

**SALADO PUBLIC  
LIBRARY  
DISTRICT**  
**AUDITED FINANCIAL STATEMENTS**

**For The Year Ended August 31, 2022**

**SALADO PUBLIC LIBRARY DISTRICT  
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31-Aug-22**

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American Institute of  
Certified Public Accountants

Texas Society of  
Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Salado Public Library District  
Salado, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, and the general fund of Salado Public Library District as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund of Salado Public Library District, as of August 31, 2022, 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.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–6 and 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Kayla J Wallace, CPA*

Georgetown, Texas  
December 19, 2022

# SALADO PUBLIC LIBRARY DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Salado Public Library District's annual financial report presents management's discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2022. Please read it in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the end of the year by \$1,919,755 (net position). Of this amount, \$740,133 is unrestricted and may be used to meet the District's future obligations.
- During the year, the District's total revenue of \$721,171 compared to expenses of \$480,634, resulting in an increase in its net position of \$240,537. In addition, net position was adjusted by a prior period adjustment of \$95,507.
- The District also purchased significant capital assets of \$323,886 for Building and Improvements.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements, consisting of three components: government-wide financial statements, fund financial statements and notes to the financial statements. The report also contains other required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

The last column of the first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.

The first column of the first two statements are fund financial statements that focus on individual parts of the government, reporting the District's operations in more detail by providing information as to how services are financed in the short-term, as well as the remaining available resources for future spending.

The accompanying notes provide essential information that is not disclosed on the face of the financial statements. Consequently, the notes form an integral part of the basic financial statements.

### Government-Wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position, which represent the difference between assets and liabilities. Over time, the increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating. Additionally, the District's financial operating results are determined by the difference between the revenues and expenses. To assess the overall health of the District, consideration should be given to additional non-financial factors such as changes in local economic activity, which would affect the District's sales tax income.

# SALADO PUBLIC LIBRARY DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Fund Financial Statements

Fund financial statements provide more detailed information about the District's activities. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes. The District has the following governmental fund: the general fund. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The District's basic services are reported in the governmental funds, which focus on how cash and other financial assets can readily be converted to available resources and on the available balances remaining at year-end.

This information may be useful in determining what financial resources are available in the near future to finance the District's future obligations.

### Basis of Reporting

The government-wide statements are reported using the flow of economic resources measurement focus and the full accrual basis of accounting. The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

#### Statement of Net Position August 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Current assets	\$ 769,788	\$ 693,586
Capital assets, net of accumulated depreciation	1,179,622	893,719
<b>Total assets</b>	<u>\$ 1,949,410</u>	<u>\$ 1,587,305</u>
<b>Liabilities</b>		
Current liabilities	\$ 29,655	\$ 3,594
<b>Net position</b>		
Net investment in capital assets	1,179,622	893,719
Unrestricted	740,133	689,992
<b>Total net position</b>	<u>1,919,755</u>	<u>\$ 1,583,711</u>

# SALADO PUBLIC LIBRARY DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Statement of Activities For the Years Ended August 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Revenues:</b>		
General revenues:		
Sales taxes	\$ 656,895	\$ 528,967
Rental income	20,682	-
Interest income	2,892	5,803
Gain from insurance proceeds	6,012	-
Total general revenues	<u>686,481</u>	<u>534,770</u>
Program revenues:		
Charges for services	6,603	4,088
Operating grants and contributions	28,087	2,619
Capital grants and contributions	-	-
Total program revenues	<u>34,690</u>	<u>6,707</u>
<b>Total revenues</b>	721,171	541,477
<b>Expenses</b>	<u>480,634</u>	<u>410,214</u>
Excess of revenues over expenditure	240,537	131,263
Net position, beginning	1,583,711	1,452,448
Prior period adjustment	95,507	-
Net position, ending	<u>\$ 1,919,755</u>	<u>\$ 1,583,711</u>

### FINANCIAL ANALYSIS OF THE DISTRICT

Sales taxes are a major revenue source of the District, and sales tax revenues increased by \$127,928 or 24.2% from 2021 to 2022. The District received rental income of \$20,682 during the year from the purchase of the Mill Street Drive property. In addition, the Library received insurance proceeds of \$20,732 for roof repairs. The total cost of the repairs was \$14,720 resulting in a gain from insurance proceeds of \$6,012. Program revenues increased by \$27,983 due to a grant received of \$25,000. Expenses increased by \$70,420 or 17.2% from 2021 to 2022. Other balances are comparable to the prior year.

### BUDGETARY HIGHLIGHTS

Actual revenues (budgetary basis) in 2022 exceeded budgeted amounts by \$246,721. Expenditures on a budgetary basis exceeded budgeted amounts by \$347,166 in 2022.

### CAPITAL ASSETS

At the end of 2022, the District had invested \$1,179,622 in capital assets. Additions to capital assets in the current year was \$323,886 for the purchase of the Mill Creek Drive property.

# **SALADO PUBLIC LIBRARY DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District's Board considers many factors when setting the fiscal year 2022 budget. One of these factors is the economy. Other factors include the requirements of operating the facility, potential fluctuations in sales tax collected by the Texas State Comptroller's Office, costs associated with maintenance and repairs, costs of personnel and the variability of funding from grant monies and donations.

The District is funded primarily by sales tax revenues and contributions. When planning for the next year, the District's approach is to budget conservatively.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances for all those with an interest therein. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District Secretary or Library Director, at the Salado Public Library District, 1151 North Main Street, Salado, Texas 76571.



**SALADO PUBLIC LIBRARY DISTRICT**

**STATEMENT OF GOVERNMENTAL FUND BALANCE SHEET AND NET POSITION**

**AUGUST 31, 2022**

	General Fund	Adjustments (Note G)	Statement of Net Assets
<b>ASSETS</b>			
Current assets			
Cash	\$ 164,225	\$ -	\$ 164,225
Sales taxes receivable	107,367		107,367
Prepaid assets	10,088		10,088
Investments	488,108		488,108
Total current assets	769,788	-	769,788
Capital assets			
Land	-	273,000	273,000
Capital assets, net of accumulated depreciation	-	906,622	906,622
Total capital assets	-	1,179,622	1,179,622
	\$ 769,788	\$ 1,179,622	\$ 1,949,410
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 18,793	\$ -	\$ 18,793
Accrued expenses	10,862		10,862
	29,655	-	29,655
<b>FUND BALANCE/NET POSITION</b>			
<b>FUND BALANCE</b>			
Non-spendable fund balance - prepaid assets	10,088	(10,088)	-
Unassigned fund balance	730,045	(730,045)	-
	\$ 740,133		
<b>NET POSITION</b>			
Net investment in capital assets		1,179,622	1,179,622
Unrestricted		740,133	740,133
			1,919,755
			\$ 1,949,410

The accompanying notes are an integral part of this financial statement presentation.

**SALADO PUBLIC LIBRARY DISTRICT**

**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUE,  
EXPENDITURES AND CHANGES IN FUND BALANCE AND NET POSITION**

**YEAR ENDED AUGUST 31, 2022**

	General Fund	Adjustments (Note G)	Statement of Activities
<b>EXPENDITURES</b>			
Library operations			
Payroll and benefits	\$ 255,866		\$ 255,866
Collection materials	33,648		33,648
Computer and automation	25,560		25,560
Grant expense	24,955		24,955
Facility maintenance and supplies	22,694		22,694
Utilities	17,736		17,736
Repairs and maintenance	13,877		13,877
Professional services	11,625		11,625
General administrative expenses	10,051		10,051
Insurance	6,142		6,142
Training and travel	5,871		5,871
Public relations	5,416		5,416
Library program services	3,577		3,577
Election expenses	3,436		3,436
Other operating expenses	2,197		2,197
Capital improvement expenditures	-	-	-
Depreciation expense	-	37,983	37,983
Capital outlay	323,886	(323,886)	-
<b>TOTAL EXPENDITURES</b>	<b>766,537</b>	<b>(285,903)</b>	<b>480,634</b>
 Program revenue:			
Charges for services	6,603		6,603
Operating grants and contributions	28,087		28,087
Capital grants and contributions	-		-
<b>TOTAL PROGRAM REVENUE</b>	<b>34,690</b>	<b>-</b>	<b>34,690</b>
<b>PROGRAM EXPENDITURES OVER REVENUE</b>	<b>(731,847)</b>	<b>285,903</b>	<b>(445,944)</b>
 <b>GENERAL REVENUE</b>			
Sales taxes	656,895	-	656,895
Rental income	20,682		20,682
Interest income	2,892		2,892
Gain from insurance proceeds	6,012		6,012
	<b>686,481</b>	<b>-</b>	<b>686,481</b>
 <b>REVENUE OVER/(UNDER) EXPENDITURES</b>	<b>(45,366)</b>	<b>285,903</b>	<b>240,537</b>
 <b>BEGINNING FUND BALANCE/NET POSITION</b>	<b>689,992</b>		<b>1,583,711</b>
 <b>PRIOR PERIOD ADJUSTMENT</b>	<b>95,507</b>		<b>95,507</b>
 <b>ENDING FUND BALANCE/NET POSITION</b>	<b>\$ 740,133</b>		<b>\$ 1,919,755</b>

The accompanying notes are an integral part of this financial statement presentation.

# SALADO PUBLIC LIBRARY DISTRICT

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2022

### **NOTE A: ORGANIZATION**

The Salado Public Library District (District) is a political subdivision for the State of Texas created to provide general library services to the community of Salado, Texas and surrounding areas. The District is governed by a five-member Board of Trustees (Board) which has governance responsibilities over all activities related to library operations within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the District. The District receives funding from local government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental “reporting entity” as defined by the GASB in its Statement No. 61, “The Financial Reporting Entity” and there are no component units included within the reporting entity.

### **NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the District conform to generally accepted accounting principles (GAAP) in the United States of America, applicable to governments promulgated by the Governmental Accounting Standard Board (GASB) and the American Institute of Certified Public Accountants (AICPA). Following is a summary of the significant accounting policies:

#### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District’s activities on the full accrual basis of accounting. Governmental activities include programs supported primarily by taxes, grants and contributions. The District reports all of its activities as governmental activities.

The Statement of Activities demonstrates how other people or entities that participate in programs the Library operates have shared in the payment of the direct costs. Charges for services include revenue from parties that purchase, use or directly benefit from goods or services provided by the District. Examples include book sales, copy and printing fees, and other fines and fees, etc. If a revenue item is not part of program revenue, it is considered general revenue used to support all of the District’s functions.

#### FUND FINANCIAL STATEMENTS

The fund financial statements provide reports on the financial condition and results of operations for governmental funds. The District has only one major fund – the General Fund. The General Fund’s financial condition and results of operations are reported in a separate column.

#### MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Sales taxes are recognized as revenues in the year for which they are collected. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

# SALADO PUBLIC LIBRARY DISTRICT

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2022

### **NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

Revenue from local sources consists primarily of sales taxes and contributions. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant.

### **FUND ACCOUNTING**

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. They are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations. The following fund types and account groups are maintained by the District:

#### Governmental Fund Types

General Fund – The General Fund is the operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

### **CASH AND CASH EQUIVALENTS**

The District considers cash and cash equivalents to be the carrying value of bank accounts and petty cash.

### **INVESTMENTS**

Investments consist of the carrying value of certificates of deposits and the carrying value in an external investment pool account.

# SALADO PUBLIC LIBRARY DISTRICT

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2022

### **NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### CAPITAL ASSETS

Capital assets, which include land, buildings, improvements, furniture and fixtures, and equipment are recorded when purchased as expenditures in the governmental funds and capitalized in the government-wide statements at original cost. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 for building improvements and \$2,500 for other capital assets and an estimated useful life in excess of one year.

Donated assets are valued at their fair market value on the date donated. Repairs are not capitalized and the replacement of general fixed assets are capitalized only if the lives of the new assets significantly exceed the remaining lives of the original assets. The District recognizes a gain or loss on the disposal of assets when it retires or otherwise disposes of capital assets.

Land and construction in progress are not depreciated. Building, improvements, and land improvements are depreciated using the straight-line method over an estimated useful life ranging from 7-39 years.. Furniture and fixtures are depreciated using the straight-line method over the estimated useful life of 5 years. Equipment is depreciated using the straight-line method of accounting over an estimated useful life of 3-7 years.

The cost of circulating books and other library materials are recorded as an expense in the year purchased, as the useful lives of such items are relatively short.

#### PROGRAM REVENUE

Program revenue consists of income from grants, contributions, book sales, fines, and other library fees.

#### ENCUMBRANCES

Encumbrance accounting, whereby commitments related to unperformed contracts for goods or services are recorded, is not used by the District because operations of the District are not subject to appropriation.

#### ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

# SALADO PUBLIC LIBRARY DISTRICT

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2022

### **NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### NET POSITION AND FUND BALANCES

In the government-wide financial statements, net position is classified into three components:

- Net investment in capital assets – Capital assets, net of accumulated depreciation, reduced by the outstanding balance of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted – Consists of assets with constraints placed on the use either by: 1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- Unrestricted – All other net assets that do not meet the definition of “net investment in capital assets” or “restricted”.

The District’s policy is to apply expenditures against restricted resources first and then unrestricted resources as they are needed

The District reports governmental fund balances by the following five classifications:

- Non-spendable – These funds are not available for expenditures based on legal or contractual requirements. An example might be inventories and prepaid expenditures.
- Restricted – These funds are governed by externally enforceable restrictions.
- Committed – Fund balances in this category are limited by the government’s highest level of decision making (in this case the Board of Trustees). Any changes of this designation must be done in the same manner that it was implemented. For example, if funds are committed by resolution, the commitment could only be released with another resolution.
- Assigned – For funds to be assigned, there must be an intended use which can be established by the Board of Trustees or an official delegated by the board, such as a library director. For example, during the budget process, the board decided to use some existing fund balance to support activities in the upcoming year.
- Unassigned – This classification is the default for all funds that do not fit into the other categories.

Restricted amounts are considered to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. The District’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year.

The District’s fund balance as of August 31, 2022 of \$10,088 includes non-spendable fund balances for prepaid expenses. The remaining fund balance is unassigned.

# SALADO PUBLIC LIBRARY DISTRICT

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2022

### **NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

In addition to liabilities, the statement of net 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 District does not have any items that qualify for such criteria.

### **NOTE C: DEPOSITS AND INVESTMENTS**

#### CASH DEPOSITS AND CASH EQUIVALENTS

As of August 31, 2022, the carrying amount of the District's deposits was \$164,225 and the bank balance was \$173,954. As of August 31, 2022, all of the District's cash deposits were covered by FDIC.

#### INVESTMENTS

The District is authorized to invest (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

The District's investments are categorized to give an indication of the level of risk assumed by the District investments. The District's investments consist of:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Credit Risk</u>
Certificate of Deposit - Horizon	\$ 50,250	4/30/2023	N/A
Certificate of Deposit - PNC	250,000	7/21/2023	N/A
TexPool	187,858	N/A	AAAm
	<u>\$ 488,108</u>		

At year end, investments in TexPool Prime were rated AAAm by Standard & Poor's. All pools operate on a \$1 net asset value basis. In order to maintain a stable \$1 price of the fund, the pool will sell portfolio holdings if the ratio of the fair value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005. The pools are stated at their measured amortized cost, which is assumed to approximate fair value.

### **NOTE C: DEPOSITS AND INVESTMENTS**

# SALADO PUBLIC LIBRARY DISTRICT

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2022

### Custodial Credit Risk – Deposits

This is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District was not exposed to custodial credit risk since its deposits at year-end and during the year ended August 31, 2022 were covered by depository insurance.

### Custodial Credit Risk – Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book form. Thus, positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

### Other Credit Risks

There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize credit risk, investment policies of the District's investment pools allow the portfolio's investment manager to only invest in obligations of the U.S. Government and its agencies' repurchase agreements; and no-load AAAm money market mutual funds registered with the SEC.

The District has not found the need to develop policies for foreign currency risk.

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area, conducted as part of the audit of the general purpose financial statements, disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.



# SALADO PUBLIC LIBRARY DISTRICT

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2022

### NOTE D: CAPITAL ASSETS

The following is a summary of changes in Capital Assets for the year:

	<b>Balance 8/31/2021</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 8/31/2022</b>
Capital assets not being depreciated:				
Land:				
1151 N Main St	\$217,000			\$ 217,000
26 Mill Creek Drive		28,000		28,000
28 Mill Creek Drive		28,000		28,000
Total Land	217,000	56,000	-	273,000
Capital assets being depreciated:				
Buildings and improvements:				
1151 N Main St	902,454			902,454
26 Mill Creek Drive		133,943		133,943
28 Mill Creek Drive		133,943		133,943
Furniture and fixtures	201,566			201,566
Land improvements	17,410			17,410
Total	1,121,430	267,886	-	1,389,316
Total capital assets	1,338,430	323,886	-	1,662,316
Less: Accumulated depreciation	(444,711)	(37,983)		(482,694)
Net capital assets	\$ 893,719	\$285,903	-	\$1,179,622

Depreciation was charged to the function of library operations for \$37,983.

### NOTE E: RISK MANAGEMENT

The District is exposed to various risks of loss including general liability, property damage, and worker's compensation. The District insures against risk through participation in the Texas Municipal League Intergovernmental Risk Pool, a public risk entity risk pool, consisting of approximately 2,800 member cities/political subdivisions located throughout the state of Texas. The District pays premiums to the risk pool for its general liability, property, and workers' compensation coverage. The District's risk is limited to the amount of premiums paid unless the pool should fail, in which case, the District would be liable for its ratable share of the pool deficit.

# SALADO PUBLIC LIBRARY DISTRICT

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2022

### NOTE F: RETIREMENT PLAN

The District's Simple IRA Plan is available to all employees. The District matches employee contributions up to a maximum of 3% of gross compensation. During the year, the District contributed \$6,936 to the plan.

### NOTE G: ADJUSTMENTS TO CONVERT FUND STATEMENTS TO GOVERNMENT-WIDE STATEMENTS

Fund balance to net position:

Fund balance per General Fund	\$	740,133
Capital assets (to capitalize the capital assets)		<u>1,179,622</u>
Net Position per Statement of Net Position	\$	<u>1,919,755</u>

Revenue over expenditures:

Revenue over/(under) expenditures per General Fund	\$	(45,366)
Depreciation expense (to record current year depreciation)		(37,983)
Capital outlay (to capitalize current year capital outlays)		<u>323,886</u>
Revenue over expenditures per Statement of Activities	\$	<u>240,537</u>

### NOTE H: PRIOR PERIOD ADJUSTMENT

During the performance of the audit, it was noted that sales tax receivable had not been recorded in the prior year. The effect of this resulted in an adjustment of \$95,507 for both the general fund and Statement of Activities.

### NOTE I: SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through December 19, 2022, the date on which the financial statements were available to be issued. There are no events requiring disclosure.

**SALADO PUBLIC LIBRARY DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual on a Budgetary Basis - General Fund**  
**For the Fiscal Year Ended August 31, 2022**

	Budgeted Amounts <u>Original and Final</u>	Budgetary Basis (1) <u>Actual Amounts</u>	Variance with Final Budget <u>        </u>
<b>Revenues:</b>			
Sales tax revenue	\$ 464,400	\$ 656,895	\$ 192,495
Grants and contributions	1,050	28,087	27,037
Rental income	-	20,682	20,682
Operating revenue	9,000	6,603	(2,397)
Interest	-	2,892	2,892
Gain from insurance proceeds	-	6,012	6,012
<b>Total revenues</b>	<u>474,450</u>	<u>721,171</u>	<u>246,721</u>
<b>Expenditures</b>			
Payroll and benefits	256,010	255,866	144
Collection materials	31,300	33,648	(2,348)
Computer and automation	32,500	25,560	6,940
Grant expense	-	24,955	(24,955)
Facility maintenance and supplies	18,100	22,694	(4,594)
Utilities	17,456	17,736	(280)
Repairs and maintenance	20,000	13,877	6,123
Professional services	9,750	11,625	(1,875)
General administrative expenses	7,000	10,051	(3,051)
Insurance	6,655	6,142	513
Training and travel	8,900	5,871	3,029
Public relations	6,000	5,416	584
Library program services	3,500	3,577	(77)
Election expenses	200	3,436	(3,236)
Other operating expenses	2,000	2,197	(197)
Capital outlay	-	323,886	(323,886)
Total expenditures	<u>419,371</u>	<u>766,537</u>	<u>(347,166)</u>
Net change in fund balance	55,079	(45,366)	(100,445)
Fund balances, beginning of year	689,992	689,992	-
Prior period adjustment	-	95,507	95,507
Fund balances, end of year	<u>\$ 745,071</u>	<u>\$ 740,133</u>	<u>\$ (4,938)</u>

(1) The actual amounts have been adjusted to reflect the budgetary basis. The differences from GAAP basis to budgetary basis are as follows:

Total revenues in accordance with GAAP	\$ 721,171
No change in revenues	-
Budgetary basis total revenue	<u>\$ 721,171</u>
Total expenditures in accordance with GAAP	\$ 480,634
Depreciation expense	(37,983)
Capital outlay capitalized	323,886
Budgetary basis total expenditures	<u>\$ 766,537</u>

The accompanying notes are in integral part of this financial statement presentation.