

**Grand County Library District
Granby, Colorado**

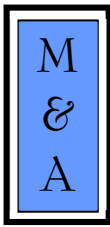
**Financial Statements
December 31, 2023**



**Grand County Library District
Financial Report
December 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Trustees
Grand County Library District
Granby, Colorado**

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of Grand County Library District (the "District"), as of and for the year ended December 31, 2023, which collectively comprise the District's basic financial statements as listed in the Table of Contents, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2023 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

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INDEPENDENT AUDITOR'S REPORT
To the Board of Trustees
Grand County Library District
Granby, Colorado

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

U.S. GAAP require that the Management's Discussion and Analysis in Section B be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITOR'S REPORT
To the Board of Trustees
Grand County Library District
Granby, Colorado

Required Supplementary Information (continued)

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by U.S. GAAP. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
April 18, 2024

Grand County Library District
Management Discussion and Analysis



Grand County Library District

Management's Discussion and Analysis December 31, 2023

As management of Grand County Library District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2023.

Financial Highlights

- The assets and deferred outflow of resources of the District exceeded its liabilities and deferred inflow of resources by \$9,059,921 at the close of the most recent fiscal year end. Of this amount, \$4,599,805 may be used to meet the District's ongoing obligations to patrons.
- At the end of the current fiscal year, total spendable fund balance for the General Fund was \$4,482,860 or 107% of total General Fund expenditures.
- The District paid off the balance of their COP obligations in 2023.

Overview of the Financial Statements

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

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The governmental activity of the District is library services. There are currently no business-type activities of the District.

The government-wide financial statements can be found on pages C1 and C2 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District currently accounts for all its activities using a General Fund.

Overview of the Financial Statements (continued)

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages D1 through D14 of this report.

Government-wide Financial Analysis:

Almost all of the District's revenue was from property taxes. Most of the District's assets are reflected in the investment in capital assets (i.e. buildings, books, furniture, fixtures, and equipment). Capital assets account for 31% of the total assets. The District will use these assets to provide services to its citizens. Accordingly, these assets are not an available source for payment of future spending. Of the remaining assets, 3% of the governmental activities annual budget is restricted for use in the event of an emergency.

Grand County Library District's Net Position

	<u>2023</u>	<u>2022</u>
Assets:		
Current and other assets	\$ 9,624,578	\$ 8,496,615
Capital assets	4,353,116	4,531,253
Total Assets	<u>13,977,694</u>	<u>13,027,868</u>
Liabilities:		
Other liabilities	95,710	56,927
Long-term liabilities	61,127	1,564,618
Total Liabilities	<u>156,837</u>	<u>1,621,545</u>
Deferred inflows of resources:		
Unavailable grant and pledge revenue	1,000	1,000
Unavailable property tax revenue	4,759,936	3,180,013
Total deferred inflows of resources	<u>4,760,936</u>	<u>3,181,013</u>
Net Position:		
Net investment in capital assets	4,353,116	3,189,322
Restricted	107,000	267,000
Unrestricted	4,599,805	4,768,988
Total Net Position	<u>\$ 9,059,921</u>	<u>\$ 8,225,310</u>

Government-wide Financial Analysis (continued)

Approximately 48% of the District's net position reflects its investment in capital assets, which includes buildings, equipment, land, and books.

Grand County Library District's Change in Net Position

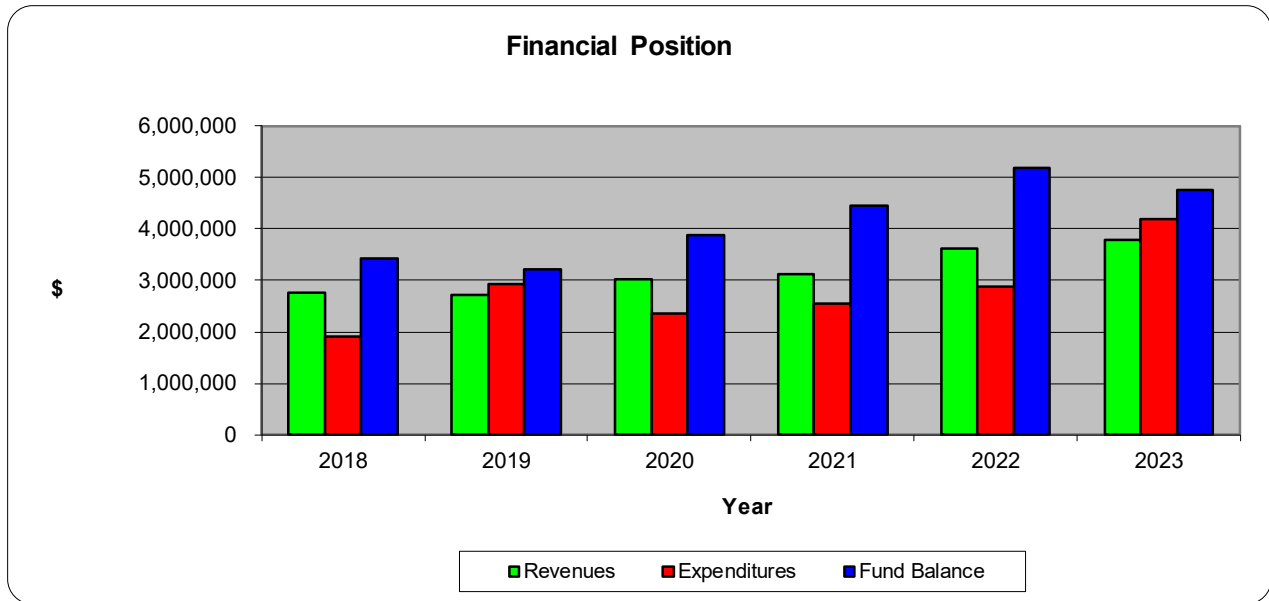
Revenues:	2023	2022
General revenues:		
Property taxes	3,179,976	3,174,509
Specific ownership taxes	204,364	195,655
Interest on taxes	6,390	6,406
Intergovernmental revenues	17,203	12,874
Earnings on investments	219,096	75,161
Donations	72,050	99,885
Contributed goods and services	27,995	19,118
Other income	49,755	31,075
Total Revenues	3,776,829	3,614,683
Expenses:		
Personnel services	1,636,475	1,336,818
Supplies	40,759	30,668
Library materials	267,091	226,289
Technology	100,031	95,668
Communications	61,711	56,959
Facilities and maintenance	286,549	282,767
Professional services	173,375	169,253
Other expenses	31,857	29,136
Donated goods and services	12,532	18,683
Capital outlay	18,599	20,274
Depreciation and amortization	234,045	232,524
Debt service:		
Interest	77,738	101,518
Other	1,456	2,500
Total Expenses	2,942,218	2,603,057
Change in Net Position	834,611	1,011,626
Net Position - Beginning	8,225,310	7,213,684
Net Position - Ending	\$ 9,059,921	\$ 8,225,310

Property taxes were the most significant source of general revenues for the District. Property taxes accounted for 84% of revenues. Specific ownership taxes, which consist of vehicle taxes collected at the County, were also a significant source of revenue accounting for 5% of total revenues.

When compared with 2022, total District expenses increased by \$339,161 mainly due to an increase in staff wages and other expenses as a result of inflation.

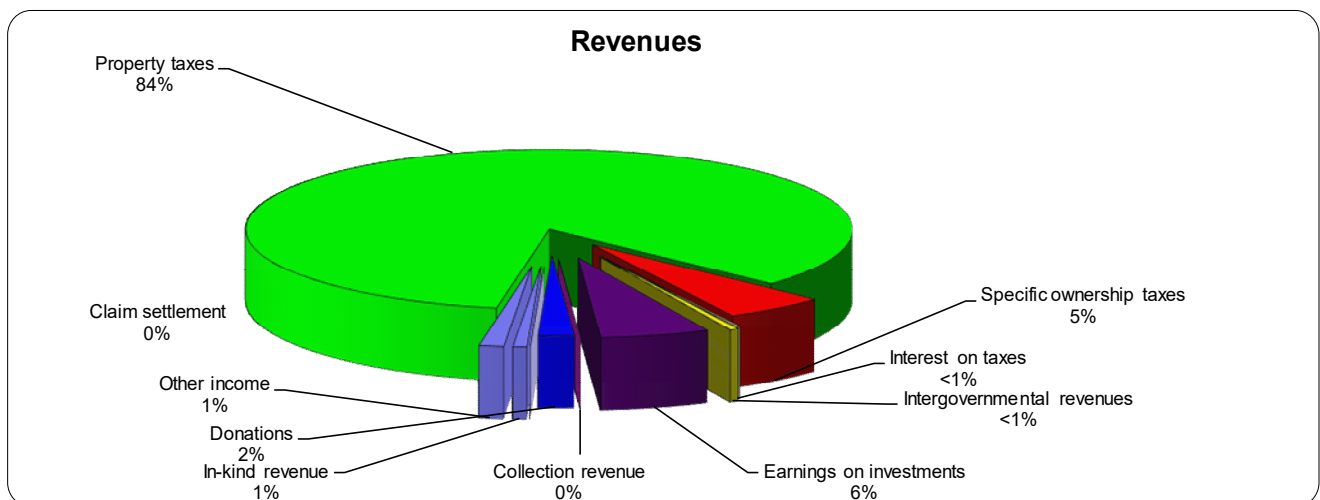
Financial Analysis of the District's Funds

As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District had the following changes in its General Fund for the years 2018 through 2023:



The District's General Fund had a change in fund balance of \$834,609 and an ending fund balance of \$4,614,255. Revenues increased by \$134,139 or 3.7% from 2022. During the year, fund balance increased due to an increase in collected property taxes.

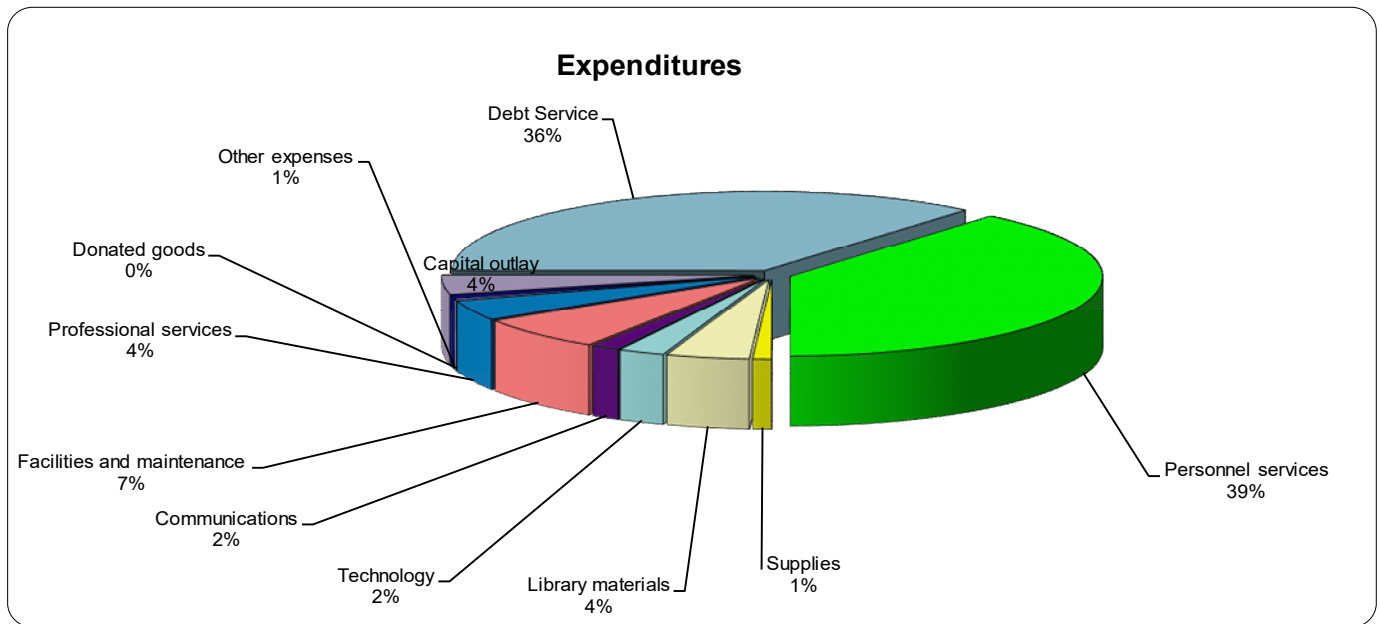
The following chart represents the District's revenues:



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

Financial Analysis of the District's Funds (continued)

The District's General Fund expenditures consist primarily of personnel services (wages, retirement, health insurance, etc.), capital outlay, and debt service.



Budget variances in the General Fund: The District's 2023 budget was approved at the end of 2022. Significant budget variances were as follows:

Account	Final Budget	Actual	Variance From Final Budget	Reason
Revenues:				
Earnings on investments	31,767	207,401	175,634	Increased rates
Expenditures/Expenses:				
Professional services	239,348	173,375	65,973	Conservative budgeting

Capital assets: The District had a net decrease in its capital assets during 2023. Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements on page D9 of this report.

Long-term debts: The District issued \$4,775,000 of certificates of participation in 2014. Including refunding payments, the District made principal and interest payments totaling \$1,509,849 in 2023. Additional information can be found in the Notes to the Financial Statements on page D9 of this report.

Next year's budget and rates: The District had \$4,599,805 of fund balance at the end of the current fiscal year. The District's budget anticipates revenues of \$5,086,915 and expenses of \$3,398,822 which results in an increase to fund balance of \$1,688,093.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Grand County Library District, P.O. Box 1050, Granby, CO 80446 or you may call 970-887-9411.

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Grand County Library District

Basic Financial Statements



Grand County Library District
Governmental Fund Balance Sheet/Statement of Net Position
December 31, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets:					
Cash and cash equivalents	4,147,802	33,964	4,181,766	-	4,181,766
Investments	513,598	119,712	633,310	-	633,310
Cash with County Treasurer	15,575	-	15,575	-	15,575
Accounts receivable	9,596	-	9,596	-	9,596
Property taxes receivable	4,759,936	-	4,759,936	-	4,759,936
Prepaid expense	24,395	-	24,395	-	24,395
Non-current assets:					
Capital assets, net of depreciation	-	-	-	4,353,116	4,353,116
Total Assets	<u>9,470,902</u>	<u>153,676</u>	<u>9,624,578</u>	<u>4,353,116</u>	<u>13,977,694</u>
Liabilities:					
Accounts/vouchers payable	35,771	-	35,771	-	35,771
Accrued expenses	59,940	-	59,940	-	59,940
Non-current liabilities:					
Accrued compensated absences	-	-	-	61,127	61,127
Total Liabilities	<u>95,711</u>	<u>-</u>	<u>95,711</u>	<u>61,127</u>	<u>156,838</u>
Deferred inflows of resources:					
Unavailable grant and pledge revenue	1,000	-	1,000	-	1,000
Unavailable property tax revenue	4,759,936	-	4,759,936	-	4,759,936
Total deferred inflows of resources	<u>4,760,936</u>	<u>-</u>	<u>4,760,936</u>	<u>-</u>	<u>4,760,936</u>
Fund Balance/Net Position:					
Fund Balance:					
Nonspendable	24,395	-	24,395		
Restricted for emergencies	107,000	-	107,000		
Committed	4,001,283	153,676	4,154,959		
Assigned	550,000	-	550,000		
Unassigned (deficit)	(68,423)	-	(68,423)		
Total Fund Balance	<u>4,614,255</u>	<u>153,676</u>	<u>4,767,931</u>		
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>9,470,902</u>	<u>153,676</u>	<u>9,624,578</u>		
Net Position:					
Net investment in capital assets				4,353,116	4,353,116
Restricted for:					
Emergencies				107,000	107,000
Unrestricted:				(168,127)	4,599,805
Total Net Position				<u>4,291,989</u>	<u>9,059,921</u>

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

Grand County Library District
Statement of Governmental Fund Revenues, Expenditures
and Changes in Fund Balances / Statement of Activities
For the Year Ended December 31, 2023

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:					
Property taxes	3,179,976	-	3,179,976	-	3,179,976
Specific ownership taxes	204,364	-	204,364	-	204,364
Interest on taxes	6,390	-	6,390	-	6,390
Intergovernmental revenues	17,203	-	17,203	-	17,203
Earnings (losses) on investments	207,401	11,695	219,096	-	219,096
Donations	43,171	28,879	72,050	-	72,050
Contributed goods and services	27,995	-	27,995	-	27,995
Other income	49,668	87	49,755	-	49,755
Total Revenues	<u>3,736,168</u>	<u>40,661</u>	<u>3,776,829</u>	<u>-</u>	<u>3,776,829</u>
Expenditures/Expenses:					
Personnel services	1,629,949	-	1,629,949	6,526	1,636,475
Supplies	40,685	74	40,759	-	40,759
Library materials	177,705	2,000	179,705	87,386	267,091
Technology	100,031	-	100,031	-	100,031
Communications	61,711	-	61,711	-	61,711
Facilities and maintenance	286,549	-	286,549	-	286,549
Professional services	173,375	-	173,375	-	173,375
Other expenses	29,255	2,602	31,857	-	31,857
Donated goods and services	12,532	-	12,532	-	12,532
Capital outlay	161,893	-	161,893	(143,294)	18,599.0
Depreciation	-	-	-	234,045	234,045
Debt service:					
Principal	1,505,000	-	1,505,000	(1,505,000)	-
Interest	4,849	-	4,849	72,889	77,738
Other	1,459	-	1,459	(1)	1,458
Total Expenditures/Expenses	<u>4,184,993</u>	<u>4,676</u>	<u>4,189,669</u>	<u>(1,247,449)</u>	<u>2,942,220</u>
Change in Fund Balance/Net Position	(448,825)	35,985	(412,840)	1,247,449	834,609
Fund Balances/Net Position - Beginning of Year	<u>5,063,080</u>	<u>117,691</u>	<u>5,180,771</u>	<u>3,044,541</u>	<u>8,225,312</u>
Fund Balances/Net Position - End of Year	<u>4,614,255</u>	<u>153,676</u>	<u>4,767,931</u>	<u>4,291,990</u>	<u>9,059,921</u>

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

Grand County Library District
Notes to the Basic Financial Statements



Grand County Library District
Notes to the Financial Statements
December 31, 2023

I. Summary of Significant Accounting Policies

Grand County Library District (the "District") was established November 8, 1994, by a vote of the Grand County electorate. The District operates under the laws of the State of Colorado and is governed by a Board of Trustees appointed by the Grand County Commissioners. The Trustees serve three-year terms and are not subject to term limits. The District was formed to provide for the selection, organization, and distribution of books and other materials to residents and visitors to the District. The District operates five libraries in Colorado: Fraser Valley, Granby, Juniper, Hot Sulphur Springs, and Kremmling.

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

A. Reporting Entity

The reporting entity consists of the primary government and component units. Component units are legally separate entities that are included in a government's reporting entity because of the significance of their operating or financial relationships with the District. The District's component units are the Grand County Library District Finance Corporation (the "Corporation") which was created as a lease purchase mechanism to issue certificates of participation, and the Grand County Library Foundation (the "Foundation") which was created to assist in raising funds for library construction. The transactions of the Corporation and Foundation have been blended into the District's financial statements as if they were transactions of the District. The Foundation is accounted for as a Special Revenue Fund because its primary source of revenue is donations and contributions. The District is not a component unit of any other entity.

B. Government-wide and Fund Financial Statements

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

1. Government-wide Financial Statements

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

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

Grand County Library District
Notes to the Financial Statements
December 31, 2023
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

2. Fund Financial Statements

The financial transactions of the District are reported in the General Fund which is a set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

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

The General Fund accounts for resources devoted to financing the general services that the District performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund.

The District's Special Revenue Fund Represents transactions of the Grand County Library Foundation which is a blended component unit.

C. Measurement Focus and Basis of Accounting

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

1. Long-term Economic Focus and Accrual Basis

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

2. Current Financial Focus and Modified Accrual Basis

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

D. Financial Statement Accounts

1. Cash, Cash Equivalents and Investments

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

Grand County Library District
Notes to the Financial Statements
December 31, 2023
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

1. Cash, Cash Equivalents and Investments (continued)

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

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

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

2. Categories and Classification of Fund Balance

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

3. Capital Assets

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

**Grand County Library District
Notes to the Financial Statements
December 31, 2023
(Continued)**

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

3. Capital Assets (continued)

Books and periodicals are not depreciated but are fully disposed of on a weeding and removal policy. Criteria include usage and age, physical condition, and relevance. Additionally, construction in progress is not depreciated until the construction is complete. Buildings, vehicles and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Furniture and fixtures	7 - 10
Equipment	5 - 10
Buildings and improvements	7 - 40

4. Compensated Absences

The District allows its employees to accumulate sick and vacation leave, based on the employee's length and hours of service. A maximum of five weeks unused leave can carry over to the following year. The District does not pay accrued sick leave upon termination. However, vacation leave is paid out upon termination. At year end, the estimated value of accumulated vacation leave, including the District's portion of employment costs is \$61,127.

5. Deferred outflows/inflows of resources

In addition to assets, the statement of financial 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/ expenditure) until then. The District reports a deferred charge on refunding as an outflow of resources at December 31, 2023.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items, which arise only under a modified accrual basis of accounting, that qualify for reporting in this category. Accordingly, the items, unavailable revenue, are reported only in the governmental funds balance sheet. The governmental fund reports unavailable revenues from two sources: property taxes and pledge revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

Grand County Library District
Notes to the Financial Statements
December 31, 2023
(Continued)

II. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund Balance Sheet includes adjustments between *fund balance – governmental funds* and *net position of governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation includes Non-current liabilities due in greater than one year. The details of this \$61,127 amount include \$61,127 of accrued vacation.

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes adjustments between *net change in fund balance of governmental funds* and *changes in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation includes depreciation on fixed assets of \$234,045.

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

- (1) For the 2023 budget, prior to August 25, 2022, the County Assessor sent to the District a certified assessed valuation of all taxable property within the District's boundaries.
- (2) For the 2023 budget, on or before October 15, 2022, the Director submitted to the District's Board of Trustees a recommended budget that detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
- (3) For the 2023 budget, prior to December 15, 2022, the District computed and certified to the County Commissioners a rate of levy that will derive the necessary property taxes as computed in the proposed budget.
- (4) After a required public hearing, the District adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year. For the 2023 budget, this final step was enacted prior to December 15, 2022.
- (5) After adoption of the budget resolution, the District may make the following changes: (a) supplemental appropriations to the extent of revenues in excess of expenditures in the estimated budget; (b) emergency appropriations; and (c) reduction of appropriations for which originally estimated revenues are insufficient.

Grand County Library District
Notes to the Financial Statements
December 31, 2023
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

Taxes levied in one year are collected in the succeeding year. Thus taxes certified in 2022 were collected in 2023 and taxes certified in 2023 will be collected in 2024. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15th.

B. TABOR Amendment

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

One of the requirements of TABOR is for emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year revenue (excluding bonded debt service). The District has reserved a portion of its December 31, 2023 year end fund balance in the General Fund for emergencies as required under TABOR in the amount of \$107,000, which is the approximate required reserve at December 31, 2023.

On November 5, 1996, the District's electorate approved a ballot question allowing the District to collect and expend any additional amounts raised over and above the limitation imposed by TABOR and any other Colorado law. The District believes this ballot question includes Colorado Revised Statute 29-1-301, which is commonly known as the "5.5% limit".

Grand County Library District
Notes to the Financial Statements
December 31, 2023
(Continued)

IV. Detailed Notes on All Funds

A. Deposits and Investments

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. As of the year end, the carrying amount of the District's demand deposits was \$300,954. At year end; the District had the following investments and maturities:

	Rating	Carrying Amounts	Maturities	
			Less than one year	Less than five years
<i>Deposits:</i>				
Petty cash	Not Rated	\$ 645	\$ 645	\$ -
Checking	Not Rated	59,390	59,390	-
Savings & money market	Not Rated	240,919	240,919	-
<i>Investments:</i>				
Certificates of Deposit	Not Rated	513,598	513,598	-
Mutual funds	Not Rated	119,712	119,712	-
Colotrust Investment Pool	AAAm	3,880,812	3,880,812	-
Total		<u>\$ 4,815,076</u>	<u>\$ 4,815,076</u>	<u>\$ -</u>

Fair Value of Investments

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

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

At December 31, 2023 the District had the following recurring fair value measurements:

Primary Government:

Investments Measured at Fair Value	Total	Fair Value Measurements Using	
		Level 1	Level 2
Certificate of deposit	\$ 513,598	\$ -	\$ 513,598
Mutual funds	88,859	88,859	-
Total	<u>\$ 602,457</u>	<u>\$ 88,859</u>	<u>\$ 513,598</u>
Investments Measured at Net Asset Value			
Colotrust Investment Pool	\$ 3,880,812		
Certificate of deposit	-		
Total	<u>\$ 3,880,812</u>		

Grand County Library District
Notes to the Financial Statements
December 31, 2023
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

The Investment Pool represents investments in COLOTRUST which is a 2a7-like pool. The fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool. The cash Held by Trustee represents the Debt Service Funds which are also investment in Certificates of Deposit through the District's agreement with the Trustee.

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

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

The Investment Pool represents investments in COLOTRUST. The fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool. At December 31, 2023, the District's investments in COLOTRUST were of the District's investment portfolio.

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date. As a result of the limited length of maturities the District has limited its interest rate risk.

Credit Risk. State law and District policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The District's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk. The District diversifies its investments by security type and institution. Investments may only be made in those financial institutions which are insured by the Federal Deposit Insurance Corporation, the Federal Home Mortgage Association, the Federal Savings and Loan Insurance Corporation, congressionally authorized mortgage lenders and investments that are federally guaranteed. Financial institutions holding District funds must provide the District with a statement of collateral in the form of a listing of securities pledged, and a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

Grand County Library District
Notes to the Financial Statements
December 31, 2023
(Continued)

IV. Detailed Notes on All Funds (continued)

B. Capital Assets

The District had the following capital asset changes during the past year:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Books and media	\$ 560,915	\$ 61,963	\$ (149,349)	\$ 473,529
Construction in progress	11,963	25,381	(11,963)	25,381
Capital assets, being depreciated:				
Buildings	8,169,565	105,998	-	8,275,563
Furniture and fixtures	434,382	-	-	434,382
Equipment	131,786	23,878	-	155,664
Total capital assets being depreciated	<u>9,308,611</u>	<u>217,220</u>	<u>(161,312)</u>	<u>9,364,519</u>
Less accumulated depreciation for:				
Buildings	(4,224,932)	(231,297)	-	(4,456,229)
Furniture and fixtures	(434,382)	-	-	(434,382)
Equipment	(118,044)	(2,748)	-	(120,792)
Total accumulated depreciation	<u>(4,777,358)</u>	<u>(234,045)</u>	<u>-</u>	<u>(5,011,403)</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,531,253</u>	<u>\$ (16,825)</u>	<u>\$ (161,312)</u>	<u>\$ 4,353,116</u>

C. Long-term Debt

1. Certificates of Participation - Series 2014

On November 20, 2014, the District, through the Grand County Library Leasing Trust, issued \$4,775,000 of certificates of participation to refund the 2005 COP's. The interest rate for the Series 2014 issue ranged from 2.0% to 4.0%. Certificates maturing on and after December 1, 2019, will be subject to redemption prior to maturity, as directed by the District, as a whole or in integral multiples of \$5,000 at a redemption price equal to the principal amount of the 2014 Certificates, or portions thereof, being redeemed plus accrued interest to the redemption date.

The Series 2014 Certificates of Participation were retired in 2023 with no prepayment penalty.

Grand County Library District
Notes to the Financial Statements
December 31, 2023
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Long-term Debt (continued)

2. Changes in Obligations

	Beginning Balance	Increases	Decreases	Ending Balance	Due within one year
Accrued Compensated Absences	\$ 54,601	\$ 6,526	\$ -	\$ 61,127	\$ 61,127
Series 2014 C.O.P.'s	1,505,000	-	(1,505,000)	-	-
	<u>\$ 1,559,601</u>	<u>\$ 6,526</u>	<u>\$ (1,505,000)</u>	<u>\$ 61,127</u>	<u>\$ 61,127</u>

D. Receivables

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

Accounts receivable	\$ 9,596
Property tax receivable	4,759,936
Less: Allowance for doubtful accounts	-
Total receivable	<u>\$ 4,769,532</u>

Governmental funds report *deferred inflows of resources* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The \$4,759,936 of property taxes receivable is unavailable revenue from property tax levied in 2023 but not available until 2024.

E. Fund Balance Disclosure

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.

Spendable Fund Balance:

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. This includes amounts required by the Colorado Constitution to be set aside for Emergencies and required to be held for debt service.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Library Board of Trustees.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board or its management designee.

Grand County Library District
Notes to the Financial Statements
December 31, 2023
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Fund Balance Disclosure (continued)

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.

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

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

Fund balances at year end are as follows:

Nonspendable	
Prepaid expenses	\$ 24,395
Total nonspendable	<u>\$ 24,395</u>
Restricted	
Tabor reserve	\$ 107,000
Total restricted	<u>\$ 107,000</u>
Committed	
Debt retirement reserve	849,018
Economic stabilization	3,152,265
Total committed	<u>\$ 4,001,283</u>
Assigned	
Technology / facilities acquisition	\$ 150,000
Cash flow reserves	400,000
Total assigned	<u>\$ 550,000</u>
Unassigned	<u>\$ (68,423)</u>
Total Fund Balances	<u>\$ 4,614,255</u>

V. Other Information

A. Risk Management

1. Property and Liability Insurance

The District utilizes One Beacon for property and liability insurance. The District carries coverage for claims up to \$9,955,999, subject to certain exceptions. Any settled claims are not expected to exceed coverage.

**Grand County Library District
Notes to the Financial Statements
December 31, 2023
(Continued)**

V. Other Information (continued)

A. Risk Management (continued)

2. Other Risks

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

B. Employee Benefit Plans

1. Retirement Savings Plan - IRC 401(a)

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

The plan requires all District employees who work 20 or more hours a week on a continuous basis to defer a portion of their salary until future years. The plan is administered and invested by Colorado Retirement Association. All continuous employees are required to make contributions equal to 3% of gross wages. The District also contributes 3% of the employee gross wages. Employees are 100% vested in their retirement contributions immediately and become vested in the employer's share of the contribution at the following vesting schedule:

<u>Years of Service Completed</u>	<u>Specified Percent Vesting</u>
1	20%
2	40%
3	60%
4	80%
5 or more	100%

The District's current year covered payroll and total payroll was \$976,700 and \$1,283,897, respectively. During the year, the District's required and actual contributions amounted to \$29,301 which was 3.0% of its current year covered payroll. Employees' required and actual contributions amounted to \$29,301. At year end December 31, 2023 there was a \$928 receivable from CRA. There were \$398 in forfeitures in 2023.

2. Deferred Compensation Plan - IRC 457

The District offers its employees a traditional and roth deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Grand County Library District
Notes to the Financial Statements
December 31, 2023
(Continued)

V. Other Information (continued)

B. Employee Benefit Plans (continued)

2. Deferred Compensation Plan - IRC 457 (continued)

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefit of the plan participants and their beneficiaries.

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

C. Leases

The Hot Sulphur Springs Library is located in a building owned by Grand County, Colorado. Continued use of the building is set forth in an agreement. No rent is required but the District pays certain operating costs.

On August 11, 2003, the District entered into a lease agreement with the Town of Grand Lake for use of the Juniper Library in the Grand Lake. The lease term has a twenty-five-year life with unlimited, automatic extensions of 25 years available so long as the District is using the premises for a Library building and providing library services in a non-exclusive manner to the residents of the community of Grand Lake. The lease amount is \$1 annually.

On January 1, 2019, the District entered into a lease agreement with the Town of Kremmling for use of the Kremmling Library building. The lease term is for ten (10) years from the date signed and may be amended at any time by mutual written consent of the Town and the District. The rent for the lease is the performance of obligations contained in the lease agreement, including such items as payment of liability insurance, electric and gas utilities, water, sewer, and trash fees, snow plowing, maintenance, and repair and upkeep of the premises.

The District considers the leases immaterial for the purposes of recording a payable on the financial statements.

Grand County Library District
Required Supplemental Information



Grand County Library District
Schedule of Revenues, Expenditure and Changes in Fund Balances - Budget to Actual
General Fund
For the Year Ended December 31, 2023
(With Comparative Totals For the Year Ended 2022)

	2023			Variance From Final Budget	2022
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Property taxes	3,184,457	3,184,457	3,179,976	(4,481)	3,174,509
Specific ownership taxes	182,500	182,500	204,364	21,864	195,655
Interest on taxes	-	-	6,390	6,390	6,406
Intergovernmental revenues	21,453	21,453	17,203	(4,250)	12,874
Earnings on investments	31,767	31,767	207,401	175,634	87,931
Donations	29,100	29,100	43,171	14,071	74,709
Donated goods and services	32,400	32,400	27,995	(4,405)	19,118
Other income	24,660	24,660	49,668	25,008	30,827
Total Revenues	3,506,337	3,506,337	3,736,168	229,831	3,602,029
Expenditures/Expenses:					
Personnel services	1,635,485	1,635,485	1,629,949	5,536	1,328,861
Supplies	39,784	39,784	40,685	(901)	30,582
Library materials	160,903	160,903	177,705	(16,802)	163,414
Technology	114,482	114,482	100,031	14,451	95,668
Communications	59,246	59,246	61,711	(2,465)	56,959
Facilities and maintenance	287,119	287,119	286,549	570	282,767
Professional services	239,348	239,348	173,375	65,973	168,821
Other expenses	28,722	28,722	29,255	(533)	26,432
Donated goods and services	32,400	32,400	12,532	19,868	18,683
Capital outlay	126,695	319,811	161,893	157,918	77,535
Debt service:					
Principal	1,505,000	1,505,000	1,505,000	-	555,000
Interest	11,000	11,000	4,849	6,151	75,533
Other	2,500	2,500	1,459	1,041	2,500
Total Expenditures/Expenses	4,242,684	4,435,800	4,184,993	250,807	2,882,755
Change in Fund Balance	(736,347)	(929,463)	(448,825)	480,638	719,274
Fund Balances - Beginning of Year			5,063,080		4,343,806
Fund Balances - End of Year			4,614,255		5,063,080

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

Grand County Library District
Schedule of Revenues, Expenditure and Changes in Fund Balances - Budget to Actual
Special Revenue Fund
For the Year Ended December 31, 2023
(With Comparative Totals For the Year Ended 2022)

	<u>2023</u>			<u>2022</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget</u>	<u>Actual</u>
Revenues:					
Donations	10,206	10,206	28,879	18,673	25,176
Investment income	-	-	11,695	11,695	(12,770)
Other income	-	-	87	87	248
Total Revenues	<u>10,206</u>	<u>10,206</u>	<u>40,661</u>	<u>30,455</u>	<u>12,654</u>
Expenditures/Expenses:					
Supplies	4,955	4,955	74	4,881	86
Professional services	-	-	-	-	432
Other expenses	3,300	3,300	2,602	698	2,704
Total Expenditures/Expenses	<u>8,255</u>	<u>8,255</u>	<u>4,676</u>	<u>3,579</u>	<u>3,222</u>
Change in Fund Balance	<u>1,951</u>	<u>1,951</u>	35,985	<u>34,034</u>	9,432
Fund Balances - Beginning of Year			<u>117,691</u>		<u>108,259</u>
Fund Balances - End of Year			<u>153,676</u>		<u>117,691</u>

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