
**REPORT OF
THE DELTA COUNTY PUBLIC LIBRARY DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2025**

DELTA COUNTY PUBLIC LIBRARY DISTRICT

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Blair and Associates, P.C.

Cedaredge, Colorado

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Delta County Public Library District
Delta, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities of Delta County Public Library District, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Delta County 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 of Delta County Public Library District, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Delta County 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 opinions.

Responsibilities of Management for the Financial Statements

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

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

In performing an audit in accordance with generally accepted 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 Delta County 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.

Certified Public Accountants

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- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Delta County 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 (Page B1-B7) and budgetary comparison information (Page D1) 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.

Blair and Associates, P.C.

Cedaredge, Colorado
June 24, 2026

Management's Discussion and Analysis

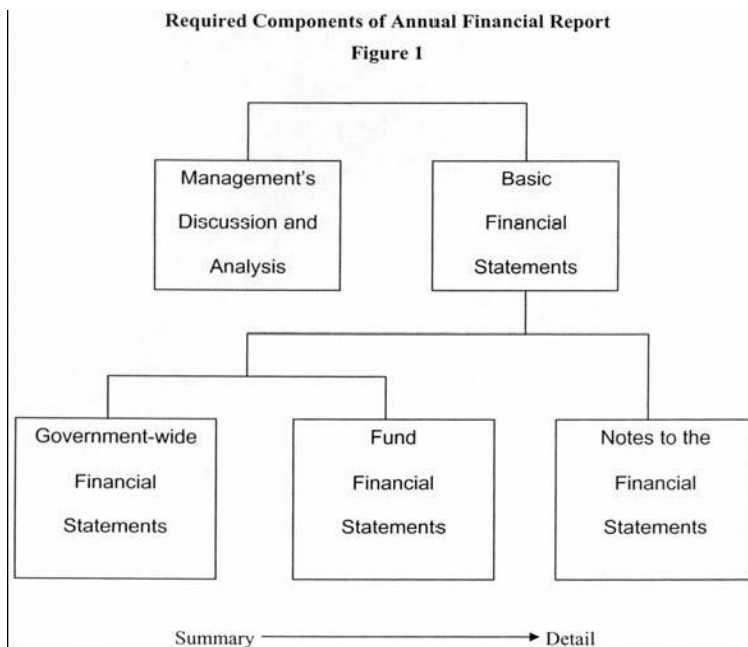
As management of the Delta County Public Library District (the "District"), we offer this narrative overview and analysis of the financial activities of the Delta County Public Library District for the year ended December 31, 2025. We encourage the readers to consider this Management's Discussion and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

Financial Highlights

- The District's total assets exceeded its liabilities on December 31, 2025, by \$6,484,172 (Exhibit 1). This represented decrease of \$309,950 from net position at December 31, 2024 (see Exhibit 2). This perspective on net position includes spendable resources as well as investment in buildings, collections and other capital assets of \$4,662,559 and emergency reserve of \$55,912.
- The District's total liabilities increased by \$62,810 from the prior year as shown in Figure 2.
- As of December 31, 2025, the District's governmental funds reported combined ending fund balances of \$1,869,988, decrease of \$154,433 in comparison to the prior year (see Exhibits 3 and 4). The portion of the total fund balance for the General Fund that is unassigned and available for spending at the District's discretion is \$886,464.
- Within the District's general operating fund, total actual revenues were \$165,217 less than the 2025 final budget, while total actual expenditures were \$60,784 less than the 2025 final budget (see Exhibit 5).

Overview of the Financial Statements

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*. Figure 1 illustrates the components of a typical annual financial report.



Basic Financial Statements

Government-wide Financial Statements:

The *government-wide financial statements* (Exhibits 1 and 2) provide both short and long-term information about the District's financial status. These financial statements present a broad overview of the District's finances, similar in format to the financial statements of a private-sector business. The statement of activities (Exhibit 2) reports changes in the District's net position. This statement includes all of the District's revenues and expenses, regardless of when the cash is received or paid, as defined under the full accrual accounting method.

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" (Exhibits 3 and 4) and the "budgetary basis statements" (Exhibits 5).

Exhibits 3 and 4 focus 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 in the "modified accrual basis statements" 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 differences in accounting for financial information in the *government-wide statements* (Exhibits 1 and 2) and the fund statements are illustrated by the reconciliations on Exhibits 2 through 4.

The annual budget shown in the "Budgetary Comparison statement" (Exhibits 5) is prepared as described in Note 1. This budget is presented using the modified accrual basis of accounting.

The "Budgetary Comparison statement" for the General Fund, demonstrates how the District complied with the year's approved budget. The "Budgetary Comparison statement" is presented using the same classifications as those used in the legal budget document.

Notes to the Basic Financial Statements:

Notes to the financial statements provide additional information that is essential to fully understanding the financial statement data.

Financial Analysis

The Statement of Net Position and the Statement of Activities (Exhibits 1 and 2) present the District's financial information as a whole. Figures 2 and 3 provide summaries of these statements for 2024 and 2025.

The District's Net Position
Figure 2

	Governmental Activities	
	2024	2025
Current and other assets	\$ 3,451,691	\$ 3,636,052
Capital assets, net of depreciation	4,788,445	4,662,559
Total assets	8,240,136	8,298,611
Short-term liabilities	40,877	74,056
Long-term liabilities	18,744	48,375
Total liabilities	59,621	122,431
Deferred inflows of resources	1,386,393	1,692,008
Net position:		
Invested in capital assets, net of related debt	4,788,445	4,662,559
Restricted for emergency	55,185	55,912
Unrestricted	1,950,492	1,765,701
Total net position	\$ 6,794,122	\$ 6,484,172

Net Position:

The District's assets exceeded its liabilities by \$6,484,172 as of December 31, 2025, decrease in the District's net position of \$309,950 during 2025 (see Figures 2 and 3). Of the net position, \$4,662,559 is invested in capital assets, which includes land, buildings, library materials, furniture and equipment, less related debt. 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 is classified as either restricted or unrestricted. The restricted assets are for an emergency reserve of \$55,912. The remaining assets are unrestricted assets of \$1,765,701 which can be used for future operations.

The District's Changes in Net Position

Figure 3

	Governmental Activities	
	2024	2025
Revenues:		
Program revenues:		
Charges for services	\$ 24,970	\$ 25,208
Operating grants and contributions	85,399	39,068
General revenues:		
Property taxes	1,508,996	1,335,106
Specific ownership tax	203,276	196,448
Sales taxes	87,967	87,967
Investment income	104,980	87,673
Other	1,071	424
Total revenues	<u>2,016,659</u>	<u>1,771,894</u>
Expenses:		
Administration	166,753	162,962
Library collections and other	49,869	53,788
Supplies	47,260	50,791
Electronic resources	133,974	174,488
Personnel costs	1,248,445	1,361,264
Utilities/Maintenance	64,441	50,904
Literacy	1,115	1,000
Depreciation expense	<u>227,316</u>	<u>226,647</u>
Total expenses	<u>1,939,173</u>	<u>2,081,844</u>
Increase in net assets	77,486	(309,950)
Net assets, January 1	<u>6,716,636</u>	<u>6,794,122</u>
Net assets, December 31	<u><u>\$ 6,794,122</u></u>	<u><u>\$ 6,484,172</u></u>

The District receives 75 percent of its funding from property tax revenues. Salaries and benefits represent 65 percent of the District's total expenditures. Under the method of accounting used for the government-wide financial statements, library books and other collections are capitalized as assets and depreciated over their estimated useful lives. Consequently, most of the year's expenditures for books and collections are not included in the "library materials" expense shown in Figure 3.

Fund Financial Analysis

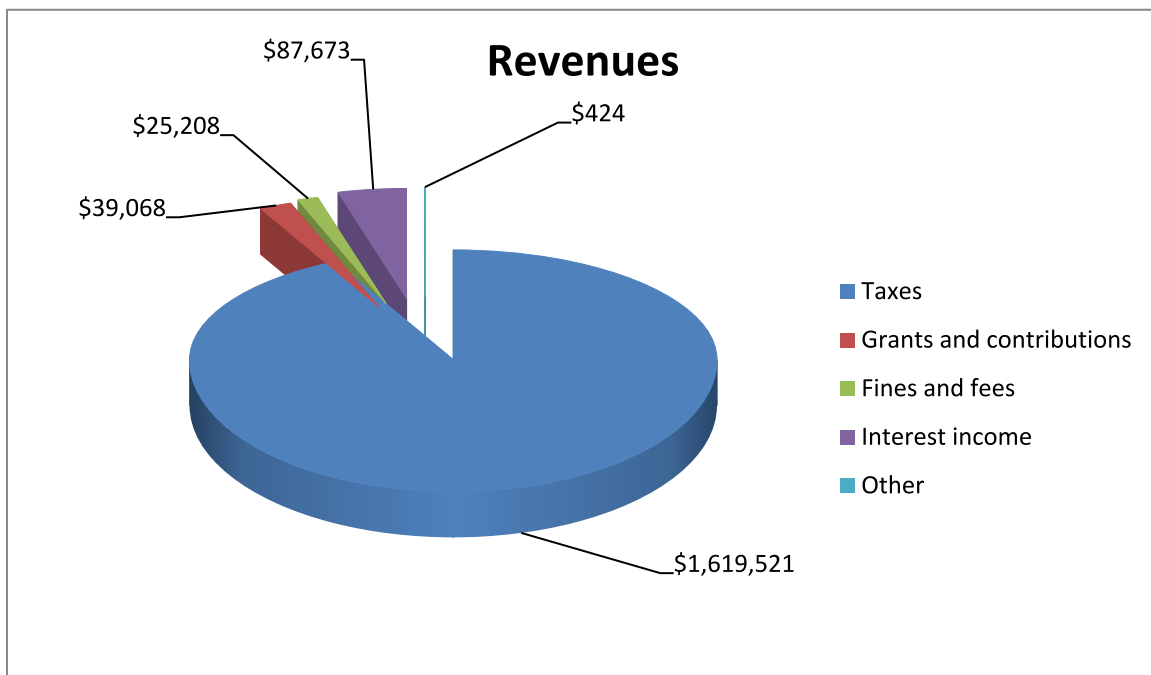
“Modified Accrual Basis Statement” Analysis (Exhibits 3 and 4):

The General Fund is the operating fund of the District. At the end of the calendar year 2025, the fund balance of the General Fund is \$1,869,988. Of this amount, \$55,912 is reserved for emergencies under Tabor, \$384,500 is committed for capital replacement and \$543,112 is committed for reserves of 25% of next year budgeted expenditures. The remaining unassigned fund balance of \$886,464 is available for future spending.

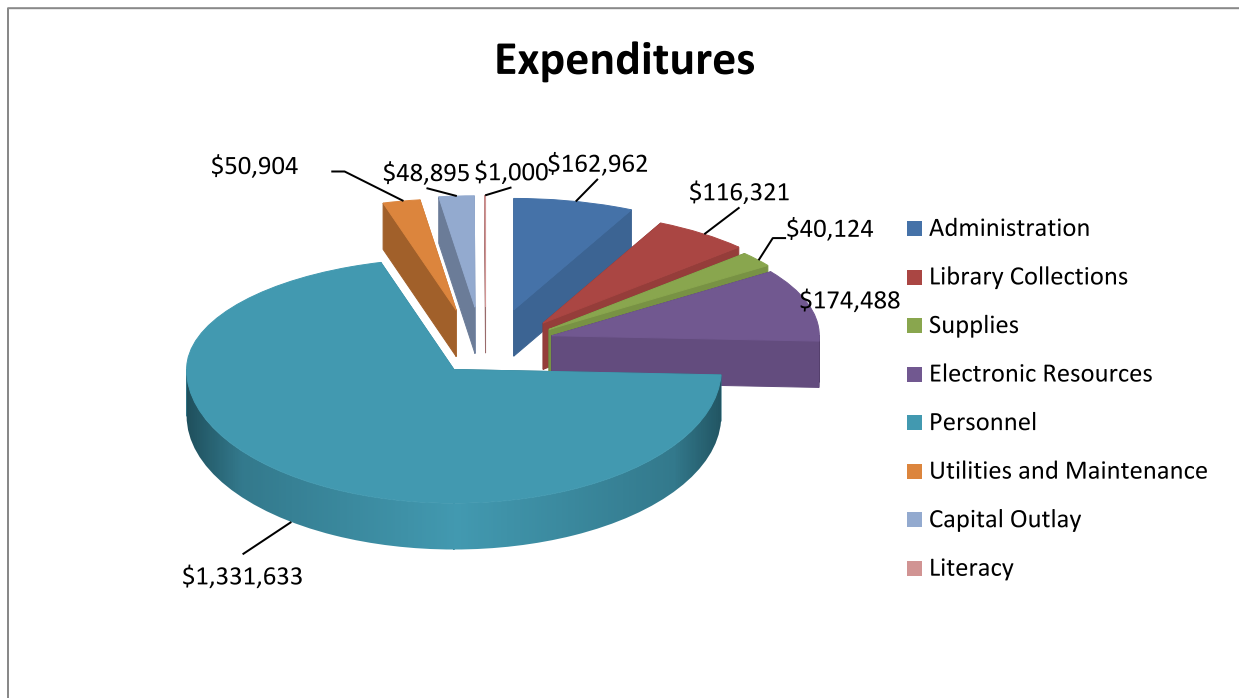
On December 31, 2025, the District reported a combined fund balance for its governmental funds of \$1,869,988 (see Exhibit 3).

The charts in Figures 4 and 5 represent only the General Fund’s revenues and expenditures.

General Fund 2025 Revenues
Figure 4



General Fund 2025 Expenditures
Figure 5



Capital Asset Discussion

The District's investment in capital assets as of December 31, 2025, totals \$4,662,558, net of accumulated depreciation (see Figure 6). These assets include buildings, land, furniture, equipment, books, and audio-visual equipment. Additional information on the District's capital assets can be found in Note 3 of the financial statements.

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

Books, and audio-visual devices	\$	62,533
Furniture and equipment	\$	2,559
Other Improvements	\$	15,757
Computers	\$	20,732

Capital Assets
Figure 6

	2024	2025
Land	\$ 27,000	\$ 27,000
Building	4,311,674	4,194,498
Furniture and equipment	205,444	208,889
Other Improvements	94,723	93,967
Library materials	149,604	138,204
Total capital assets	<u>\$ 4,788,445</u>	<u>\$ 4,662,558</u>

Requests for Information

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 the Delta County Public Library District, PO Box 540, Hotchkiss, CO 81419.

Delta County Public Library District
Statement of Net Position
December 31, 2025

	Governmental Activities	Component Unit Trust and Endowment Inc.
ASSETS		
Cash and investments	\$ 1,428,215	\$ 78,169
Cash and Investments-Restricted	512,760	-
Property Taxes Receivable	1,692,008	-
Prepaid expenses	3,069	-
Total current assets	3,636,052	78,169
 Net capital assets	 4,662,559	 -
 TOTAL ASSETS	 8,298,611	 78,169
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
LIABILITIES		
Accounts payable	4,133	-
Accrued payroll	41,963	-
Unearned Revenue	27,960	-
Total current liabilities	74,056	-
 LONG-TERM LIABILITIES		
Compensated absences	48,375	-
 TOTAL LIABILITIES	 122,431	 -
 DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue- Property Taxes	1,692,008	-
 NET POSITION		
Net Investment in capital assets	4,662,559	-
Restricted for Emergencies	55,912	-
Unrestricted	1,765,701	78,169
 TOTAL NET POSITION	 \$ 6,484,172	 \$ 78,169

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

Delta County Public Library District
Statement of Activities
December 31, 2025

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION	COMPONENT UNIT
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTAL	TRUST AND ENDOWMENT INC.
					GOVERNMENTAL ACTIVITIES	
Governmental Activities						
Library Services	\$ 2,081,844	\$ 25,208	\$ 39,068	\$ -	(2,017,568)	
Trust and Endowment Inc.	\$ 18,857	\$ -	\$ 12,045	\$ -		\$ (6,812)
GENERAL REVENUES						
					1,335,106	-
					196,448	-
					87,967	-
					87,673	1,799
					424	265
					1,707,618	2,064
CHANGE IN NET POSITION						
					(309,950)	(4,748)
NET POSITION- Beginning of Year					6,794,122	82,917
NET POSITION- End of Year					\$ 6,484,172	\$ 78,169

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

Delta County Public Library District
Balance Sheet - General Fund
December 31, 2025

	<u>General Fund</u>
Assets	
Cash and Investments	\$ 1,428,215
Cash and Investments-Restricted	512,760
Property Taxes Receivable	1,692,008
Prepaid Expenses	3,069
Total assets	<u><u>\$ 3,636,052</u></u>
Liabilities and fund equity	
Liabilities	
Accounts Payable	\$ 4,133
Unearned Revenue	27,960
Total liabilities	<u>74,056</u>
Deferred Inflows of Resources	
Unavailable Revenue- Property Tax	<u>1,692,008</u>
Fund Balances	
Restricted for Emergencies	55,912
Committed	
Capital Replacement	384,500
Reserves (25% of next year budgeted expenditures)	543,112
Unassigned	886,464
Total fund equity	<u>1,869,988</u>
Total liabilities and fund balances	<u><u>\$ 3,636,052</u></u>

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

Delta County Public Library District
Reconciliation of the General Fund Balance Sheet
to the Statement of Net Position
December 31, 2025

Total fund balance for General Fund	\$ 1,869,988
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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. Those assets consist of:

Land	27,000	
Building	5,858,763	
Furniture and equipment	165,411	
Other Improvements	282,518	
Computers	100,421	
Library Materials	369,659	
Less accumulated depreciation	<u>(2,141,213)</u>	
Total capital assets		4,662,559

Long-term liabilities are not due and payable in the current period and accordingly are not reported in the funds. Other related amounts include debt issuance costs, bond interest payable, unamortized bond premium and unamortized deferred amount of refunding.

Compensated absences	<u>(48,375)</u>	
Total long-term liabilities		<u>(48,375)</u>

Total net position of governmental activities	<u><u>\$ 6,484,172</u></u>
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The accompanying notes are an integral part of the financial statements.

**Delta County Public Library District
Statement of Revenues, Expenditures and
Changes in Fund Balance - General Fund
For the year ended December 31, 2025**

Revenues	General Fund
Taxes	\$ 1,619,521
Grants	17,371
Contributions	21,697
Fines	7,989
Fees	17,219
Interest	87,673
Miscellaneous revenue	424
Total revenues	1,771,894
Expenditures	
Administration	162,962
Library collection	116,321
Supplies	40,124
Electronic Resources	174,488
Personnel	1,331,633
Utilities/ Maintenance	50,904
Capital outlay	48,895
Literacy	1,000
Total expenditures	1,926,327
Net change in fund balance	(154,433)
Fund balance, January 1	2,024,421
Fund Balance, December 31	\$ 1,869,988

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

Delta County Public Library District
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance of General Fund to the Statement of Activities
For the year ended December 31, 2025

Net change in fund balance for general fund	\$	(154,433)
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The change in net position reported for governmental activities is the statement of activities is 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. This is the amount by which capital outlay was more than depreciation in the current period.

Depreciation expense	(227,468)		
Capital outlay	<u>101,581</u>		
			(125,887)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources and revenues are not recognized until they become both measurable and available. In the Statement of Activities however, which is presented on the accrual basis revenues are recognized when earned and expenses and liabilities are reported regardless of when financial resources are available. In addition, interest and amortization on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes of these balances.

Compensated absences	<u>(29,630)</u>		
			<u>(29,630)</u>

Change in net position of governmental activities	\$	<u><u>(309,950)</u></u>
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The accompanying notes are an integral part of the financial statements.

Delta County Public Library District
Statement of Net Position-Trust and Endowment Inc.
December 31, 2025

	<u>Trust and Endowment Inc.</u>
Assets	
Cash and Investments	<u>\$ 78,169</u>
Total assets	<u><u>\$ 78,169</u></u>
 Net assets	
With donor restrictions	<u>\$ -</u>
Without donor restrictions	<u>78,169</u>
Total net assets	<u><u>\$ 78,169</u></u>

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

Delta County Public Library District
Statement of Chanages in Net Position-Trust and Endowment Inc.
For the year ended December 31, 2025

	Trust and Endowment Inc.
Additions	
Grants	\$ 6,107
Contributions	5,938
Interest	1,799
Miscellaneous revenue	265
Total additions	14,109
Deductions	
Administration	2,250
Grants and programs expenses	6,607
Art project	10,000
Total expenditures	18,857
 Net change in fund balance	 (4,748)
Fund balance, January 1	82,917
Fund Balance, December 31	\$ 78,169

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

Delta County Public Library District
Notes to the Financial Statements
December 31, 2025

Note 1 -Summary of Significant Accounting Policies

The Delta County Library District (the District) was formed pursuant to Colorado Revised Statutes with voter's approval in 1993. The District provides library services and other public education projects to those constituents within the District's boundaries.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies.

The Financial Reporting Entity

In accordance with Governmental Accounting Standards, the District has considered the possibility of inclusion of additional entries in its basic financial statements. The definition of the reporting entity is based primarily on financial accountability. The District is financially accountable for legally separate organizations if District officials appoint a voting majority of the organization's governing body and either: (1) it is able to impose its will on the organization; or (2) there is a potential for benefits to, or to impose specific financial burdens on the District. The District may also be financially accountable for governmental organizations that are fiscally dependent upon it. Based on the application of these criteria, the District reports Trust and Endowment Inc. as a component unit.

Basis of Presentation, Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities display information about all of the activities of the District. These statements include the financial activities of the overall government, except for fiduciary activities. These statements distinguish between the governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The District has no business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

Fund Financial Statements: The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds. The District does not have proprietary or fiduciary fund types.

Delta County Public Library District
Notes to the Financial Statements
December 31, 2025

Note 1 -Summary of Significant Accounting Policies - (continued)

The District reports the following governmental fund:

General Fund - This is the general operating fund of the District. It accounts for all the financial resources of the District.

Measurement Focus, Basis of Accounting

Government-wide Financial Statements

The government-wide fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchanges, include property and specific ownership taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the period for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, specific ownership taxes, grants, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

Delta County Public Library District
Notes to the Financial Statements
December 31, 2025

Note 1 -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 of 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 will not recognize as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Property taxes revenue that are related to a future period have been recorded as deferred inflows. Grants and entitlements received before eligibility requirements are met (e.g., cash advances) are recorded as deferred inflows. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available.

Assets, Liabilities, and Equity

Cash and cash equivalents- The District considers all cash on hand, demand deposits and short-term highly liquid investments with an original maturity of three months or less to be cash equivalents.

Property taxes- Property taxes are levied on December 22 and attached as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. Property taxes levied in the current year and collected in the following year are reported as a deferred inflow of resources at December 31, net of an estimated uncollectible portion.

Capital assets- Purchased or constructed capital assets are reported at cost or estimated historical cost over \$5,000. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Depreciation is calculated using the straight-line method over the estimated useful lives. Capital assets acquired by capital lease are depreciated over the estimated useful lives and are included in depreciation expense. The estimated useful lives are as follows:

Buildings and Improvements	50 years
Furniture, and Fixtures	10-20 years
Library Materials	5 years
Other Improvements	10-25 years

Compensated absences- Employees of the District are allowed to accumulate unused vacation and sick time depending on length of employment. Upon termination of employment from the District, an employee will be compensated for all accrued vacation time and a portion of unused sick time at their current rate of pay.

Delta County Public Library District
Notes to the Financial Statements
December 31, 2025

Note 1 -Summary of Significant Accounting Policies - (continued)

Fund balances- The District classifies governmental fund balances as follows:

- *Non-spendable-* includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.
- *Restricted-*includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- *Committed-*includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making District which is the Board of Directors.
- *Assigned-*includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board of Directors or its management designee.
- *Unassigned-*includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Board of Directors has provided otherwise in its commitment or assignment actions.

Comparative data/reclassifications- Comparative amounts in total have been presented for the governmental fund financial statements. Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

Budget and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Budgets are required by state law for all governmental funds.
2. During October the proposed budget is submitted to the Board of Trustees for the fiscal year commencing the following January 1.
3. Prior to December 31, the budget is adopted, and appropriations are authorized by resolution at the fund level for all funds. The legal level of budgeting control is at the individual fund level for all funds
4. Budgets are adopted on a basis consistent with the accounting basis of all funds.
5. Expenditures may not legally exceed appropriations at the fund level. The Board of Trustees may increase or decrease the budget and appropriations during the year within restrictions imposed by the District and laws of the State of Colorado. Budget amounts included in the financial statements are based on the final, legally amended budget.
6. Appropriations lapse at the end of the year, and the Board of Trustees may adopt supplemental appropriations during the year. For 2025, no supplemental appropriations were adopted.

Delta County Public Library District
Notes to the Financial Statements
December 31, 2025

Note 2 -Deposits with Financial Institutions and Investments

Deposits

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 at least be equal to the aggregate uninsured deposits.

Custodial Credit: Risks -Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2025, none of the District's bank balances of \$142,537 were exposed to custodial credit risk as \$142,537 was insured by FDIC. The component unit's money is invested in certificate of deposits and bank accounts all insured of \$78,169.

Investments

On December 31, 2025, the District had the following investments in ColoTrust which is reported at net asset value:

	<u>Maturities</u>	<u>Fair Value</u>
ColoTrust Plus+(Net Asset Value)	N/A	\$1,806,750

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. The District's only investments are in Colotrust.

Credit risk- Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest including 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; and guaranteed investment contracts. The District's general investment policy is to apply the prudent-person rule: Prudence and protection of District funds are the primary criteria. All investments and bid requests for investments are predicated on liquidity, yield, safety and interest of the local economy. As of December 31, 2024, the District's investment in ColoTrust Plus, a 2a7-like investment pool, was rated AAA/V by Standard & Poor's, Aaa by Moody's Investors Service and AAA/V-1 by Fitch Ratings.

Delta County Public Library District
Notes to the Financial Statements
December 31, 2025

Note 2 -Deposits with Financial Institutions and Investments - (continued)

Concentration of credit risk- Investments must be in accordance with Colorado statutes and will be diversified. All of the District's investments are in ColoTrust.

Note 3 -Capital Assets

Capital asset activity for the year ended December 31, 2025, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 27,000	\$ -	\$ -	\$ 27,000
Total	<u>27,000</u>	<u>-</u>	<u>-</u>	<u>27,000</u>
Capital assets being depreciated:				
Building	5,858,763	-	-	5,858,763
Furniture and Fixtures	162,852	2,559	-	165,411
Other Improvements	266,760	15,757	-	282,517
Computers	79,689	20,732	-	100,421
Library Materials	387,341	62,533	(80,215)	369,659
Total capital assets being depreciated	<u>6,755,405</u>	<u>101,581</u>	<u>(80,215)</u>	<u>6,776,771</u>
Less accumulated depreciation for:				
Building	(1,547,089)	(117,176)	-	(1,664,265)
Furniture and Fixtures	(19,915)	(9,805)	-	(29,720)
Other Improvements	(172,038)	(16,512)	-	(188,550)
Computers	(17,181)	(10,042)	-	(27,223)
Library Materials	(237,737)	(73,933)	80,215	(231,455)
Total accumulated depreciation	<u>(1,993,960)</u>	<u>(227,468)</u>	<u>80,215</u>	<u>(2,141,213)</u>
Capital assets net of depreciation	<u>4,761,445</u>	<u>(125,887)</u>	<u>-</u>	<u>4,635,558</u>
Governmental activity capital assets	<u>\$ 4,788,445</u>	<u>\$ (125,887)</u>	<u>\$ -</u>	<u>4,662,558</u>

Depreciation expense charged to library operations was \$227,468.

Delta County Public Library District
Notes to the Financial Statements
December 31, 2025

Note 4 –Long-term Debt

Changes in General Long-Term Debt for the year ended December 31, 2025, are as follows:

	Balance Beginning of Year	Additions	Retirements	Balance End of Year	Due Within One Year
Compensated absences	\$ 18,744	\$ 29,631	\$ -	\$ 48,375	\$ -
Total	\$ 18,744	\$ 29,631	\$ -	\$ 48,375	\$ -

Note 5 –Tax, Spending and Debt Limitations

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

One of the requirements of TABOR is for emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefits increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has reserved a portion of its December 31, 2025, year-end fund balance in the General Fund for emergencies as required under TABOR in the amount of \$55,912, which is the approximate required reserve at December 31, 2025.

On November 7, 1995, the voters in the District approved the following ballot question:

Shall the Delta County Library District be authorized to collect and expend the full revenues generated during the 1995 and each subsequent year from all sources, including property tax, fees, fines and non-federal grants, for capital projects, operations and improvements to the five libraries located within the District, notwithstanding any state restrictions in fiscal year spending, including, without limitation, the restrictions of article x, section 20, of the Colorado Constitution.

Note 6 –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. The District minimizes adverse effects of losses through the purchase of commercial insurance, including worker's compensation. There have been no significant reductions in coverage from prior year and settlements have not exceeded coverage in the past three years.

Delta County Public Library District
Notes to the Financial Statements
December 31, 2025

Note 7- Claims and Judgements

The District participates in state and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of December 31, 2025, significant amounts of grant expenditures have not been audited, but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

Note 8 – Subsequent Events

Management evaluated events that occurred subsequent to the year ended December 31, 2025, through the date of release of these financial statements and found there are no events requiring disclosure or adjustment.

Required Supplemental Information

Delta County Public Library District
Budget Comparison Schedule - General Fund
For the year ended December 31, 2025

	2025		
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 1,386,393	\$ 1,335,106	\$ (51,287)
Specific ownership taxes	345,467	196,448	(149,019)
Sales tax	-	87,967	87,967
Other grants	50,493	17,371	(33,122)
Contributions	-	4,966	4,966
Contributions- library collection	-	1,636	1,636
Contributions- designated	38,758	15,095	(23,663)
Fines	-	7,989	7,989
Fees	26,000	17,219	(8,781)
Interest	90,000	87,673	(2,327)
Miscellaneous revenue	-	424	424
Total revenues	<u>1,937,111</u>	<u>1,771,894</u>	<u>(165,217)</u>
Expenditures			
Administration	135,000	162,962	(27,962)
Library collection	106,600	116,321	(9,721)
Supplies	49,494	40,124	9,370
Electronic Resources	191,900	174,488	17,412
Personnel	1,379,630	1,331,633	47,997
Utilities/ Maintenance	58,187	50,904	7,283
Capital outlay	39,300	48,895	(9,595)
Literacy other	1,000	1,000	-
Building projects	26,000	-	26,000
Total expenditures	<u>1,987,111</u>	<u>1,926,327</u>	<u>60,784</u>
Net change in fund balance	(50,000)	(154,433)	(104,433)
Fund balance, January 1	<u>2,110,202</u>	<u>2,024,421</u>	<u>(85,781)</u>
Fund balance, December 31	<u>\$ 2,060,202</u>	<u>\$ 1,869,988</u>	<u>\$ (190,214)</u>