continued)

The Board of Trustees is conservative when budgeting each fiscal year and is equally diligent when monitoring each year's budget to ensure the longevity of the District.

Looking to the future, the Board understands that the facility is aging and will eventually command major maintenance and repair expenses. There is an awareness that there may be a need for an addition to the building to accommodate Bayfield's growing population in years to come. Because of increasing costs and possible statewide economic changes, the Board of Trustees anticipate that eventually operational costs will exceed revenue. In order to create long term financial security, the Board of Trustees committed funds for emergencies, education, capital improvements and inflationary increases.

To attract and maintain qualified and experienced staff, the pay scale will be adjusted at the start of 2026 to keep up with local pay trends.

Contacting the District's Financial Management

The District's Board of Trustees is committed to providing the community with the highest level of service. This report is designed to provide an overview of the District's finances. Questions concerning any of the information found in this report or requests for additional information should be directed to Brenda Marshall, Director, Pine River Library District, P.O. Box 227, Bayfield, CO 81122, or you may call 970-884-2222. Interested citizens can also visit the District's website at www.prlibrary.org.

Pine River Public Library District
Statement of Net Position - Government-Wide
As of December 31, 2025

	Governmental Activities
Assets	
Current Assets	
Cash and cash equivalents	$ 116,161
Investments	1,983,827
Due from county treasurer	6,107
Property taxes receivable	1,051,157
Prepaid items	18,421
Total Current Assets	3,175,673
Non-Current Assets	
Capital assets, not being depreciated	866,456
Capital assets, depreciated, net of accumulated depreciation	2,264,590
Total Non-Current Assets	3,131,046
Operating lease right-of-use assets	28,872
Total Assets	$ 6,335,591
Liabilities	
Current Liabilities	
Accounts payable	$ 12,384
Accrued payroll and related liabilities	8,390
Operating lease liability - short-term	6,219
Total Current Liabilities	26,993
Non-Current Liabilities	
Compensated absences	32,780
Operating lease liability - long-term	22,653
Total Non-Current Liabilities	55,433
Total Liabilities	82,426
Deferred Inflows of Resources	
Property taxes	1,051,157
Total Deferred Inflows of Resources	1,051,157
Net Position	
Net investment in capital assets	3,131,046
Restricted	
Declared emergencies	33,590
Unrestricted	2,037,372
Total Net Position	5,202,008
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 6,335,591

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

Pine River Public Library District
Statement of Activities- Government-Wide
For the 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: Total Governmental Activities
Governmental Activities:				
Public library	$ 1,119,751	$ 11,084	$ 33,534	$ (1,075,133)
General Revenues				
Property taxes				901,688
Specific ownership and other taxes				107,877
Interest				88,600
Total General Revenues				1,098,165
Change in Net Position				23,032
Net Position - Beginning of Year				5,178,976
Net Position - End of Year				$ 5,202,008

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

Pine River Public Library District
Balance Sheet - Governmental Fund
As of December 31, 2025

		General Fund
Assets		
Cash and cash equivalents	$	116,161
Investments		1,983,827
Due from county treasurer		6,107
Property taxes receivable		1,051,157
Prepaid items		18,421
Total Assets	$	3,175,673
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities		
Accounts payable	$	12,384
Accrued payroll and related liabilities		8,390
Total Liabilities		20,774
Deferred Inflows of Resources		
Unavailable revenue - property taxes		1,051,157
Total Deferred Inflows of Resources		1,051,157
Fund Balance		
Nonspendable		
Prepaid items		18,421
Restricted		
Declared emergencies		33,590
Committed		
Personnel education		25,000
Capital outlay		1,000,000
Contingencies		525,223
Inflationary reserve		300,000
Unassigned		201,508
Total Fund Balance		2,103,742
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$	3,175,673

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

Pine River Public Library District
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Governmental Fund
For the Year Ended December 31, 2025

		General Fund
Revenues		
Taxes	$	1,009,565
Charges for services		11,084
Grants and contributions		33,534
Interest		88,600
Total Revenues		1,142,783
Expenditures		
Library operations		1,112,216
Total Expenditures		1,112,216
Net Change in Fund Balance		30,567
Fund Balance - Beginning of Year		2,073,175
Fund Balance - End of Year	$	2,103,742

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

Pine River Public Library District
Reconciliation of the Balance Sheet - Governmental Fund
to the Statement of Net Position
December 31, 2025

Total Fund Balance - Governmental Fund		$ 2,103,742
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the fund.		
Governmental capital assets	4,928,740	
Less accumulated depreciation	(1,797,694)	3,131,046
Right of use assets used in the governmental activities are not financial resources and therefore are not reported in the fund.		
Operating lease right-of-use assets		28,872
Some liabilities are not due and payable in the current period and therefore are not reported in the fund.		
Operating lease liability - short-term		(6,219)
Operating lease liability - long-term		(22,653)
Accrued compensated absences		(32,780)
Total Net Position - Governmental Activities		$ 5,202,008

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

Pine River Public Library District
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balance - Governmental Fund
to the Statement of Activities
For the Year Ended December 31, 2025

Net change in fund balance - total governmental fund	$	30,567
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay		138,539
Depreciation expense		(140,433)
In the governmental funds, expenditures for compensated absences are measured by the amount of financial resources used (essentially, the amounts actually paid to employees), whereas in the statement of activities, they are measured as the benefits are earned by employees during the year. This is the amount the liability for compensated absences changed during the year.		(5,641)
Change in net position - governmental activities	$	23,032

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

Note A - Summary of Significant Accounting Policies

The District is a Colorado special district created on December 4, 1972. The District is governed by a Board of Trustees, who are appointed by the Board of Commissioners of La Plata County. The purpose of the District is to promote the establishment and development of publicly supported library services.

The District provides library services to the Town of Bayfield, La Plata County, Colorado, the surrounding area and the general public.

Reporting Entity

As required by generally accepted accounting principles, these financial statements are presented for the District (the primary government) and its component units. Component units are legally separate organizations for which the appointed officials of the primary government are financially accountable, or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the District's financial statements to be misleading or incomplete. Based upon the foregoing criteria, there are no component units included in the accompanying financial statements. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies:

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.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District.

The statement of net position presents the financial position of the governmental activities of the District. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported in a single column. The statement of net position reports all financial and capital resources of the District. The difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as net position. Net position is presented in three components: net investment in capital assets, restricted net position, and unrestricted net position.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to users 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. For purposes of identifying the function to which program revenues pertain, charges for services are allocated based on the function generating the revenue, while grants and contributions are allocated based on the function to which the revenues are restricted. Taxes and other items not properly included among program revenues are reported as general revenues.

Note A - Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The District prepares its government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting. Under this basis, revenues are recognized when earned and expenses are recognized when the related liability is incurred, regardless of the timing of cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met. Accordingly, the District's financial reporting complies with generally accepted accounting principles for state and local governments, including the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences are recorded only when payment is due.

Governmental Fund Types:

The accounts of the District are organized on the basis of funds. Each fund is considered an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other assets together with all related liabilities, obligations, reserves and equities, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The District used the following fund during 2025:

General Fund - The general fund is used to account for all financial resources of the District. The general fund balance is available to the District for any purpose, provided it is expended or transferred according to the general laws of Colorado and the bylaws of the District.

Stewardship, Compliance and Accountability

The District adopts an annual budget for the General Fund. All annual appropriations lapse at fiscal year-end. The District does not report encumbered balances as of December 31, 2025, as all encumbrances lapse at 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 Trustees to obtain citizen comments.
- The budget is adopted by formal resolution prior to December 31.
- Expenditures may not legally exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.

Note A - Summary of Significant Accounting Policies (continued)

Annual budgets are adopted on a basis that is consistent with generally accepted accounting principles for the General Fund. The annual budget is presented on the modified accrual basis of accounting that is consistent with generally accepted accounting principles.

Cash and Cash Equivalents

The District's cash and cash equivalents are comprised of demand deposits and highly liquid investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are reported at fair value, except for money market funds and participating interest-earning investment contracts that mature within one year of the date of their acquisition which are stated at cost. Fair values are based on published market prices. The governmental investment pool operates in accordance with appropriate state laws and regulations. The value of the pool is reported at amortized cost which, in most cases, approximates the fair values of the pool shares.

Under Colorado statutes, the District may lawfully invest eligible funds in the following securities:

- 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
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Certain corporate bonds

Receivables

All trade and property tax receivables are reported net of an allowance for uncollectible amounts, when applicable. For the year ended December 31, 2025, Management deemed uncollectible amounts immaterial to the financial statements and no amounts were recorded.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2025, are recorded as prepaid items using the consumption method. An asset is recorded for the prepaid amount and reflects the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is classified as nonspendable, as this amount is not available for general appropriation.

Note A - Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets, which include land, buildings, furniture, equipment, technology, and library materials, are reported in the government-wide financial statements. In the governmental fund financial statements, capital assets are charged to expenditures when purchased. Capital assets are defined as large purchases with an initial, individual asset cost of more than $10,000 and an estimated useful life of more than one year, with the exception of library materials capitalized regardless of cost. Capital assets are recorded at historical cost or estimated historical cost if historical cost is not available. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the District values these capital assets at the estimated fair value of the item at the date of donation. Capital assets of the District are depreciated using the straight-line method. The composite method is used in the depreciation of library materials. These assets are depreciated over the following estimated useful lives:

Asset	Years
Buildings	10 - 40
Land improvements	10 - 28
Furniture, equipment, and technology	5 - 10
Library collection	4 - 7

Compensated Absences

The liability for compensated absences reported in the government-wide financial statements consists of unused paid time off (PTO), based on the employee’s employment term and hours of service. The maximum of 60 hours of unused vacation time and 48 hours of unused sick time may accrue for each employee at any given time. As of December 31, 2025, the estimated value of compensated absences was $32,780.

Accrued Liabilities and Long-Term Obligations

All payables and accrued liabilities are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are “due for payment” during the current year.

Note A - Summary of Significant Accounting Policies (continued)

Net Position or Fund Balances

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “net position”.

- Net Position: Net position is comprised of assets less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets (net of accumulated depreciation) that is reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws and regulations of other governments. All other net position is reported as unrestricted.

- Fund Balance: Generally, fund balance reflects assets minus liabilities and deferred inflows of resources. Financial reporting standards establish criteria for classifying fund balance amounts into specifically defined categories to make the nature and extent of constraints on these amounts more useful and understandable. The categories comprise a hierarchy based on the extent to which constraints must be honored for a specified purpose and for which amounts can be spent. Fund balances of governmental funds may be categorized as nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable Fund Balance: cannot be spent because it is either in nonspendable form or is legally or contractually required to be maintained intact. Examples include items not expected to be converted to cash such as inventories and prepaid assets.

- Restricted Fund Balance: is restricted for specific purposes based on constraints externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

- Committed Fund Balance: is constrained for a specific purpose by formal action (resolution or ordinance) adopted by the Board of Trustees and can be rescinded only through the same type of formal action used to establish the original commitment. Trustee actions require either an ordinance or resolution. Both are equally binding for their respective purposes and are mutually exclusive, not interchangeable with one another.

- Assigned Fund Balance: is constrained for specific purposes as determined by management and the Board of Trustees through the budget process. The Executive Director is the only employee authorized to assign fund balance.

- Unassigned Fund Balance: is unconstrained and comprised of residual uncategorized fund balance amounts. The General Fund reports a positive unassigned fund balance.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted resources are available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are considered to be reduced first, followed by assigned amounts and then unassigned amounts.

Note A - Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense or expenditure) until then. The District does not have any items that qualify for reporting in this category.

The government reports deferred inflows, which arise under the full accrual and modified accrual basis of accounting. Deferred property taxes are reported as a deferred inflow for both the governmental activities presentation and governmental funds balance sheet. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced.

Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

Property taxes for the current year are certified in arrears to La Plata County on December 15th and attach as an enforceable lien on property as of the previous January 1st. For example, property taxes owed in 2025 were certified to the County in December 2024 and were available for collection on the due date, January 1, 2026. Property taxes are payable in full by April 30 or in two equal installments due February 28 and June 15. La Plata County bills and collects property taxes for all taxing districts in the County. The property tax receipts collected by La Plata County are remitted to the District in the subsequent month.

Property taxes are reported as a receivable and as deferred inflows of resources when the District has an enforceable legal claim to the taxes and as revenue when available for collection in the following year.

Specific Ownership Taxes

Specific ownership taxes are collected by La Plata County for motor vehicles and other personal property registered in the District's assessment area. Specific ownership taxes are recorded as revenue when collected by La Plata County.

Estimates

The preparation of these financial statements require management to make estimates and assumptions that affect certain reported amounts and disclosures. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Note A - Summary of Significant Accounting Policies (continued)

Leases – Lessee Arrangements

The District adopted the provisions of GASB Statement No. 87, *Leases*, effective January 1, 2025. This standard establishes a single model for lease accounting based on the principle that leases represent financings of the right to use an underlying asset.

Under this guidance, the District recognizes a lease liability and a corresponding intangible right-of-use asset at the commencement of the lease term, unless the lease qualifies as a short-term lease.

The lease liability is initially measured at the present value of lease payments expected to be made over the lease term, discounted using the interest rate implicit in the lease when readily determinable, or, if not, the District's elected policy rate of a risk-free rate. The District has applied the risk-free rate in accordance with this election.

The right-of-use asset is initially measured as the sum of the initial amount of the lease liability, lease payments made to the lessor at or before the commencement of the lease term, and initial direct costs, less any lease incentives received.

Subsequently, the lease liability is reduced by lease payments and increased by interest expense recognized using the effective interest method. The right-of-use asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

The District has elected to combine lease and nonlease components for all classes of underlying assets.

Leases with a maximum possible term of 12 months or less are considered short-term leases and are recognized as outflows of resources as payments are made, with no recognition of a lease asset or liability.

Date of Management's Review

Management has evaluated subsequent events through June 15, 2026, the date on which the financial statements were available to be issued. No material subsequent events were identified requiring disclosure in the financial statements.

Note B - Cash

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District's deposits are governed by Colorado statute. 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 regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

As of December 31, 2025, the District had $116,161 in cash on deposit with banks.

The District has accounts that are covered under Federal Deposit Insurance Corporation (FDIC) insurance. The FDIC insurance limit for cash accounts is $250,000. The carrying amount of the District's deposits as of December 31, 2025 was $116,161. As of December 31, 2025, the bank balance was $139,134, which was fully covered by federal deposit insurance.

Note C - Investments

<u>Investments</u>

Investments are reported at fair value or at amortized cost which approximates fair value. At December 31, 2025, the District had $1,981,786 held in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST is a liquid asset trust, holding pooled investments meeting the legal requirements for Colorado local governments and collateralizes investments in accordance with PDPA. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund. The Trust offers shares in three portfolios, COLOTRUST Prime (Prime), COLOTRUST Plus+ (Plus+) and COLOTRUST Edge (Edge). All portfolios may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and instrumentalities, and repurchase agreements collateralized with certain U.S. government agencies or instrumentalities. Plus+ and Edge may also invest in the highest rated commercial paper. The Prime and Plus+ portfolios are restricted to a weighted average maturity (WAM) of 60 days or less while the Edge portfolio incorporates longer-dated securities with a WAM of 60 days or more. Both Prime and Plus+ portfolios are rated AAAm by Standard and Poor's and the EDGE portfolio is rated AAAf/S1 by Fitch Ratings.

The District had $1,981,786 invested in Plus+ as of December 31, 2025.

COLOTRUST records its investments at fair value and the District records its investments in COLOTRUST at net asset value as determined by fair value. Each share of Prime and Plus is equal in value to $1.00 and the redemption frequency is daily with no redemption notice period. Edge's net asset value is managed to approximate a $10.00 transactional share price and the redemption frequency is five business days. The principal value of an Edge investment may fluctuate and could be greater or less than $10.00 per share at time of purchase, prior to redemption, and at the time of redemption. There are no unfunded commitments.

Note C - Investments (continued)

The composition of all investments held by the District at December 31, 2025 is as follows:

Investments	Standard & Poor's Rating	Balance
Colorado Local Government Liquid Asset Trust	AAAm	$ 1,981,786
Certificate of Deposit		2,041
Total investments		$ 1,983,827

Risk Disclosures

GASB Statement 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end requiring the reporting of the following related disclosures:

Credit Risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. State statutes limit certain investments to those with specified ratings from nationally recognized statistical rating organizations, depending on the type of investment. At year end, the District was not significantly exposed to credit risk.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2025, the District did not hold any such investments requiring additional disclosure.

Concentration of Credit Risk - The District places no limit on the amount that may be invested in any one issuer, except for corporate securities. As of December 31, 2025, the District did not hold any such investments requiring additional disclosure.

Interest Rate Risk - Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of COLOTRUST PLUS+ at December 31, 2025, is 81 days. The District did not hold any investments with a maturity over 24 months as of December 31, 2025.

Foreign Currency Risk - This is the risk that exchange rates will adversely affect the fair value of an investment. At year end December 31, 2025, the District was not exposed to foreign currency risk.

For the year ended December 31, 2025, Colorado Local Government Liquid Asset Trust (the Trust) earned investment income of $88,493 at 4.3199%.

Note D - Property Taxes Receivable

The District reports deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes receivable of $1,051,157 represents property tax levied in 2025 but not available until 2026 and is considered unavailable revenue.

Note E - Capital Assets

The summary of changes in general capital assets during the year ended December 31, 2025 are as follows:

2025	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	$ 866,456	$ -	$ -	$ 866,456
Capital assets being depreciated:				
Building	2,922,062	-	-	2,922,062
Furniture and equipment	103,727	-	(1,294)	102,433
Land improvements	467,335	97,430	-	564,765
Library collection	475,121	41,109	(43,206)	473,024
Technology	20,781	-	(20,781)	-
Total depreciable capital assets	3,989,026	138,539	(65,281)	4,062,284
Less: Accumulated depreciation				
Building	(1,042,415)	(75,812)	-	(1,118,227)
Furniture and equipment	(78,517)	(4,625)	1,295	(81,847)
Land improvements	(266,856)	(23,807)	-	(290,663)
Library collection	(314,010)	(36,154)	43,206	(306,958)
Technology	(20,745)	(35)	20,781	1
Total accumulated depreciation	(1,722,543)	(140,433)	65,282	(1,797,694)
Capital assets being depreciated, net	2,266,483	(1,894)	1	2,264,590
Governmental activities capital assets, net	$ 3,132,939	$ (1,894)	$ 1	$ 3,131,046

Depreciation expense for the year ended December 31, 2025 was $140,433 and was charged to governmental activities expense.

Note F - Employee Benefit Plans

The District offers a health benefit plan to employees working 30 hours or more. The plan offers a group health insurance policy that covers the employee only. The District pays a premium up to $400 per month ($4,800 per year). Staff members are also offered FAMLI benefits, life insurance, and an IRA Match of up to 3%. The District’s total employer health insurance contributions and IRA matching contribution for the year ended December 31, 2025 was $31,157 and $10,534, respectively.

Note G - Colorado Tabor

In November 1992, the people of the State of Colorado passed an amendment to the State's constitution (Article X, Section 20) known as the Taxpayer's Bill of Rights (TABOR), which went into effect on December 31, 1992. TABOR's intended purpose was to reasonably restrain the growth of government by imposing spending and revenue limits on the state and any local government, excluding enterprises. Provisions of TABOR require, among other things, that:

- Each district shall reserve for use in declared emergencies 3% or more of its fiscal year spending (as defined by TABOR) excluding bonded debt service, and this amount is set aside as part of reserved fund balance, called "declared emergencies".

- If revenue from sources not excluded from fiscal year spending exceeds the limits prescribed by TABOR in dollars for that fiscal year, the excess shall be refunded in the next fiscal year unless voters approve a revenue change as an offset. Revenue collected, kept, or spent illegally since four full fiscal years before an individual or class action enforcement suit is filed shall be refunded with 10% annual simple interest from the initial conduct.

- With minor exceptions, advance voter approval is required for any new tax, tax rate increase, or mill levy above that for the prior year or creation of any multiple-fiscal year direct or indirect district debt or other financial obligation without certain cash reserve amounts or a non-appropriation clause, if applicable.

As of December 31, 2025, the District had restricted $33,590 in the General Fund for declared emergencies.

Note H - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters for which the district maintains commercial insurance coverage for vehicles, property, and general liability, as well as management liability through State Farm Specialty Products, Inc. The District also maintains workers' compensation insurance through State Farm Fire and Casualty Company.

Note I - Commitments and Contingencies

A. Grants

The District periodically receives federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. District management believes disallowances, if any, will be immaterial.

B. Claims and Litigation

The District is unaware of any pending or threatened litigation that might have a material effect on the financial statements.

Note J - Leases

The District implemented GASB Statement No. 87, *Leases*, effective January 1, 2025. The standard was applied using a modified retrospective approach, under which lease liabilities were recognized based on the present value of remaining lease payments as of the implementation date. Corresponding right-of-use assets were recorded based on the measurement of the lease liabilities, adjusted for any prepaid or accrued lease payments.

The District has two lease agreements with ImageNet Consulting, LLC for HP managed printer/copier equipment consisting of four total units used in administrative operations. The leases do not transfer ownership of the underlying assets and are accounted for as right-of-use assets under GASB 87.

The District elected the package of practical expedients permitted under GASB 87 for leases existing prior to the implementation date. Accordingly, the District did not reassess whether existing contracts contain leases, lease classification, or initial direct costs.

The implementation of this standard resulted in the recognition of lease-related assets and liabilities; however, it did not have an impact on beginning net position.

As of December 31, 2025, the District's leases have a weighted average remaining lease term of 4.33 years and a weighted average discount rate of 4.07%, which is based on a risk-free rate in accordance with the District's accounting policy.

Variable lease payments, including applicable taxes, are not included in the measurement of the lease liability and are recognized as expense in the period incurred. Accordingly, no variable lease expense and no short term lease expense was recognized during the year ended December 31, 2025.

The components of lease expenses are as follows for the years ended December 31:

Lease expense	**2025**
Amortization expense – right-of-use lease assets	$ 4,853
Add: Interest expense on lease liabilities	845
Total lease expense	$ 5,698

Right-to-use lease assets related to copier equipment consisted of the following at December 31:

Right-of-use lease assets	**2025**
Right-of-use lease assets	$ 32,880
Less: accumulated amortization	4,008
Total right-of-use lease assets	$ 28,872

Supplemental information related to leases is as follows for the year ended December 31:

Other Information	**2025**
Cash paid for amounts included in the measurement of lease liabilities	$ 4,853
Right-of-use lease assets obtained in exchange for lease liabilities	32,880

Note J - Leases (continued)

Lease Maturity Analysis

As of December 31, 2025, the District's future lease payment requirements under non-cancellable lease agreements are as follows:

Year Ending December 31	Lease Amount
2026	$ 7,278
2027	7,278
2028	7,278
2029	7,278
2030	2,430
Thereafter	-
Total undiscounted cash flows	31,542
Less: imputed interest	(2,670)
Total lease liabilities	$ 28,872

Note K - Upcoming Accounting Pronouncement

The Governmental Accounting Standards Board (GASB) has issued GASB Statement No. 103 "Financial Reporting Model Improvements". This statement is effective for reporting periods beginning after June 15, 2025. The District is currently evaluating the impact of Statement No. 103 on their financial statements and have chosen not to adopt at this time. Management does not expect the adoption of this statement to have a material impact on the financial statements.

Required Supplementary Information

Pine River Public Library District
Schedule of Revenues, Expenditures and Changes in Fund Balance
General Fund - Budget and Actual
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
Revenues				
Property taxes	$ 901,531	$ 901,531	$ 901,688	$ 157
Specific ownership and other taxes	80,000	100,000	107,877	7,877
Total taxes	981,531	1,001,531	1,009,565	8,034
Charges for services	10,000	10,000	11,084	1,084
Grants and contributions	29,000	31,000	33,534	2,534
Interest	50,000	70,000	88,600	18,600
Total Revenues	1,070,531	1,112,531	1,142,783	30,252
Expenditures				
Personnel	620,000	612,300	610,690	1,610
Administration expense	45,100	45,100	35,530	9,570
Books and materials	103,400	103,400	93,500	9,900
Facility fees	6,000	8,000	7,870	130
Programming	19,400	19,400	18,547	853
Repairs and maintenance	88,000	97,000	96,791	209
Small furniture and equipment	19,000	19,000	19,810	(810)
Technology	101,000	95,200	82,963	12,237
Treasurer's fee	27,046	27,046	27,136	(90)
Utilities	21,500	24,000	21,949	2,051
Total library operations	1,050,446	1,050,446	1,014,786	35,660
Capital outlay	200,000	100,000	97,430	2,570
Total Expenditures	1,250,446	1,150,446	1,112,216	38,230
Net Change in Fund Balance	$ (179,915)	$ (37,915)	30,567	$ (7,978)
Fund Balance - Beginning of Year			2,073,175	
Fund Balance - End of Year			$ 2,103,742	

See accompanying Independent Auditor's Report.