
Benbrook Library District

Financial Statements

Year Ended September 30, 2023
With Independent Auditor's Report

Benbrook Library District
Financial Statements
Year Ended September 30, 2023

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Independent Auditors' Report

To the Board of Trustees
Benbrook Library District
Benbrook, Texas

Report on the Financial Statements

Opinions

I have audited the financial statements of the governmental activities and major funds of the Benbrook Library District (the District), as of and for the year ended September 30, 2023, and related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In my opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, major funds, and the aggregate remaining fund information of Benbrook Library District, as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

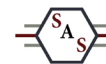
Responsibilities of Management for the Financial Statements

District's 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.

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 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 GAAS, I:

- 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 my 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.

I am 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 I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Swaim Accounting Services, Inc.

Granbury, Texas

February 12, 2024

Benbrook Library District

Management's Discussion and Analysis - Unaudited

For the Year Ended September 30, 2023

In this section of the Annual Financial and Compliance Report, we, the managers of Benbrook Library District, discuss and analyze the District's financial performance for the fiscal year ending September 30, 2023. Please read it in conjunction with the independent auditor's report, and the District's Basic Financial Statements.

FINANCIAL HIGHLIGHTS

- The District's total net position was \$4,915,425 at September 30, 2023.
- During the year, the District's revenues were \$2,459,587 generated in sales taxes and other revenues.
- The District had \$2,182,514 in expenditures during the year.
- The general fund reported a fund balance this year of \$2,308,818.

USING THIS ANNUAL REPORT

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

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

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

Reporting the District as a Whole - Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities:

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

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years. These two statements report the District's net position and changes in them. The District's net position (the difference between assets and liabilities) provides one measure of the District's financial health or financial position.

Benbrook Library District

Management's Discussion and Analysis – Unaudited (*Continued*)

For the Year Ended September 30, 2023

Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as the changes in sales tax collections, and the condition of the District's facilities.

In the Statement of Net Position and Statement of Activities, we report the District's governmental activities as follows:

Governmental activities – Most of the District's basic services are reported here, including library services and general administration. Sales tax and other grants finance most of these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant fund – not the District as a whole. The District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table I) and the changes in net position (Table II) of the District's governmental activities. Net position of the District's governmental activities was \$4,915,425 at September 30, 2023. Unrestricted net position – the part of net position that can be used to finance day- to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$1,522,810 at September 30, 2023.

Table I
Benbrook Library District
Net Position

	Governmental Activities 2023	2022	Percentage Change
Current and Other Assets	\$ 2,497,200	\$ 2,270,314	10
Capital and Non-Current Assets	2,635,326	2,435,026	8
Total Assets	5,132,526	4,705,340	9
Current Liabilities	217,101	66,988	224
Long Term Liabilities	-	-	
Total Liabilities	217,101	66,988	224
Net Position			
Net Investment in Capital Assets	2,635,326	2,435,026	8
Restricted	757,289	1,082,745	(30)
Unrestricted	1,522,810	1,120,581	36
Total Net Position	\$ 4,915,425	\$ 4,638,352	6

Benbrook Library District
Management's Discussion and Analysis – Unaudited (*Continued*)
For the Year Ended September 30, 2023

	2023	2022	Percentage Change
REVENUES			
General revenue - sales tax	\$ 2,238,486	\$ 1,855,201	21
General revenue - grant revenue	104,141	53,793	94
General revenue - campaign contributions	26,360	17,757	48
General revenue - miscellaneous	3,553	8,728	(59)
General revenue - investment earnings	75,173	12,283	512
General revenue - other - donations	11,874	7,565	57
Total Revenue	2,459,587	1,955,327	26
EXPENSES			
Payroll and related	1,386,248	1,146,531	21
Cleaning supplies	3,978	6,420	(38)
Equipment accessories	2,082	2,260	(8)
Office supplies	19,662	15,227	29
Postage	3,036	2,365	28
Processing supplies	4,660	6,080	(23)
Programs supplies	29,218	21,737	34
Automation Cost - By Water	-	40,568	(100)
Courier	2,194	-	100
Cleaning service	27,297	26,482	3
Election cost	1,430	-	100
Equipment leasing	12,156	13,477	(10)
Internet setup/service	1,081	1,972	(45)
Lawn services	8,694	9,545	(9)
Liability and fire insurance	16,235	21,703	(25)
Memberships	4,186	3,043	38
Online services	128,783	129,404	(0)
Accounting fees	20,400	18,401	11
Legal fees	4,224	4,744	(11)
Professional fees	13,392	-	100
IT consulting and contracting	40,940	22,403	83
Consulting services	24,686	-	100
Program presenter services	34,797	25,755	35
Reimburse board members	2,700	2,610	3
Building repair and maintenance	42,958	17,321	148
Equipment maintenance and repair	5,765	2,727	111
Storage rental	1,440	930	55
Meals	12,919	6,512	98
Mileage reimbursement	7,517	2,757	173
Travel	30,400	9,812	210
Dumpster and waste	1,572	1,387	13
Gas and electric	14,268	25,167	(43)
Telephone	3,251	3,254	(0)
Water	3,996	4,210	(5)
Other	471	445	6
Capital Campaign	38,206	4,505	748
Depreciation	95,565	71,873	33
Removed from circulation/unreturned books	29,591	24,525	21
Audio/visual equipment	16,817	12,902	30
eBooks	20,362	17,978	13
Building and landscaping	4,098	-	100
Equipment	10,234	41,732	(75)
Marketing	18,252	14,365	27
Library of things	3,896	3,935	(1)
Periodicals	5,046	3,621	39
Shelving and furniture	17,276	16,692	3
Vehicles	6,535	-	100
Total Expense	2,182,514	1,807,377	21
Increase in Net Position	277,073	147,950	87
Beginning Net Position	4,638,352	4,490,402	3
Ending Net Position	\$ 4,915,425	\$ 4,638,352	6

Benbrook Library District

Management's Discussion and Analysis – Unaudited (*Continued*)

For the Year Ended September 30, 2023

The District's total revenues were \$2,459,587 for the fiscal year ending September 30, 2023. The total cost of all programs and services was \$2,182,514 for the year. The revenues received were used to help 104,782 visitors to the library this year, provide computer sessions, and to add items to the library's catalog.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported a combined balance of \$2,308,818. There is a balance of \$757,289 assigned for future construction. The remaining difference of \$1,551,529 is unassigned.

Over the course of the year, the Board of Trustees amended the District's budget. These amendments were increases in appropriations to prevent budget overruns.

CAPITAL ASSET

At the end of the fiscal year 2023, the District had invested \$2,635,326 in a range of capital assets, including buildings, equipment, and library books. (See Table III).

	2023	2022	Percentage Change
Land	\$ 172,337	\$ 172,337	0
Buildings	2,183,711	2,026,667	8
Equipment	498,799	382,750	30
Library Books	896,971	874,199	3
Vehicles	52,868	52,868	0
Construction In Progress	57,470	57,470	0
Total at historical cost	3,862,156	3,566,291	8
Less accumulated depreciation	(1,226,830)	(1,131,265)	8
Net capital assets	<u>\$ 2,635,326</u>	<u>\$ 2,435,026</u>	8

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District's elected and appointed officials considered many factors when setting the fiscal year 2024 budget. The most significant factors are the District's economy and population growth. Based upon these factors we budgeted an estimated \$2,209,479 expenditures for the next fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact the District's business office, at Benbrook Library District, 1065 Mercedes St., Benbrook, TX 76126.

BASIC FINANCIAL STATEMENTS

Benbrook Library District
Statement of Net Position
September 30, 2023

	<u>Primary Government Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 2,029,762
Due from other governments	419,114
Grant receivable - TSLAC	48,324
Capital Assets:	
Land	172,337
Buildings and grounds, net	1,311,194
Furniture and equipment, net	155,941
Library books	896,971
Vehicles, net	41,413
Construction In Progress	57,470
Total capital assets, net	<u>2,635,326</u>
TOTAL ASSETS	<u>5,132,526</u>
LIABILITIES	
Current liabilities	188,382
Accrued vacation	28,719
TOTAL LIABILITIES	<u>217,101</u>
NET POSITION	
Net investment in capital assets	2,635,326
Restricted	757,289
Unrestricted	1,522,810
TOTAL NET POSITION	<u><u>\$ 4,915,425</u></u>

See accompanying notes to financial statements.

Benbrook Library District

Statements of Activities and Changes in Net Position

Year Ended September 30, 2023

					Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities					
Personnel:					
Payroll and related	\$ 1,386,248	\$ -	\$ -	\$ -	\$ (1,386,248)
Supplies:					
Cleaning supplies	3,978	-	-	-	(3,978)
Equipment accessories	2,082	-	-	-	(2,082)
Office supplies	19,662	-	-	-	(19,662)
Postage	3,036	-	-	-	(3,036)
Processing supplies	4,660	-	-	-	(4,660)
Programs supplies	29,218	-	-	-	(29,218)
Contractual:					
Courier	2,194	-	-	-	(2,194)
Cleaning service	27,297	-	-	-	(27,297)
Election cost	1,430	-	-	-	(1,430)
Equipment leasing	12,156	-	-	-	(12,156)
Internet setup/service	1,081	-	-	-	(1,081)
Lawn services	8,694	-	-	-	(8,694)
Liability and fire insurance	16,235	-	-	-	(16,235)
Memberships	4,186	-	-	-	(4,186)
Online services	128,783	-	-	-	(128,783)
Accounting fees	20,400	-	-	-	(20,400)
Legal fees	4,224	-	-	-	(4,224)
Professional fees	13,392	-	-	-	(13,392)
IT consulting and contracting	40,940	-	-	-	(40,940)
Consulting services	24,686	-	-	-	(24,686)
Program presenter services	34,797	-	-	-	(34,797)
Reimburse board members	2,700	-	-	-	(2,700)
Building repair and maintenance	42,958	-	-	-	(42,958)
Equipment maintenance and repair	5,765	-	-	-	(5,765)
Storage rental	1,440	-	-	-	(1,440)
Meals	12,919	-	-	-	(12,919)
Mileage reimbursement	7,517	-	-	-	(7,517)
Travel	30,400	-	-	-	(30,400)
Dumpster and waste	1,572	-	-	-	(1,572)
Gas and electric	14,268	-	-	-	(14,268)
Telephone	3,251	-	-	-	(3,251)
Water	3,996	-	-	-	(3,996)
Other	471	-	-	-	(471)
Capital Campaign Expenditures:					
Capital Campaign	38,206	-	-	-	(38,206)
Capital Expenditures:					
Depreciation	95,565	-	-	-	(95,565)
Removed from circulation/unreturned books	29,591	-	-	-	(29,591)
Audio/visual equipment	16,817	-	-	-	(16,817)
eBooks	20,362	-	-	-	(20,362)
Building and landscaping	4,098	-	-	-	(4,098)
Equipment	10,234	-	-	-	(10,234)
Marketing	18,252	-	-	-	(18,252)
Library of things	3,896	-	-	-	(3,896)
Periodicals	5,046	-	-	-	(5,046)
Shelving and furniture	17,276	-	-	-	(17,276)
Vehicles	6,535	-	-	-	(6,535)
Total Governmental Activities	<u>2,182,514</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,182,514)</u>
Business-Type Activities					
None	-	-	-	-	-
Total Business-Type Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 2,182,514</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(2,182,514)</u>
General Revenues and Special Items:					
State aid - sales tax					2,238,486
Grant revenue					104,141
Capital Campaign Contributions					26,360
Fines and miscellaneous					3,553
Investment revenue					75,173
Other revenue - donations					11,874
Total General Revenues and Special Items					<u>2,459,587</u>
Change in Net Position					277,073
Net Position at beginning of year					4,638,352
Net Position at end of year					<u>\$ 4,915,425</u>

See accompanying notes to financial statements.

Benbrook Library District
Balance Sheet
Governmental Funds
September 30, 2023

GOVERNMENTAL FUND
FINANCIAL STATEMENTS

Benbrook Library District
Balance Sheet
Governmental Funds
September 30, 2023

	General Fund	Total Governmental Funds
ASSETS		
Cash and temporary investments (market)	\$ 2,029,762	\$ 2,029,762
Due from other governments	419,114	419,114
Grant receivable - TSLAC	48,324	48,324
	<hr/>	<hr/>
Total assets	2,497,200	2,497,200
	<hr/>	<hr/>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Current liabilities	\$ 188,382	\$ 188,382
	<hr/>	<hr/>
Total liabilities	188,382	188,382
	<hr/>	<hr/>
Fund balances:		
Assigned -future construction	757,289	757,289
Unassigned	1,551,529	1,551,529
	<hr/>	<hr/>
Total fund balance	2,308,818	2,308,818
	<hr/>	<hr/>
Total liabilities, deferred inflows and fund balances	2,497,200	2,497,200
	<hr/>	<hr/>

See accompanying notes to financial statements.

Benbrook Library District
Reconciliation of the Governmental Fund Balance Sheet to
the Statement of Net Position
Year Ended September 30, 2023

TOTAL FUND BALANCE-GOVERNMENTAL FUNDS	\$ 2,308,818
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Amounts reported for Governmental Activities in the
Statement of Net Position are different due to the following:

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$3,566,291 and the accumulated depreciation was \$1,131,265. The net effect of including the beginning balances for capital assets (net of depreciation) is to increase net position.	2,435,026
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Accrued vacation (liabilities) are carried forward into the next fiscal year and are not due and payable until employees take vacation; therefore, they are not reported in the funds.	(28,719)
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Current year capital outlays of \$127,279 are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing the 2023 capital outlays is to increase net position.	325,456
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The 2023 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(95,565)
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Removed from circulation and unreturned library books not reflected in fund financial statements.	(29,591)
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NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 4,915,425
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Benbrook Library District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year Ended September 30, 2023

	General Fund	Total Governmental Funds
REVENUES		
State aid - sales tax	\$ 2,238,486	\$ 2,238,486
Grant revenue	104,141	104,141
Capital Campaign Contributions	26,360	26,360
Fines and miscellaneous	3,553	3,553
Investment revenue	75,173	75,173
Other revenue - donations	11,874	11,874
Total revenues	<u>2,459,587</u>	<u>2,459,587</u>
EXPENDITURES		
Personnel:		
Payroll and related	1,391,245	1,391,245
Supplies:		
Cleaning supplies	3,978	3,978
Equipment accessories	2,082	2,082
Office supplies	19,662	19,662
Postage	3,036	3,036
Processing supplies	4,660	4,660
Programs supplies	29,218	29,218
Contractual:		
Courier	2,194	2,194
Cleaning service	27,297	27,297
Election cost	1,430	1,430
Equipment leasing	12,156	12,156
Internet setup/service	1,081	1,081
Lawn services	8,694	8,694
Liability and fire insurance	16,235	16,235
Memberships	4,186	4,186
Online services	128,783	128,783
Accounting fees	20,400	20,400
Legal fees	4,224	4,224
Professional fees	13,392	13,392
IT consulting and contracting	40,940	40,940
Consulting services	24,686	24,686
Program presenter services	34,797	34,797
Reimburse board members	2,700	2,700
Building repair and maintenance	42,958	42,958
Equipment maintenance and repair	5,765	5,765
Storage rental	1,440	1,440
Meals	12,919	12,919
Mileage reimbursement	7,517	7,517
Travel	30,400	30,400
Dumpster and waste	1,572	1,572
Gas and electric	14,268	14,268
Telephone	3,251	3,251
Water	3,996	3,996
Other	471	471
Capital Campaign Expenditures:		
Capital Campaign	38,206	38,206
Capital Expenditures:		
Audio/visual equipment	16,817	16,817
eBooks	20,362	20,362
Building and landscaping	209,765	209,765
Equipment	77,658	77,658
Marketing	18,252	18,252
Library of things	3,896	3,896
Periodicals	5,046	5,046
Shelving and furniture	17,276	17,276
Vehicles	6,535	6,535
Library books	52,365	52,365
	<u>2,387,811</u>	<u>2,387,811</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>71,776</u>	<u>71,776</u>
OTHER FINANCING SOURCES (USES):		
None	-	-
Net change in fund balances	<u>71,776</u>	<u>71,776</u>
Fund balances at beginning of year	<u>2,237,042</u>	<u>2,237,042</u>
Fund balances at end of year	<u>\$ 2,308,818</u>	<u>\$ 2,308,818</u>

See accompanying notes to financial statements.

Benbrook Library District
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures
and Changes in Fund Balance to the Statement of Activities
Year Ended September 30, 2023

NET CHANGE IN FUND BALANCE-GOVERNMENTAL FUNDS	<u>\$ 71,776</u>
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Amounts reported for Governmental Activities in the
Statement of Activities are different due to the following:

Current year capital outlays of \$325,456 are expenditures in the fund financial statements. but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing the 2023 capital outlays is to increase net position.	325,456
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Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(95,565)
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Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. The net effect of these expenses is to increase net position.	4,997
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Removed from circulation and unreturned library books not reflected in the fund financial statements.	<u>(29,591)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 277,073</u></u>
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Benbrook Library District

Notes to the Financial Statements

Years Ended September 30, 2023

1. Organization

Reporting Entity

Benbrook Library District, (the District) is a political subdivision formed under Chapter 326 of Section 1, Subtitle B, Title 10, Local Government Code when the citizens of the City of Benbrook voted on January 16, 1999, to increase the city's sales and use tax by ½% to fund the District. A Board of Trustees (the "Board") was elected by the public and has fiscal accountability over all activities related to providing public library services to the citizens of the City of Benbrook. The Board as a body corporate has the exclusive power and duty to govern and oversee the management of the District.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if it's official appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without the approval by the primary government. Accordingly, the District has no component units.

2. Summary of Significant Accounting Policies

The financial statements of the Benbrook Library District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below:

Government-wide

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the District. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

Benbrook Library District
Notes to the Financial Statements (*Continued*)
Years Ended September 30, 2023

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

Government-wide (continued)

During the year ended September 30, 2023, all of the District's activities were considered to be governmental activities. The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given program and 2) operating, or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Governmental funds are those funds through which most governmental functions typically are financed. The District has presented the following major government funds:

The General Fund – The general fund is the District's primary operating fund. All revenues and expenditures not required to be accounted for in other funds are included here. This is a budgeted fund, and any fund balances are considered available for current operations. Fund balances may be appropriated by the Board to implement its responsibilities.

Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position, and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental Funds are accounted for using a current financial resources measurement focus and modified accrual 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 increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

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. The District considers all revenues available if they are collectible within 60 days after year's end.

Revenues from sales tax sources consist primarily of local sales and use taxes. These taxes are initially collected and remitted to the State and then to the District. Sales and use tax revenues are recognized under the modified accrual basis of accounting. Other revenues and operating revenues are recorded as revenue when received in cash because they generally are not measurable until actually received. Investment earnings, if any, are recorded as earned since they are both measurable and available.

Benbrook Library District
Notes to the Financial Statements (*Continued*)
Years Ended September 30, 2023

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

Basis of Accounting (continued)

Contribution revenues from nongovernmental entities to provide cash or other assets are recognized (net of estimated uncollectable amounts) when all eligibility requirements are met, provided that the promise is verifiable and the resources are measurable and probable of collection.

Revenues received from grants are recognized as earned when the related program expenditures are incurred. Funds received but unearned are reflected as deferred revenues, and funds expended but not yet received are shown as receivables.

Inventories

The District records purchases of supplies and materials as expenditures when purchased. This method is used to avoid administrative costs that are excessive to the benefit gained because supplies tend to be purchased and used in the same reporting period.

Capital Assets

Land, buildings, library books, and equipment acquired for general purposes through the governmental funds are recorded as expenditures in the fund making the disbursement and capitalized at historical cost in the applicable governmental activities' columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at their estimated fair market value on the date of acceptance. Interest costs, if any, related to the acquisition of fixed assets are not capitalized. All assets are expensed using straight line depreciation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. The useful lives for purposes of calculating depreciation are as follows:

Buildings and Grounds	15 - 40 years
Equipment	5 - 7 years
Library Books	Depletion

Long-term Debt

District long-term debt obligations are reported in the government-wide financial statements. Amounts recorded under government-wide financial statements represent obligations that will be met by future revenue sources that are not available as of the current balance sheet date. For the year ended September 30, 2023, the District had no long-term debt obligations.

Benbrook Library District
Notes to the Financial Statements (*Continued*)
Years Ended September 30, 2023

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

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position for the District at September 30, 2023, was \$4,915,425.

Fund Equity

The District has adopted the provisions of GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by 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 under GASB Statement No. 54 are Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of the funds but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraints, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification with the General Fund.

In accordance with GASB 54, the District classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent because they are either not in spendable form, or for legal or contractual reasons, must be kept intact. This classification includes prepaid items. At September 30, 2023, the District did not have non-spendable prepaid items.

Restricted – includes fund balance amounts that are a constraint for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action of the highest level of decision-making authority.

Assigned – includes fund balance amounts that are self-imposed by the District to be used for a particular purpose. These funds are assigned by the Board of Trustees. At September 30, 2023, the District had \$757,289 in assigned fund balance for future construction.

Benbrook Library District
Notes to the Financial Statements (*Continued*)
Years Ended September 30, 2023

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

Fund Equity (continued)

Unassigned – includes residual positive fund balance within the General Fund which has been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes. When multiple categories of fund balance are available for expenditure, the District will use the most restricted category first before moving down to the next category of available funds. At September 30, 2023, the District had \$1,551,529 in unassigned fund balance.

The District does not have a minimum fund balance policy.

Deferred Inflows/Outflows

The District has adopted the provisions of GASB Statement No 63, “Reporting Deferred Outflows, Deferred Inflows, and Net Position.” The objective of the statement is the reclassification of certain deferred assets and liabilities to deferred inflows and outflows of resources. This reclassification is limited to those instances listed by the GASB. The District does not have any amounts that would require classification under this pronouncement; however, under this pronouncement, the title of the Statement of Net Assets was changed to Statement of Net Position. The District has implemented this change.

The District has adopted the provisions of GASB Statement No. 65, “Items Previously Reported as Assets and Liabilities.” This pronouncement addressed other deferred outflows and inflows of resources not previously covered under GASB No. 63. Under this pronouncement, the GASB determined that certain items previously reported as assets and liabilities should be recognized as revenues, expenses, or expenditures when incurred and should not be reported on statements of net position/balance sheets at all. The District has no instances of such items at September 30, 2023.

Federal and State Grants

The District receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authorities, the purpose of which is to ensure compliance with conditions precedent to the granting of the funds. Any liability for reimbursement which may arise as the result of this audit is not believed to be material. During the year ended September 30, 2023, the District received \$33,430 in a grant from the Texas State Library & Archives Commission for the MetroShare library consortium. The total amount received from this grant, which expired on August 30, 2023 was \$73,998.

During the year ended September 30, 2023, the District received \$48,324 in a grant from the Texas State Library & Archives Commission for reimbursement of 12 computers and a 12 bay kiosk. The total amount of the grant shall not exceed \$49,076 and expires on June 30, 2024.

Benbrook Library District

Notes to the Financial Statements (*Continued*)

Years Ended September 30, 2023

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

Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During the year ended September 30, 2023, the District experienced a ransomware attack on their system. It was determined that no information was released on the black market, but the board chose to provide all staff credit monitoring for a year in case something did leak. During FY 2023, the District purchase purchased a cyber security server and software to help with any further issues. The net cost of the server and software was \$35,875.

Use of 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, and 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 those estimates.

Subsequent Events

In preparing the accompanying financial statements, management of the District has evaluated all subsequent events and transactions for potential recognition or disclosure through February 12, 2024, the date the accompanying financial statements were available for issuance. The District is not aware of any material subsequent events.

Leases

The District has adopted the provisions of GASB Statement No. 87, Leases (GASB 87). The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. For the fiscal year ended September 30, 2023, the District had no such leases.

3. Budgetary Legal Compliance

For FY 2023, the General Fund was over-expended in the following functions:

Fuction	Final Budget	Actual	Over Expenditure
Personnel	1,320,172	1,391,245	71,073
Supplies	53,200	62,636	9,436
Contractual	403,634	467,752	64,118
Capital Campaign Expenditures:	-	38,206	38,206
Capital Expenitures:	183,350	427,972	244,622

Benbrook Library District
Notes to the Financial Statements (Continued)
Years Ended September 30, 2023

3. Budgetary Legal Compliance (continued)

The total General Fund budget was over-expended by \$427,455 or 21.8% of the final budget. The General fund received \$478,403 more in revenue than the final budgeted amount. Thus, the net effect is a favorable \$50,948. All expenditures were approved by the Board.

4. Cash and Cash Equivalents

At September 30, 2023, the carrying value of the District's deposit was \$658,333, excluding \$1,370,924 of investment considered as cash equivalents, and the bank balance was \$690,726. The District's cash deposits at September 30, 2023, and during the year then ended, were entirely covered by FDIC insurance and pledged collateral held by the District's agent bank in the District's name.

Cash-in-bank	\$ 658,838
Investments considered as cash equivalents	<u>1,370,924</u>
Total cash and cash equivalents	<u><u>\$ 2,029,762</u></u>

Interest-rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by investing mainly in money market accounts, which can be moved at any time. The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The District has no specific limitations with respect to this metric.

At September 30, 2023, the District did not invest in any securities that are highly sensitive to interest rate fluctuations.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's deposits at September 30, 2023, were in unrated accounts at FDIC insured financial institutions.

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. As of September 30, 2023, the District had all balances deposited with one financial institutions.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party.

Benbrook Library District
Notes to the Financial Statements (Continued)
Years Ended September 30, 2023

4. Cash and Cash Equivalents (Continued)

The Public Funds Investment Act and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments. September 30, 2023, the District's entire bank deposits were secured by FDIC coverage and pledged collateral held by the District's agent bank in the District's name. The District investments are with the Texas Local Government Investment Pool ("TexPool") and are not exposed to custodial credit risk for its investments.

The District's investments at September 30, 2023, are shown below:

Investment Type	Carrying Amount	Fair Value
TexPool	\$ 1,370,924	\$ 1,370,924

5. Disaggregation of Receivables and Payables

Receivables at September 30, 2023, were as follows:

	Other Governments	Other	Total Receivables
Governmental Activities:			
General Fund	\$ 467,438	\$ -	\$ 467,438
Total	\$ 467,438	\$ -	\$ 467,438

Payables at September 30, 2023, were \$188,382 in vendor payables and payroll liabilities.

6. Due from Other Governments

The District's primary source of revenue is from local sales and use taxes. These taxes are initially collected and remitted to the State and then to the District. Amounts due from the Texas Comptroller of Accounts are revenues collected but not remitted to the District until after September 30, 2023.

Benbrook Library District
Notes to the Financial Statements (Continued)
Years Ended September 30, 2023

7. Capital Assets

Capital asset activity for the year ended September 30, 2023, was as follows:

	Beginning Balance	Additions	Dispositions	Ending Balance
Capital assets, not depreciated				
Land	\$ 172,337	\$ -	\$ -	\$ 172,337
Construction In Progress	57,470	-	-	57,470
Total capital assets, not depreciated	229,807	-	-	229,807
Capital assets, depreciated				
Buildings and grounds	2,026,667	157,043	-	2,183,710
Equipment	382,750	116,048	-	498,798
Vehicles	52,868	-	-	52,868
Library books	874,199	52,365	(29,591)	896,973
Total capital assets, depreciated	3,336,484	325,456	(29,591)	3,632,349
Less accumulated depreciation:				
Buildings and grounds	(817,966)	(54,551)	-	(872,517)
Equipment	(312,418)	(30,440)	-	(342,858)
Vehicles	(881)	(10,574)	-	(11,455)
Library books	-	-	-	-
Total accumulated depreciation	(1,131,265)	(95,565)	-	(1,226,830)
Total capital assets, depreciated, net	2,205,219	229,891	(29,591)	2,405,519
Total capital assets, net	\$ 2,435,026	\$ 229,891	\$ (29,591)	\$ 2,635,326

Depreciation expense as of September 30, 2023 was charged to governmental functions as follows:

Library Services	\$ 93,654
Administration	1,911
Total Depreciation Expense	<u>\$ 95,565</u>

8. Capital Campaign

During FY 2022, the District began receiving contributions and incurring expenditures for a future capital campaign project. The purpose of the campaign will be to raise approximately \$30 million dollars, through grants and contributions, for an 45,000 sq ft facility. As of the date of this report, the District was undecided on building a new facility, or purchasing a building for renovation. The process is in its infancy and is expected to encompass several years before completion. As of September 30, 2022, the District had received \$17,757 in contributions towards the future capital campaign, had spent \$57,470 in engineering and architectural fees, and had expenditures relating to the future capital campaign totaling \$4,505. There were no additional expenses incurred during FY 2023.

Benbrook Library District
Notes to the Financial Statements (Continued)
Years Ended September 30, 2023

9. Long-term Debt

At September 30, 2023, the District did not have long term debt. The interest and fees paid on long-term debt during the year were \$0.

10. Revenue from Local and Intermediate Sources

During the current year, local and intermediate revenue consisted of the following:

Sales and use tax revenue	\$ 2,238,486
Grant revenue	104,141
Capital Campaign Contributions	26,360
Fines and miscellaneous	3,553
Investment revenue	75,173
Other revenue - donations	<u>11,874</u>
Total Revenues	<u><u>\$ 2,459,587</u></u>

11. Compensated Absences

Vacations are to be taken within the same year they are earned, and any unused days at the end of the year may be carried forward into the next fiscal year. September 30, 2023, the estimated value of accumulated unused vacation days is \$28,719.

12. Health Care

During the year ended September 30, 2023, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums on behalf of the employees to the Plan; and, employees, at their option, could authorize payroll withholdings to pay premiums for dependents.

13. Retirement Plan

All eligible District employees are members of a 401 Qualified Retirement Plan administered by the International City Manager Association Retirement Fund.

REQUIRED SUPPLEMENTARY INFORMATION

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	Budgetary Basis	Final Budget Favorable (Unfavorable)
REVENUES				
Sales and use tax revenue	\$ 1,880,000	\$ 1,944,284	\$ 2,238,486	\$ 294,202
Grant revenue	4,000	4,000	104,141	100,141
Capital Campaign Contributions	-	-	26,360	26,360
Fines and miscellaneous	12,000	12,000	3,553	(8,447)
Investment revenue	8,400	8,400	75,173	66,773
Other revenue - donations	12,500	12,500	11,874	(626)
Total revenues	1,916,900	1,981,184	2,459,587	478,403
EXPENDITURES				
Personnel:				
Payroll and related	1,268,159	1,320,172	1,391,245	(71,073)
Total Personnel	1,268,159	1,320,172	1,391,245	(71,073)
Supplies:				
Cleaning supplies	2,000	2,000	3,978	(1,978)
Equipment accessories	2,500	2,500	2,082	418
Office supplies	10,000	22,000	19,662	2,338
Postage	3,200	3,200	3,036	164
Processing supplies	3,500	3,500	4,660	(1,160)
Programs supplies	20,000	20,000	29,218	(9,218)
Total Supplies	41,200	53,200	62,636	(9,436)
Contractual:				
Courier	-	2,194	2,194	-
Cleaning service	24,000	25,000	27,297	(2,297)
Election cost	15,000	5,000	1,430	3,570
Equipment leasing	8,000	11,000	12,156	(1,156)
Internet setup/service	-	-	1,081	(1,081)
Lawn services	9,000	9,000	8,694	306
Liability and fire insurance	15,000	16,250	16,235	15
Memberships	5,000	5,000	4,186	814
MetroPac fine payments	300	300	-	300
Online services	130,000	130,000	128,783	1,217
Accounting fees	20,000	20,000	20,400	(400)
Legal fees	13,000	13,000	4,224	8,776
Professional fees	-	-	13,392	(13,392)
IT consulting and contracting	33,000	41,360	40,940	420
Consulting services	-	-	24,686	(24,686)
Transcription services	-	350	-	350
Program presenter services	30,000	30,000	34,797	(4,797)
Publicity and public relations	1,000	1,000	-	1,000
Reimburse board members	2,800	2,800	2,700	100
Building repair and maintenance	15,000	19,000	42,958	(23,958)
Equipment maintenance and repair	8,000	8,000	5,765	2,235
Storage rental	1,500	1,500	1,440	60
Van gas and maintenance	-	5,680	-	5,680
Meals	10,000	10,000	12,919	(2,919)
Mileage reimbursement	4,000	4,000	7,517	(3,517)
Travel	10,000	10,000	30,400	(20,400)
Internet	1,200	1,200	-	1,200
Dumpster and waste	3,000	3,000	1,572	1,428
Gas and electric	22,000	15,500	14,268	1,232
Telephone	3,500	3,500	3,251	249
Water	5,000	5,000	3,996	1,004
Other	-	-	471	(471)
Contingency costs	15,000	5,000	-	5,000
Total Contractual	404,300	403,634	467,752	(64,118)
Capital Campaign Expenditures:				
Capital Campaign	-	-	38,206	(38,206)
Total Capital Campaign Expenditures	-	-	38,206	(38,206)
Capital Expenditures:				
Audio/visual equipment	19,000	19,000	16,817	2,183
eBooks	18,000	18,000	20,362	(2,362)
Building and landscaping	10,000	10,000	209,765	(199,765)
Equipment	40,000	40,000	77,658	(37,658)
Marketing	15,000	15,000	18,252	(3,252)
Library of things	5,000	5,000	3,896	1,104
Periodicals	4,000	5,100	5,046	54
Shelving and furniture	10,000	10,000	17,276	(7,276)
Vehicles	-	7,000	6,535	465
Library books	66,250	54,250	52,365	1,885
Total Capital Expenditures	187,250	183,350	427,972	(244,622)
Total Expenditures	1,900,909	1,960,356	2,387,811	(427,455)
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,991	20,828	71,776	50,948
Fund balances at beginning of year	2,237,042	2,237,042	2,237,042	
Fund balances at end of year	\$ 2,253,033	\$ 2,257,870	\$ 2,308,818	