

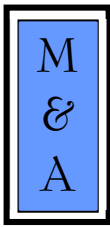
Boulder Public Library District
Financial Statements
December 31, 2023

BOULDER PUBLIC LIBRARY

Boulder Public Library District
Financial Report
December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Trustees
Boulder Public Library District
Boulder, Colorado**

Opinions

We have audited the accompanying financial statements of the governmental activities, General Fund, and the discretely presented component unit of Boulder Public 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, General Fund, and the discretely presented component unit 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").

We did not audit the financial statements of Boulder Public Library Foundation, which represent 100% percent of the assets, net position and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Boulder Public Library Foundation, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of 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.

Member: American Institute of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT
To the Board of Trustees
Boulder Public Library District
Boulder, 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
Boulder Public Library District
Boulder, 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 accounting principles generally accepted in the United States of America. 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 auditing standards generally accepted in the United States of America. 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.
Avon, Colorado**

Management Discussion and Analysis

BOULDER PUBLIC LIBRARY

Boulder Public Library District

Management's Discussion and Analysis December 31, 2023

As management of Boulder Public 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 of the District exceeded its liabilities by \$5,879,974 at December 31, 2023. Of this amount, \$4,698,769 may be used to meet the District's ongoing obligations to patrons.
- The District's total Net Position increased by \$5,879,974.
- At the end of 2023, total fund balance for the General Fund was \$5,241,769 or 38% percent of total General Fund expenditures.

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 are comprised of two components: Government-wide financial statements and Notes to the Financial Statements.

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

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

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

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

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

Overview of the Financial Statements (continued)

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

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

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 in section D of this report.

Government-wide financial analysis: The majority of the District's revenue was from property tax (see the Notes to the Financial Statements). Most of the District's assets are reflected in the investment in capital assets (i.e. buildings, books, furniture, fixtures, and equipment). Capital assets account for 3% 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.

Overview of the Financial Statements (continued)

Government-wide financial analysis (continued):

Boulder Public Library District's Net Position

	2023
Assets:	
Current and other assets	38,745,020
Capital assets	1,180,907
Total Assets	39,925,927
Liabilities:	
Other liabilities	11,506,365
Long-term liabilities	542,702
Total Liabilities	12,049,067
Deferred Inflows of Resources:	
Unavailable revenue	21,996,886
Total Deferred Inflows of Resources	21,996,886
Net Position:	
Investment in capital assets	638,205
Restricted	543,000
Unrestricted	4,698,769
Total Net Position	\$ 5,879,974

Approximately 11% of the District's net position reflects its investment in capital assets, which includes buildings, equipment, land, vehicles, and books and periodicals. Other liabilities include a cost share reimbursement to the City of Boulder for continuing operations of the District during transition.

Overview of the Financial Statements (continued)

Government-wide financial analysis (continued):

The following table summarizes the District's net position at December 31, 2023:

Boulder Public Library District's Change in Net Position

Revenues:	2023
General revenues:	
Property taxes	17,479,005
Specific ownership taxes	804,106
Earnings on investments	74,891
Total Revenues	18,358,002
Expenses:	
Library services	12,478,028
Total Expenses	12,478,028
Change in Net Position	5,879,974
Net Position:	
Beginning of Year	-
Ending of Year	5,879,974

The District's total Net Position increased by \$5,879,974. The most significant source of revenue for the District is property and specific ownership taxes.

Overview of the Financial Statements (continued)

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

	Final Budget	Actual	Variance From Final Budget	Reason
Revenues:				
Property taxes	18,500,000	17,479,005	(1,020,995)	Original budget was an estimate based passing of mill levy.
Specific ownership taxes	-	804,106	804,106	
Earnings on investments	-	74,891	74,891	
Total Revenues	18,500,000	18,358,002	(141,998)	
Expenditures:				
Library operations	200,000	52,987	147,013	Budget was estimated based on expected property tax, unpredictable first year operations.
Administration	200,000	335,707	(135,707)	
IT support services	565,000	305,795	259,205	
Facilities	200,000	32,259	167,741	
Intergovernmental expense	16,370,000	11,315,495	5,054,505	

Capital assets: The District had capital of assets of \$1,180,907 at the end of 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 in section D of this report.

Next year's budget and rates: The District had \$5,241,769 of fund balance at the end of the current fiscal year. The District's 2024 budget anticipated a beginning balance of \$16,489,379. The 2024 budget anticipates revenues of \$22,088,761 and expenditures of \$21,227,761.

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 Boulder Public Library District, 1001 Arapahoe Avenue, Boulder, CO 80302 or you may call .

Basic Financial Statements

BOULDER PUBLIC LIBRARY

Boulder Public Library District
 Balance Sheet / Statement of Net Position
 December 31, 2023

	Primary Government			Component Unit
	General Fund	Adjustments	Statement of Net Position	
Assets:				
Cash and cash equivalents	6,648,518	-	6,648,518	631,857
Investments	10,000,000	-	10,000,000	4,640,178
Cash with county treasurer	74,552	-	74,552	-
Prepaid expenses	25,064	-	25,064	1,218
Accounts receivable	592,812	-	592,812	26,155
Property taxes receivable	21,404,074	-	21,404,074	-
Capital assets, net	-	1,180,907	1,180,907	-
Total Assets	38,745,020	1,180,907	39,925,927	5,299,408
Liabilities:				
Accounts payable	11,506,365	-	11,506,365	29,434
SBITA liability	-	542,702	542,702	-
Total Liabilities	11,506,365	542,702	12,049,067	29,434
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	21,404,074	-	21,404,074	
Unavailable revenue	592,812	-	592,812	
Total Deferred Inflows of Resources	21,996,886	-	21,996,886	
Fund Balance/Net Position:				
Fund Balance:				
Non-spendable	25,064			
Restricted for emergencies	543,000			
Assigned	550,000			
Unassigned	4,123,705			
Total Fund Balance	5,241,769			
Total Liabilities, Deferred Inflows of Resources and Fund Balance	38,745,020			
Net Position:				
Investment in capital assets			638,205	-
Restricted for emergencies			543,000	-
Restricted			-	1,275,861
Unrestricted			4,698,769	3,994,043
Total Net Position			5,879,974	5,269,904

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

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

	Primary Government			Component Unit
	General Fund	Adjustments	Statement of Activities	
Revenues:				
Property taxes	17,479,005	-	17,479,005	-
Specific ownership taxes	804,106	-	804,106	-
Earnings on investments	74,891	-	74,891	729,856
Donations	-	-	-	287,967
Other income	-	-	-	54,644
Total Revenues	18,358,002	-	18,358,002	1,072,467
Expenditures/Expenses:				
Salaries and benefits	3,422	-	3,422	-
Library operations	52,987	-	52,987	-
Administration	335,707	-	335,707	-
Board of Trustee governance	257,607	-	257,607	-
Collections	17,107	-	17,107	-
IT support services	305,795	-	305,795	-
Facilities	32,259	-	32,259	-
Foundation program services	-	-	-	765,665
Intergovernmental expense	11,315,495	-	11,315,495	-
Capital outlay	1,317,435	(1,198,949)	118,486	-
Depreciation and amortization expense	-	18,042	18,042	-
Debt service:				
Principal	7,327	(7,327)	-	-
Interest	21,121	-	21,121	-
Total Expenditures/Expenses	13,666,262	(1,188,234)	12,478,028	765,665
Excess (Deficiency) of Revenue Over Expenditures	4,691,740	1,188,234	5,879,974	306,802
Other Financing Sources (Uses)				
SBITA proceeds	550,029	(550,029)	-	-
Total Other Financing Sources (Uses)	550,029	(550,029)	-	-
Change in Fund Balance / Net Position	5,241,769	638,205	5,879,974	306,802
Fund Balances/Net Position:				
Beginning of Year	-	-	-	4,963,102
End of Year	5,241,769	-	5,879,974	5,269,904

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

Notes to the Basic Financial Statements

BOULDER PUBLIC LIBRARY

**Boulder Public Library District
Notes to the Financial Statements
December 31, 2023**

I. Summary of Significant Accounting Policies

The Boulder Public Library District (the “District”) was established November 8, 2022 by the voters of Boulder County as a political subdivision of the State of Colorado to provide library services throughout Boulder County. The District is governed by a seven (7) member board of trustees (“the Board”) appointed by the City of Boulder Council and Board of County Commissioners with consent of the legislative body.

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

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

1. Government-wide Financial Statements

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

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

2. Fund Financial Statements

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

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

**Boulder Public 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 (continued)

This fund accounts for resources devoted to the financing of general services that the District provides to its citizens. Tax revenues are used to finance the fundamental operations of the district.

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 include amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the date acquired by the District.

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

**Boulder Public 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)

Colorado statute permits investments in the following type of obligations:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 18 months)
- Corporate Bonds (maximum maturity of 36 months)
- Prime Commercial Paper (maximum maturity of 9 months)
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Funds

2. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental unit until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable and unavailable property tax revenue.

3. Capital Assets

Capital assets, which include land, buildings, equipment, furniture and fixtures, and library materials are reported in the government-wide financial statements. Capital assets are determined using the following cost thresholds.

Assets	Threshold
Land	All
Buildings, leasehold, and land improvements	50,000
Furniture, fixtures and equipment	5,000
Library materials	All

Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition fair value at the date of donation.

Buildings, furniture, fixtures and equipment and library materials are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land improvements	20
Buildings	20 - 40
Furniture, fixtures and equipment	3 - 10
Library materials	6
Vehicles	5 - 8

**Boulder Public Library District
Notes to the Financial Statements
December 31, 2023
(continued)**

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

4. Deferred Outflows and Inflows of Resources

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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualifies for reporting in this category. Accordingly, these items, unavailable revenue from property taxes and other unavailable revenue, are deferred and recognized as inflows of resources in the period that the amounts become available.

5. Subscription Based Information Technology Arrangement (“SBITA”)

The District is party to a noncancellable right-of-use subscription asset. The District recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide financial statements.

At the commencement of a subscription lease, the District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to SBITAs include how the District determines the following:

Discount Rate: The District uses the interest rate charged by the lessor as the discount rate to discount the expected subscription payments to present value. When the interest rate charged by the lessor is not provided, the District uses its incremental rate of borrowing.

Subscription Term: The subscription term includes the noncancellable period of the subscription and extended term(s) that the District is reasonably certain to exercise.

Subscription Payments: Subscription payments included in the measurement of the subscription liability are composed of fixed increasing payments, and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the Statement of Net Position.

Boulder Public Library District
Notes to the Financial Statements
December 31, 2023
(continued)

I. **Summary of Significant Accounting Policies (continued)**

D. **Financial Statement Accounts (continued)**

6. **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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.

E. **Fund Balance Disclosure**

The District classifies governmental fund balances as follows:

1. **Non-spendable** - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements. As of December 31, 2023, \$25,064 was non-spendable prepaid expenses.
2. **Spendable Fund Balance:**
 - a. **Restricted** – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. As of December 31, 2023, \$543,000 was restricted for emergencies.
 - b. **Committed** – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the board of directors. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
 - c. **Assigned** – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the board or its management designee.
 - d. **Unassigned** - includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District's policy is to maintain a general reserve that will provide for sufficient cash flow to operate the District. This amount was \$550,000 for 2023.

**Boulder Public Library District
Notes to the Financial Statements
December 31, 2023
(continued)**

II. Summary of Significant Accounting Policies (continued)

E. Fund Balance Disclosure (continued)

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

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. Below are the elements of the adjustment's column.

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. \$1,180,907 represents the net book value of capital assets of \$549,437 and subscription assets of \$649,512 offset by accumulated depreciation of \$0 and accumulated amortization of \$18,042 at December 31, 2023.

Long-term liabilities are not due and payable in the current period, and therefore are not reported in the fund financial statements. \$542,702 represents long term subscription liability outstanding as of December 31, 2023.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balance and the government-wide Statement of Activities

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. Below are the elements of the adjustment's column.

Capital asset additions are reported as expenditures in governmental funds, however in the Statement of Activities, these costs are allocated over the estimated useful lives of those assets. Additions of capital assets consisting of equipment were \$549,437 and SBITA assets were \$649,512. Depreciation expense of \$0 and amortization expense of \$18,042 represents \$18,042 of depreciation and amortization on capital assets.

Principal payment on long-term debt is an expense in the fund and reduction of liability in the Statement of Activities, \$7,327 represents payments on long-term debt for the year ended December 31, 2023.

**Boulder Public Library District
Notes to the Financial Statements
December 31, 2023
(continued)**

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

- (1) For the 2023 budget, prior to August 25, the County Assessor sent to the District a certified assessed valuation of all taxable property within the District's boundaries.
- (2) On or before October 15, 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.
- (5) After adoption of the budget resolution, the District may make the following changes: (a) supplemental appropriations to the extent of revenues in excess of the estimated in the budget; (b) emergency appropriations; and (c) reduction of appropriations for which originally estimated revenues are insufficient.

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 raising revenue, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. 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 \$543,000, which is the approximate required reserve at December 31, 2023.

**Boulder Public Library District
Notes to the Financial Statements
December 31, 2023
(continued)**

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

The District's voters approved the following ballot questions on November 8, 2022:

Shall the Boulder Public Library District taxes be increased 18,780,00 annually for collection beginning in 2023, and by such additional amounts raised annually thereafter by an ad valorem property tax mill levy imposed at a rate of 3.5 mills to provide facilities and services which may include:

- *Restored and improved literacy programs, including partnerships with schools to reach underserved students and students who fell behind during the pandemic*
- *Additional free and safe public spaces for community meetings, workshops and programs; updated improved collections of books and materials, including bilingual materials and downloading of e-books, movies and music*
- *Extended libraries and a new branch library in Gunbarrel*
- *Expanded access to steam programs, makerspaces, and free internet for young people, underserved hours at all existing communities and seniors*
- *Improved maintenance, cleanliness, safety, and security at all library facilities*

And shall the District be entitled to collect, retain and spend those revenues in addition to any other taxes, fees or other revenues of the District, notwithstanding any limitation or restriction of Article X, Section 20 of the Colorado Constitution, or without regard to the 5.5% property tax revenue limitation of Section 29-1-301, C.R.S, or any other law, and shall the District be formed?

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

IV. Detailed Notes on All Funds

A. Cash 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. The carrying amount of the District's demand deposits and petty cash was \$16,648,518 at year end.

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities 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;
- Negotiable Certificates of Deposit: matrix pricing based on the securities' relationship to benchmark quoted prices;

The District had no investments requiring fair value measurement. The District's component unit had open-end mutual funds valued at Level 1 of \$4,538,289.

Boulder Public Library District
 Notes to the Financial Statements
 December 31, 2023
 (continued)

IV. Detailed Notes on All Funds (continued)

A. Cash and Investments (continued)

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 and type of issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years (less in some cases) from the purchase date. As a result of the limited length of maturities the District has limited its interest rate risk.

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

Concentration of Credit Risk. The District diversifies its investments by security type and institution. Financial institutions holding District funds must provide the District a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

At December 31, 2023, the District had the following cash and investments with the following maturities:

	Carrying Amounts	Maturities	
		Less than one year	One to Five years
Primary Government:			
<i>Cash and cash equivalents:</i>			
Checking	6,648,518	6,648,518	
<i>Investments:</i>			
Certificates of deposit	10,000,000	10,000,000	
	16,648,518		
Component Unit:			
<i>Cash and cash equivalents:</i>			
Checking	631,857		
<i>Investments:</i>			
Certificates of deposit	101,889		
Open-end mutual funds	4,538,289		
	21,920,553		

Boulder Public Library District
Notes to the Financial Statements
December 31, 2023
(continued)

IV. Detailed Notes on All Funds (continued)

B. Receivables and Deferred Inflows of Resources

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. A deferred inflow amount of \$21,404,074 is for unavailable property taxes levied in 2023 but not available until 2024 and \$592,812 is for unavailable restricted fund balance sources due from the City of Boulder.

C. Subscription-Based Information Technology Arrangements (“SBITA”)

The District entered into a SBITA for the use of the network equipment and software. The agreement consists of an upfront payment of \$99,483 for network licensing and monthly payments of \$27,180 for IT support and cloud services beginning in December 2023, for a three-year term ending December 2026. The agreement has an interest rate of 3.84%.

Debt Service Requirements

Total minimum subscription payments to be received under the subscription agreement are as follows:

Year	Principal	Interest	Total Debt Service
2024	113,278	228,099	341,377
2025	178,041	163,336	341,377
2026	251,383	61,546	312,929
Total	542,702	452,981	995,683

D. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, being depreciated and amortized:				
Furniture, fixtures, and equipment	-	549,437	-	549,437
SBITA asset	-	649,512	-	649,512
Total capital assets being depreciated and amortized:	-	1,198,949	-	1,198,949
Less accumulated depreciation for:				
Furniture, fixtures, and equipment	-	-	-	-
Total accumulated depreciation and amortization	-	-	-	-
Less: accumulated amortization on SBITA assets	-	(18,042)	-	(18,042)
Governmental Activities Capital Assets, Net	-	-	-	1,180,907

**Boulder Public Library District
Notes to the Financial Statements
December 31, 2023
(continued)**

IV. Detailed Notes on All Funds (continued)

E. Foundation Endowment – Component Unit

Boulder Public Library Foundation’s (“BPLF”) net assets with donor restriction consist of several individual endowment funds established with donor restrictions on the use of principal and earnings.

Boulder Reads! Is a program of the Library that provides adult literacy programming and uses the Library facilities. BPLF and Boulder Reads! Conducted a fundraising campaign to support adult literacy in the City of Boulder. The funds received must be kept in a separate account held by BPLF. The funds appropriated to be spent in a given year may not exceed the fund’s earning from the pervious year. Unspent earnings from a given year become principal of the fund. The principal is to be maintained in perpetuity.

A donor established a fund to support the Maria Rogers Oral History Project housed in the Library’s Carnegie Library for Local History. The income and, if necessary, the principal may be used to support the Maria Rogers Oral History Project. Support is required to be for contract position salaries and reasonable travel, meals and lodging for the contract positions. Fund principal and interest may be appropriated as long as the remaining fund assets exceed \$300,000.

The State of Colorado adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and BPLF has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Since each fund’s donor provided explicit donor stipulations, the funds are managed based on those stipulations. Appropriations for both funds are based on requests made by Boulder Reads! Or the Library based on their needs.

The following are the changes in the endowment net assets for the year ended December 31, 2023:

	Boulder Reads!	Maria Rogers
Endowment net assets at January 1, 2023	\$ 56,235	\$ 340,327
Contributions received	2,700	500
Investment return	10,118	59,358
Appropriation of endowment assets for expenditure	-	-
Endowment net assets at December 31, 2023	69,053	400,185

Endowment assets include those assets of donor-restricted funds that BPLF must hold in perpetuity BPLF has adopted investment and spending policies for endowment assets that attempt to provide a reasonable, predictable, stable, and sustainable level of appropriation that supports current needs and provides for growth in assets and income over time. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce a long-term rate of return that preserves the purchasing power of the endowment as well as providing a consistent level of earnings for appropriation. The rate of return has been based upon the assumption that future real returns will approximate the long-term rates of return experienced for each asset class in the investment portfolio. Actual returns in any given year may vary from this amount.

**Boulder Public Library District
Notes to the Financial Statements
December 31, 2023
(continued)**

V. Other Information

A. Risk Management

The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; volunteer injuries; natural disasters. Commercial insurance coverage is purchased for claims arising from such matters.

B. City of Boulder Intergovernmental Agreement - Cost Reimbursement

The District and the City of Boulder entered into an Intergovernmental Agreement regarding joint obligations for the creation of the Boulder Public Library District. Per the terms of the agreement, the District is to reimburse the City for the operations of the Library District during 2023 and partially during 2024. The total payment due from both 2023 and 2024 operations is \$12,012,233, allocated as follows:

	2023	2024
Library operations	5,031,599	338,372
Administration	2,758,727	215,340
Collections	417,288	50,301
IT support services	1,689,213	92,724
Facilities	1,418,668	-
Total cost reimbursement	11,315,495	696,737

Required Supplemental Information

BOULDER PUBLIC LIBRARY

Boulder Public Library District
Schedule of Revenues, Expenditures 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)

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Property taxes	18,500,000	17,479,005	(1,020,995)
Specific ownership taxes	-	804,106	804,106
Earnings on investments	-	74,891	74,891
Total Revenues	18,500,000	18,358,002	(141,998)
Expenditures:			
Salaries and benefits	30,000	3,422	26,578
Library operations	200,000	52,987	147,013
Administration	200,000	335,707	(135,707)
Board of Trustee governance	300,000	257,607	42,393
Collections	5,000	17,107	(12,107)
IT support services	565,000	305,795	259,205
Facilities	200,000	32,259	167,741
Intergovernmental expense	16,370,000	11,315,495	5,054,505
Capital outlay	1,000,000	1,317,435	(317,435)
Debt service:			
Principal	-	7,327	(7,327)
Interest	-	21,121	(21,121)
Total Expenditures	18,870,000	13,666,262	5,203,738
Excess of Revenues Over Expenditures	(370,000)	4,691,740	5,061,740
Other Financing Sources (Uses):			
SBITA proceeds	-	550,029	550,029
Total Other Financing Sources (Uses)	-	550,029	550,029
Change in Net Position	(370,000)	5,241,769	5,611,769
Fund Balances/Net Position			
Beginning of Year	-	-	-
End of Year	(370,000)	5,241,769	(5,611,769)

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