

MESA COUNTY PUBLIC LIBRARY DISTRICT

FINANCIAL STATEMENTS

&

INDEPENDENT AUDITOR'S REPORT

December 31, 2017

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**INDEPENDENT AUDITOR'S REPORT**

May 23, 2018

The Board of Trustees  
Mesa County Public Library District

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, and each major fund of the Mesa County Public Library District as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**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 opinions 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 of 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 District'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 District'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, the aggregate discretely presented component unit, and each major fund of the Mesa County Public Library District, as of December 31, 2017, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Board of Trustees

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## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 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.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mesa County Public Library District's basic financial statements. The Capital Project Funds budgetary schedule and component unit schedule of cash flows are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Chadwick, Steinkirchner, Davis & Co., P.C.*

Chadwick, Steinkirchner, Davis & Co., P.C.

MESA COUNTY PUBLIC LIBRARY DISTRICT  
Grand Junction, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended December 31, 2017

Within this section of the Mesa County Public Library District (the District) annual financial report, the District's management is pleased to present the following discussion and analysis of the District's financial performance and to provide an overview of the District's financial activities for the fiscal year ended December 31, 2017. Readers are encouraged to consider the information presented here in conjunction with the additional information furnished in the District's basic financial statements and in the notes to financial statements to get a better understanding of the District's financial position.

**Financial Highlights**

- The District's net position of \$18,651,539 exceeded its liabilities and deferred inflows of \$6,070,387 by \$12,581,152 for the year ending 2017.
- Total net position is comprised of the following:
  - Net Investment in Capital Assets of \$12,428,979 includes property and equipment, net of accumulated depreciation.
  - Net position of \$201,126 is restricted by constraints imposed from outside the District, such as gifts, grantors, laws and regulations.
  - Unrestricted net position of \$6,021,434 represents the portion available to maintain the District's continuing obligations to citizens.
- Total revenue for the District decreased by 6.1%, or \$436,265, from the year ending 2016. Of this decrease, \$272,289 is attributed to a decrease in property tax revenue and \$255,331 to a decrease in Gifts and Donations. During 2016, revenue had increased by 5.5%, or \$372,176, from the year ending 2015.
- During 2017, the District's net position increased by \$35,289 and by \$348,359 in 2016.
- Total expenditures in 2017 were \$6,496,705 and total expenditures in 2016 were \$5,990,064, an increase of \$506,641 or 8.5%.
- The District reported total fund balance of \$6,413,948 at December 31, 2017, for all governmental funds. This represents an increase of \$207,510 in fund balance for the year.
- The District continues to maintain a healthy financial position.

The above financial highlights are explained in more detail in the "Financial Analysis of the District as a Whole" section of this document.

**Overview of the Financial Statements**

This Management Discussion and Analysis document is intended to serve as an introduction to the District's basic financial statements, which are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the basic financial statements. This report also contains other required supplemental information in addition to the basic financial statements.

Because of the nature and significance of the relationship between the Mesa County Public Library District and Mesa County Libraries Foundation (the Foundation), the Foundation is determined to be a component unit of the District. Therefore, the Foundation's financial information is presented discretely within the financial statements of the District.

The government-wide financial statements, fund financial statement, and notes to the financial statements are discussed below.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to private-sector business. These statements are prepared using the accrual basis of accounting.

MESA COUNTY PUBLIC LIBRARY DISTRICT  
Grand Junction, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended December 31, 2017

The Statement of Net Position presents information on all of the District's assets and liabilities (both short-term and long-term), with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or declining. Evaluation of the overall health of the District would extend to other nonfinancial considerations such as the taxpayer base or the condition of the Library District infrastructure, in addition to the financial information provided in the report.

The Statement of Activities reports how the District's net position changed during the most recent fiscal year. All current revenues and expenses are included regardless of when the District receives or pays cash. Revenues and expenses are recorded on an accrual basis; some of these items may incur related cash flow in future periods. An important purpose in the design of the Statement of Activities is to show the financial reliance and relationship to the District's distinct activities and/or functions on the revenue.

Both government-wide financial statements, as mentioned above, distinguish governmental activities of the District that are principally supported by property tax revenue. The government activity of the District is library services. There are currently no business-type activities of the District.

The government-wide financial statements can be found on pages 10 and 11.

**Fund Financial Statements**

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses recognized fund categories to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's fund.

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

Since the focus of governmental funds is narrower than that of the government-wide financial statements, comparison of the information may provide insight into the long-term impact of short-term financing decisions. Both the Governmental Fund balance sheet and statements of revenues, expenditures and changes in fund balance provide a reconciliation to assist in understanding the comparison between governmental funds and governmental activities. The District's governmental fund financial statements can be found on pages 12 through 15.

An annually appropriated budget is adopted for the General Fund and the Capital Project Fund. Budgetary comparison statements can be found on pages 18 and 32 for each of these funds.

**Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 19 through 30.

**Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain other required supplemental information for the Mesa County Libraries Foundation. This information can be found on page 31 in the Schedule of Cash Flows for the Foundation.

MESA COUNTY PUBLIC LIBRARY DISTRICT  
Grand Junction, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended December 31, 2017

**Financial Analysis of the District as a Whole**

The District's assets exceeded liabilities by \$18,651,539 at December 31, 2017, and by \$18,616,250 at December 31, 2016.

*The following table summarizes the District's governmental net position at December 31:*

	2017	2016
Assets		
Current and other assets	\$ 12,292,947	\$ 12,023,523
Capital assets, net	12,428,979	12,568,856
<i>Total Assets</i>	24,721,926	24,592,379
Liabilities		
Current liabilities	525,343	470,151
Deferred inflows	5,545,044	5,505,978
<i>Total Liabilities and Deferred Inflows</i>	6,070,387	5,976,129
Net Position		
Net investment in capital assets	12,428,979	12,568,856
Restricted	201,126	214,167
Unrestricted	6,021,434	5,833,227
<i>Total Net Position</i>	\$ 18,651,539	\$ 18,616,250

A large portion of the District's assets are reflected in the investment in capital assets (i.e., land, buildings, library materials, furniture, fixtures, and equipment, construction in progress, etc.). As of December 31, 2017 capital assets account for 50.3% of the total assets. The District uses these capital assets to provide library services and materials to the citizens of Mesa County.

*The following table summarizes the change in the District's governmental net position for the year ended December 31:*

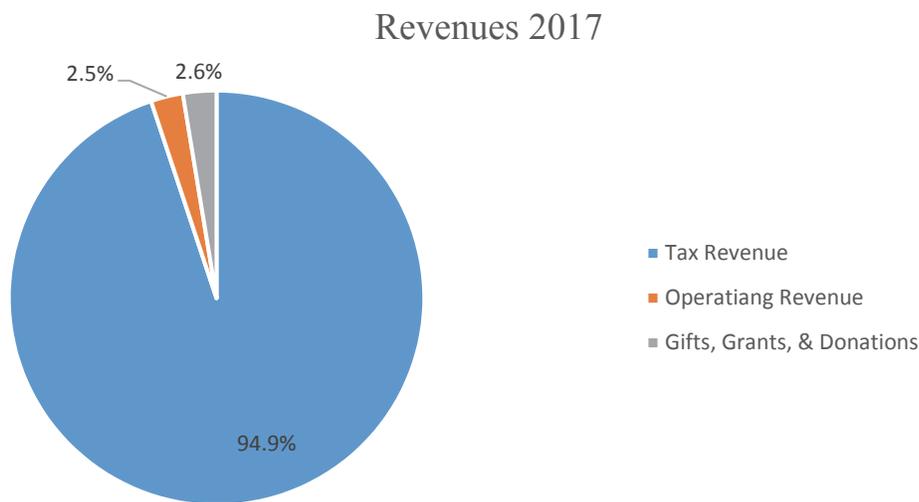
	2017	2016
Revenue		
Program Revenue:		
Gifts, grants and donations	\$ 173,695	\$ 429,026
Fines and forfeitures	83,628	87,389
Other revenue	40,123	85,344
General Revenue:		
Property taxes	5,504,024	5,776,302
Specific ownership taxes	855,667	739,992
Interest and investment earnings	47,079	22,428
<i>Total Revenue</i>	6,704,216	7,140,481
Expenses		
Personnel	3,847,139	3,720,498
Library services and programming	338,256	343,490
Other expenses	2,483,532	2,728,133
<i>Total Expenses</i>	6,668,927	6,792,121
<i>Change in Net Position</i>	35,289	348,359
Net Position – beginning of year	18,616,250	18,267,891
Net Position – end of year	\$18,651,539	\$ 18,616,250

MESA COUNTY PUBLIC LIBRARY DISTRICT  
Grand Junction, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended December 31, 2017

The District is heavily reliant on property and ownership taxes to support governmental operations. Property Tax and Specific Ownership Taxes comprised 94.9% of the District's revenue in 2017. Operating revenue, which includes fines on overdue materials, charges for services, interest income, reimbursement to the District by patrons for lost library materials, and other miscellaneous revenue items, accounted for 2.5%. Gifts, grants, and donations generated 2.6% of the District's revenue.

Also, note that during 2017, program revenues covered only 4.4% of governmental program expenses for the District. Therefore, taxpayers and the District's other general revenues fund 95.6% of the activities. As a result, the general economy and the changes in property values have a major impact on the District's revenue streams.



**Financial Analysis of the District's Fund**

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The District currently has two governmental funds: The General fund, which is the District's primary operating fund and accounts for the day-to-day operation of the District; and the Capital Project Fund, which is the fund that accounts for capital outlays of the District.

The Foundation is a discretely presented component unit of the District.

Fund balance of all governmental funds at December 31, 2017, was \$6,413,946 and \$6,206,438 at December 31, 2016, an increase of \$207,510. Of the 2017 balance, \$201,126 is an emergency reserve requirement pursuant to the TABOR constitutional amendment, \$1,792,854 is assigned to future capital projects and \$58,077 is non-spendable. The remaining amount of the fund balance is \$4,361,890 and is available for spending.

During 2017, the District experienced a slight decrease in property tax revenue due to a decrease in assessed valuations. During the 2017 year, property tax revenue decreased by \$272,278 or 4.7% from the previous year.

MESA COUNTY PUBLIC LIBRARY DISTRICT  
Grand Junction, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended December 31, 2017

The District's total expenditures for 2017 were \$6,496,705, which includes \$5,956,993 from the General Fund for daily operations and \$539,713 from the Capital Project Fund in expenditures related to capital outlay of the District. This represents an overall increase in expenditures of \$506,641 or 8.5% from the prior year.

**Budgetary Highlights**

**Revenue Variances: General Fund**

Total revenues were \$214,264 more than budgeted. Of this amount, \$130,667 is attributed to Specific Ownership Taxes. This tax is based on the tax collected for licensed and tagged properties. Projecting an accurate amount of Specific Ownership Taxes is dependent upon the number of items purchased and licensed in the county during that year and is a difficult revenue item to predict. Collectively all other revenues for the District were above budget by \$83,597.

**Expenditure Variances: General Fund**

General fund expenditures were under budget by \$453,599.

Personnel costs were under budget by \$213,840 and administrative expenditures were under budget by \$117,119. All other operational costs were collectively under budget by \$122,640. This decrease is attributed to overall conservative spending, streamlining of existing services and thoughtful planning by District management.

**Revenue Variances: Capital Project Fund**

The Capital Project Fund expenditures were under budget by \$1,156,322. This savings was due to the District being able to secure a piece of vacant land at a reduced cost.

**Expenditure Variances: Capital Project Fund**

The Capital Project Fund included anticipated expenditures of \$1,696,035. At year end a favorable variance of \$1,156,322 occurred in the fund, which is attributed to capital outlay costs related to a capital improvement project at the central location and future planning for capital improvements.

The first project was an upgraded HVAC system for the Central Library and was completed during the 2017 calendar year.

The second project, purchase of vacant land, completed in December of 2017. This vacant land gives the District the consideration for improvement to one of the existing branch locations. This improvement would allow expansion of services and programming to citizens in a growing residential area. Additionally this opportunity would allow the District to move closer to its goal of owning all of its locations. This land purchase puts the District in a position to consider expanding the scope of its services to an area that has shown significant interest in services, programming, and library materials.

**Capital Assets and Debt Administration**

**Capital Assets**

MESA COUNTY PUBLIC LIBRARY DISTRICT  
Grand Junction, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended December 31, 2017

The District's investment in capital assets, net of accumulated depreciation, as of December 31, 2017, was \$12,428,978.

*The following table provides a summary of Governmental capital asset activity as of December 31:*

	<b>2017</b>	<b>2016</b>
Land	\$ 1,762,063	\$ 1,517,977
Artwork	76,029	76,029
Buildings and improvements, net	8,790,929	9,123,088
Library materials, net	1,529,265	1,528,015
Intangibles, net	42,383	44,651
Furniture and equipment, net	195,353	236,338
Vehicles, net	32,956	42,758
	<b>\$12,428,978</b>	<b>\$ 12,568,856</b>

**Debt Administration**

The District has been able to maintain and improve its infrastructure and services without accruing any debt burdens.

**Economic Factors and Future Budgeting**

Thoughtful and careful spending has resulted in an overall fund balance of \$6,413,946 on December 31, 2017, providing a positive outlook for meeting the future growth needs of the District and Mesa County citizens. The District continues to look for ways to grow and improve patron services and access to materials and resources.

The District's Capital Project Fund had an assigned fund balance of \$1,792,854 ending December 31, 2017, which allowed for consideration of capital improvements throughout the District.

**Plans for the Future**

The District's main focus continues to be; providing exceptional services to the public and in providing library materials that meet the ever changing needs and demands of Mesa County citizens.

The District continues to be mindful of all financial decisions and engages in long-range planning.

**Component Unit**

*The following summarizes the Foundation's financial position at December 31:*

	<u>2017</u>	<u>2016</u>
Assets	<u>\$ 1,140,747</u>	<u>\$ 990,885</u>
Liabilities	<u>0</u>	<u>0</u>
Net Assets		
Unrestricted	589,142	529,352
Temporarily restricted	132,743	62,296
Permanently restricted	418,862	399,237
<i>Total Financial Position</i>	<u>1,140,747</u>	<u>990,885</u>
<i>Total Liabilities and Financial Position</i>	<u>1,140,747</u>	<u>\$ 990,885</u>

MESA COUNTY PUBLIC LIBRARY DISTRICT  
Grand Junction, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended December 31, 2017

*The Foundation's changes in financial position is summarized as follows:*

	2017	2016
Contributions	\$ 1,414	\$ 48,991
Investment Income	66,320	35,433
Other revenue	0	0
<i>Total Unrestricted Revenue</i>	67,734	84,424
Net assets released from restriction	119,732	284,705
<i>Total Unrestricted Revenue and Other Support</i>	187,466	369,129
Expenses	(126,641)	(454,045)
<i>Increase (Decrease) in Unrestricted Net Assets</i>	60,825	(84,916)
<i>Increase (Decrease) in Temporarily Restricted Net Assets</i>	69,412	(215,718)
<i>Increase (Decrease) in Permanently Restricted Net Assets</i>	19,625	6,317
<i>Increase (Decrease) in Net Assets</i>	\$ 149,862	\$ (294,317)

**Request for Information**

This financial report is designed to provide a general overview of the Library District's finances for all those with an interest, comply with finance-related laws and regulations, and demonstrate the Library District's commitment to public accountability and transparency. Questions concerning any of the information provided in this report or requests for additional information, including those pertaining to the Foundation, should be addressed to the District's Finance Office at Mesa County Public Library District, 443 N. 6<sup>th</sup> Street, Grand Junction, CO 81501.

MESA COUNTY PUBLIC LIBRARY DISTRICT

STATEMENT OF NET POSITION

December 31, 2017

	<u>Primary Government</u>
<b>ASSETS</b>	
Cash & Equivalents	\$ 2,388,181
Investments	4,223,211
Property Taxes Receivable	5,545,044
Other Receivables	78,434
Prepaid Items	<u>58,077</u>
	12,292,947
Capital Assets (net of accumulated depreciation, where applicable)	
Land	1,762,063
Art Work	76,029
Buildings & Improvements	8,790,929
Intangibles	42,383
Library Materials	1,529,265
Furniture & Equipment	195,353
Vehicles	<u>32,956</u>
	<u>Total Capital Assets, net</u> 12,428,978
	<u>Total Assets</u> \$ <u>24,721,926</u>
<b>LIABILITIES, DEFERRED INFLOWS and NET POSITION</b>	
Liabilities	
Accounts Payable	\$ 176,751
Accrued Liabilites	157,206
Accrued Compensated Absences	<u>191,386</u>
	<u>Total Liabilities</u> 525,343
Deferred Inflows	
Deferred Property Tax Revenue	<u>5,545,044</u>
	<u>Total Deferred Inflows of Resources</u> 5,545,044
Net Position	
Net Investment in Capital Assets	12,428,978
Restricted for Emergencies	201,126
Unrestricted	<u>6,021,434</u>
	<u>Net Position</u> 18,651,539
	<u>Total Liabilities, Deferred Inflows and Net Position</u> \$ <u>24,721,926</u>

MESA COUNTY PUBLIC LIBRARY DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017

	<u>Primary Government</u>
<b>PROGRAM EXPENSES</b>	
Library Services:	
Personnel	\$ 3,847,139
Programming and Library Services	338,256
Property and Equipment Maintenance	50,194
Purchased Services and Consulting	462,431
Administrative	645,686
Printing and Advertising	75,259
Depreciation Expense	<u>1,249,962</u>
	<i>Total Program Expenses</i> 6,668,927
<b>PROGRAM REVENUES</b>	
Charges for Services, Sales and Fines	123,751
Operating Grants and Contributions	89,274
Capital Grants and Contributions	<u>84,421</u>
	<i>Net Program Expenses</i> \$ (6,371,481)
<b>GENERAL REVENUES</b>	
Property Taxes Levied	5,504,024
Specific Ownership Tax	855,667
Interest	58,073
Loss on Investment	<u>(10,994)</u>
	<i>Total General Revenues</i> 6,406,770
	<i>Change in Net Position</i> 35,289
Net Position - beginning of the year	<u>18,616,250</u>
Net Position - end of the year	<u><u>\$ 18,651,539</u></u>

MESA COUNTY PUBLIC LIBRARY DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2017

	General Fund	Capital Project Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$ 2,388,181	\$ -	\$ 2,388,181
Investments	2,430,357	1,792,854	4,223,211
Property Tax Receivable (less allowance)	5,545,044	-	5,545,044
Other Receivables	78,434	-	78,434
Prepaid Items	58,077	-	58,077
<i>Total Assets</i>	<u>\$ 10,500,093</u>	<u>\$ 1,792,854</u>	<u>\$ 12,292,947</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 176,751	\$ -	\$ 176,751
Accrued Liabilities	157,206	-	157,206
<i>Total Liabilities</i>	<u>333,957</u>	<u>-</u>	<u>333,957</u>
<b>DEFERRED INFLOWS of RESOURCES</b>			
Deferred Property Tax Revenue (less allowance)	5,545,044	-	5,545,044
<i>Total Deferred Inflows of Resources</i>	<u>5,545,044</u>	<u>-</u>	<u>5,545,044</u>
<i>Total Liabilities and Deferred Inflows</i>	<u>5,879,001</u>	<u>-</u>	<u>5,879,001</u>
<b>FUND BALANCE</b>			
Non-Spendable	58,077	-	58,077
Restricted for Emergencies	201,126	-	201,126
Assigned	93,265	1,792,854	1,886,119
Unassigned	4,268,625	-	4,268,625
<i>Total Fund Balance</i>	<u>4,621,092</u>	<u>1,792,854</u>	<u>6,413,946</u>
<i>Total Liabilities, Deferred Inflows and Fund Balance</i>	<u>\$ 10,500,093</u>	<u>\$ 1,792,854</u>	<u>\$ 12,292,947</u>

MESA COUNTY PUBLIC LIBRARY DISTRICT  
RECONCILIATION of the GOVERNMENTAL FUND BALANCE SHEET  
to the STATEMENT of NET POSITION  
For the Year Ended December 31, 2017

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RECONCILIATION of the GOVERNMENTAL FUND BALANCE SHEET  
to the STATEMENT of NET POSITION

Total Fund Balance - Governmental Funds	\$ 6,413,946
Accrued compensated absences payable are not due and payable in the current year and, therefore, are not reported in the Fund.	(191,386)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the Fund.	<u>12,428,979</u>
<i>Net Position</i>	<u><u>\$ 18,651,539</u></u>

MESA COUNTY PUBLIC LIBRARY DISTRICT  
STATEMENT of REVENUE, EXPENDITURES, and CHANGES IN FUND BALANCE -  
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2017

	General Fund	Capital Project Fund	Total Governmental Funds
<b>REVENUES</b>			
Property Taxes	\$ 5,504,024	\$ -	\$ 5,504,024
Specific Ownership Taxes	855,667	-	855,667
Fines and Forfeitures	83,628	-	83,628
Gifts and Donations	128,833	-	128,833
Charges for Services	31,530	-	31,530
Interest	58,073	-	58,073
Loss on Investment	(10,994)	-	(10,994)
Intergovernmental Revenues	44,862	-	44,862
Miscellaneous Revenues	8,593	-	8,593
<i>Total Revenues</i>	<u>6,704,216</u>	<u>-</u>	<u>6,704,216</u>
<b>EXPENDITURES</b>			
Personnel	3,814,797	-	3,814,797
Administrative	645,686	-	645,686
Capital Outlay	115,135	524,450	639,585
Purchased Services and Consulting	182,594	15,263	197,857
Property and Equipment Maintenance	50,194	-	50,194
Programming and Library Services	338,256	-	338,256
Printing and Advertising	75,259	-	75,259
Library Materials	735,072	-	735,072
<i>Total Expenditures</i>	<u>5,956,993</u>	<u>539,713</u>	<u>6,496,705</u>
<i>Excess of Revenues over Expenditures</i>	<u>747,223</u>	<u>(539,713)</u>	<u>207,510</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer (to)/from other funds	(1,000,000)	1,000,000	-
<i>Total Other Financing Sources (Uses)</i>	<u>(1,000,000)</u>	<u>1,000,000</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	<u>(252,777)</u>	<u>460,287</u>	<u>207,510</u>
Fund Balance - beginning of the year	4,873,871	1,332,567	6,206,438
Fund Balance - end of the year	<u>\$ 4,621,092</u>	<u>\$ 1,792,854</u>	<u>\$ 6,413,946</u>

MESA COUNTY PUBLIC LIBRARY DISTRICT  
RECONCILIATION of the GOVERNMENTAL FUND STATEMENT of REVENUE,  
EXPENDITURES, and CHANGES in FUND BALANCES  
to the STATEMENT of ACTIVITIES

For the Year Ended December 31, 2017

RECONCILIATION of the GOVERNMENTAL FUND STATEMENT of REVENUE,  
EXPENDITURES, and CHANGES in FUND BALANCES  
to the STATEMENT of ACTIVITIES

Net Change in Fund Balance - Total Governmental Funds \$ 207,510

Capital outlays are reported as expenditures in the Fund; however, in the  
Statement of Activities, the cost of capital assets is allocated over their  
estimated useful life as depreciation expense:

Asset Additions	1,110,082	
Depreciation/Amortization Expense	<u>(1,249,961)</u>	(139,879)

Compensated absences are recognized as an expenditure in the governmental  
fund when they are determined to be payable from current financial resources.  
In the Statement of Activities, compensated absences are recognized as an  
expenditure when earned:

December 31, 2016	159,044	
December 31, 2017	<u>(191,386)</u>	<u>(32,342)</u>
<i>Change in Net Position of Governmental Activities</i>		<u><u>\$ 35,289</u></u>

MESA COUNTY LIBRARIES FOUNDATION

STATEMENT of FINANCIAL POSITION

December 31, 2017

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ASSETS	
Cash and cash equivalents	\$ 126,137
Investments	595,748
Restricted investments	<u>418,862</u>
Total Assets	<u>\$ 1,140,747</u>
NET ASSETS	
Unrestricted	\$ 589,142
Temporarily restricted	132,743
Permanently restricted	<u>418,862</u>
Total Net Assets	<u>\$ 1,140,747</u>

MESA COUNTY LIBRARIES FOUNDATION

STATEMENT of ACTIVITIES

Year ended December 31, 2017

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Change in unrestricted net assets	
Revenue	
Contributions	\$ 1,414
Investment income (including \$28,192 in unrealized gains)	66,320
Total unrestricted revenue	<u>67,743</u>
Net assets released from restriction	
Satisfaction of restrictions	119,732
Total unrestricted revenue and other support	<u>187,466</u>
Expenses	
Contributions to the Mesa County Public Library District	117,457
Investment expenses	7,166
Office expense	2,018
Total expenses	<u>126,641</u>
Increase (decrease) in unrestricted net assets	60,825
Change in temporarily restricted net assets	
Restricted contributions	150,250
Investment Income (including \$19,731 in unrealized gains)	37,719
Net assets released from restriction	<u>(118,557)</u>
Increase (decrease) in temporarily restricted net assets	69,412
Change in permanently restricted net assets	
Investment income (including \$8,084 in unrealized gains)	20,800
Net assets released from restriction	<u>(1,175)</u>
Increase (decrease) in permanently restricted net assets	19,625
Increase (decrease) in net assets	149,862
Net Assets – beginning of the year	<u>990,885</u>
Net Assets – end of the year	<u>\$ 1,140,747</u>

MESA COUNTY PUBLIC LIBRARY DISTRICT  
 STATEMENT of REVENUE, EXPENDITURES, and CHANGES in FUND BALANCE  
 BUDGET and ACTUAL - GENERAL FUND

Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Property Taxes	\$ 5,505,978	\$ 5,505,978	\$ 5,504,024	\$ (1,954)
Specific Ownership Taxes	725,000	725,000	855,667	130,667
Fine and Forfeits	80,000	80,000	83,628	3,628
Gift and Donations	76,474	76,474	128,833	52,359
Charges for Services	25,000	25,000	31,530	6,530
Interest	30,000	30,000	58,073	28,073
Net increase in the fair value of investments	5,000	5,000	(10,994)	(15,994)
Miscellaneous Revenue	42,500	42,500	53,455	10,955
<i>Total Revenue</i>	<u>6,489,952</u>	<u>6,489,952</u>	<u>6,704,216</u>	<u>214,264</u>
<b>EXPENDITURES</b>				
Personnel	4,028,637	4,028,637	3,814,797	213,840
Administrative	762,805	762,805	645,686	117,119
Capital Outlay	115,500	115,500	115,135	365
Purchased Services and Consulting	222,450	222,450	182,594	39,856
Property and Equipment Maintenance	62,600	62,600	50,194	12,406
Programming and Library Services	352,600	352,600	338,256	14,344
Printing and Advertising	76,000	76,000	75,259	741
Library Materials	790,000	790,000	735,072	54,928
<i>Total Expenditures</i>	<u>6,410,592</u>	<u>6,410,592</u>	<u>5,956,993</u>	<u>453,599</u>
<i>Change in Fund Balance</i>	79,360	79,360	747,223	667,863
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer (to)/from other funds	(1,000,000)	(1,000,000)	(1,000,000)	-
<i>Net Change in Fund Balance</i>	(920,640)	(920,640)	(252,777)	667,863
Fund Balance - beginning of the year	4,873,871	4,873,871	4,873,869	-
Fund Balance - end of the year	<u>\$ 3,953,231</u>	<u>\$ 3,953,231</u>	<u>\$ 4,621,092</u>	<u>\$ 667,863</u>

MESA COUNTY PUBLIC LIBRARY DISTRICT  
Grand Junction, Colorado

NOTES TO FINANCIAL STATEMENTS  
For the year ended December 31, 2017

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Mesa County Public Library District (the District) was established January 1, 1992, as a political subdivision of the State of Colorado to provide library services throughout Mesa County. The District is governed by a seven (7) member board of trustees (the Board) appointed by the Mesa County Commissioners (the Commissioners). The Commissioners' accountability for the District does not extend beyond making appointments to the board. Each year the Board of Trustees certifies the mill levy to the Mesa County Board of County Commissioners, who then levy taxes upon the properties.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United State of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial report principles.

The more significant of the District's accounting policies are described below.

Reporting Entity

Although the Mesa County Commissioners appoint the Board of Trustees, the District is not financially accountable to Mesa County; therefore the District is not a component unit of the County. The financial statements of the District include all of the integral parts of the District's operations. The District applied GASB Statement No. 61, The Financial Reporting Entity, criteria to determine that the Mesa County Library Foundation (the Foundation) should be included in the District's financial statements as a discretely presented component unit. Since the component unit uses a different reporting model (FASB Non-Profit), the required financial data is discretely presented on separate pages as allowed by GASB 39.

The Foundation is a non-profit corporation under Internal Revenue Code Section 501(c) (3) formed to provide funds to support the Mesa County Public Library District, its services, programs, and capital needs. The District is not financially responsible for the Foundation. There is no legal obligation for the District to provide any funding; nor pay any debts. Therefore, the Foundation does not meet the financial benefit or burden relationship. However, the District believes it would be misleading to exclude the Foundation from the statements of the District since the Foundation provides funding directly to the District and no one else; and therefore, has included the Foundation as a discretely presented component unit in its financial statements at December 31, 2017.

Government-wide and Fund Financial Statements

*Government-wide Financial Statements*

The government-wide financial statements (i.e., the State of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the government. The primary government and the discretely presented component unit are presented separately within the financial statements with the focus on the primary government. The District does not have any business-type activities.

The District's statement of net position presents the financial position of the governmental activities of the District at year-end. The Foundation's statement of financial position presents the financial position of the Foundation at year-end using not-for-profit accounting and financial reporting principles.

MESA COUNTY PUBLIC LIBRARY DISTRICT  
Grand Junction, Colorado

NOTES TO FINANCIAL STATEMENTS  
For the year ended December 31, 2017

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

The Statement of Activities demonstrates the degree to which the program expenses of a given function or segment are offset by program revenue. Program expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported, instead, as general revenues. The Foundation's statement of activities presents the activities of the Foundation using not-for-profit accounting and financial reporting principles.

*Fund Financial Statements*

Fund financial statements are designed to present financial information for the District in more detail. Fund financial statements are provided for governmental funds.

The accounts of the District are organized on the basis of funds, 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 that comprise its assets, liabilities, fund balance, revenue and expenditures. Governmental resources are allocated to and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The District has two funds, the *General Fund*, which is the District's primary operating fund and accounts for all financial resources of the District; and the *Capital Project Fund*, which is the fund that accounts for capital outlays of the District.

Measurement Focus and Basis of Accounting

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

Governmental activities in the government-wide financial statements use the economic resources measurement focus and are presented on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements use the current financial resources measurement focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recorded when susceptible to accrual; i.e., both measurable and available. Revenue is considered available if received within sixty days following year end. The governmental fund financial statements include reconciliation to better identify the relationship between the government-wide and government fund statements.

MESA COUNTY PUBLIC LIBRARY DISTRICT  
Grand Junction, Colorado

NOTES TO FINANCIAL STATEMENTS  
For the year ended December 31, 2017

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Foundation's Basis of Presentation

The Foundation's net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may, or will be met, by actions of the Foundation and/or the passage of time. Temporarily restricted net assets are reclassified to unrestricted as their time and/or purpose requirements are met.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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 reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond the end of the year are recorded as prepaid items using the consumption method, whereby the District recognizes an asset for the prepaid amount and reflects the expenditure/expense in the year which services will be consumed. At the fund reporting level, an equal amount of fund balance is classified as non-spendable, as the amount is not available for general spending. The District had \$58,077 of prepaid items as of December 31, 2017.

Investments

Investments are stated at fair value based on quoted market values with the exception of money market funds and external investment pools which are stated at cost which is equal to fair value. Unrealized gains and losses are included in the change in net assets. Fair values are determined using quoted markets.

Contributions

Contributions including unconditional promises to give are recognized in the period received. All contributions are available for unrestricted use unless specifically restricted by the donor. If restrictions of donor-restricted contributions are met in the same reporting period, the contribution is reported as unrestricted. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at a rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue and used in accordance with donor-imposed restrictions, if any, on the contributions. Allowance is made for uncollectible contributions based upon

MESA COUNTY PUBLIC LIBRARY DISTRICT  
Grand Junction, Colorado

NOTES TO FINANCIAL STATEMENTS  
For the year ended December 31, 2017

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

management’s judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors.

Property Taxes

Property taxes for the current year are levied and attach as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. Property taxes are reported as receivable and deferred inflows of resources in the year they are assessed. Property tax receivables are reported net an allowance for uncollectible amounts. The property tax allowance for the 2017 year was \$34,472.

Due to and Due from Other Funds

Flow of cash or goods from one fund to another without a requirement for repayment are reported as inter-fund transfers. Inter-fund receivables and payables arise from inter-fund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that inter-fund reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Accrued Compensated Absences

It is the District’s policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave, which will be used after year end, or paid upon separation from District service. In the government-wide financial statements, the cost of compensated absences is reported as an accrued liability. In governmental fund financial statements, the cost of compensated absences is recognized when payments are made to employees.

Capital Assets

Capital assets are stated at cost. Donated assets are recorded at their estimated fair market value at the date of donation. The District defines capital assets as all library materials and other capital assets with an initial or combined cost of more than \$5,000. Replacements which improve or extend the lives of property are capitalized. Interest incurred during construction is not capitalized on capital assets. Maintenance, repairs, and equipment replacements of a routine nature are charged to expenditures as incurred and are not capitalized.

Capital assets are depreciated using the straight-line method over the following useful lives:

Building and improvements	20-40 years
Library materials	6 years
Furniture and equipment	3-10 years
Vehicles	5 years

Fund Balance Classifications

Beginning with fiscal year 2011, the District implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more

MESA COUNTY PUBLIC LIBRARY DISTRICT  
Grand Junction, Colorado

NOTES TO FINANCIAL STATEMENTS  
For the year ended December 31, 2017

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

transparent. In the fund financial statements, the following classifications describe the relative strength of the spending constraints.

*Non-spendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid expense), or is legally or contractually required to be maintained intact.

*Restricted fund balance* – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

*Committed fund balance* – The portion of fund balance constrained for specific purposes according to limitations imposed by the District's highest level of decision-making authority, the Board of Trustees, prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Board of Trustees.

*Assigned fund balance* – The portion of fund balance set aside for planned or intended purposes. The intended use may be expressed by the Board of Trustees or other individuals authorized to assign funds to be used for a specific purpose.

*Unassigned fund balance* – The residual portion of fund balance that does not meet any of the above criteria. The District will only report a positive unassigned fund balance.

If both restricted and unrestricted amounts of fund balance are available for use when an expenditure is incurred, it is District policy to use restricted amounts first. Unrestricted fund balance will be used in the following order: committed, assigned, and unassigned. The District reserves the right to selectively spend unassigned resources first to defer the use of other classified funds.

Deferred Inflows

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue from property taxes is reported in the government balance sheet and statement of net position as a deferred inflow. These amounts are deferred and recognized as an inflow of resources in the period that the property taxes become available.

**NOTE B – BUDGETS AND BUDGETARY ACCOUNTING**

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

1. Budgets are required by state law for all governmental funds.
2. The budget officer is required to submit a proposed budget to the Board by October 15.
3. Public hearings are conducted by the Board to obtain taxpayer comments.
4. Certification of the mill levies to the Board of County Commissioners and adoptions of the budget and appropriations are required by December 15.
5. Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the budget.
6. Budget appropriations lapse at the end of each year.
7. The District adopts budgets on a modified accrual basis.

MESA COUNTY PUBLIC LIBRARY DISTRICT  
Grand Junction, Colorado

NOTES TO FINANCIAL STATEMENTS  
For the year ended December 31, 2017

**NOTE C – TAX, SPENDING AND DEBT LIMITATIONS**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (Amendment One) which provides for certain limitations in revenue raising, spending abilities and other specific requirements of state and local government units. Amendment One also requires a 3% reserve of the District’s fiscal year spending, excluding bonded debt services. A portion of the District’s General Fund balance is classified as restricted for an emergency reserve as required.

Mesa County, Colorado voters passed a referendum on November 4, 1997, that exempts the District from certain provisions of Amendment One. The District is allowed to retain any excess revenue in future years.

Amendment One is complex and subject to judicial interpretation. For 2017, the District believes it is in compliance with applicable requirements of Amendment One.

**NOTE D – CASH**

Custodial Credit Risk – Deposits

The Colorado Public Deposit Protection Act (PDPA) governs the District’s deposits. The statutes specify eligible depositories for public cash deposits which must be Colorado institutions and must maintain federal deposits insurance (FDIC) on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets maintained by another institution or held in trust for all of its local government depositors as a group with a market value at least equal to 102% of the uninsured deposits. The Colorado Division of Banking for banks and savings and loan associations is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At year end, the carrying amount of the District’s deposits consisted of the following:

	Bank Balance	Carrying Balance
General checking account	\$ 308,732	\$ 242,654
Cash on Hand	0	1,458
Money market account	1,744,457	1,744,457
Investment accounts	4,223,211	4,223,211
Payroll account	230,012	225,780
Merchant account	167,748	167,748
Health care reimbursement account	6,084	6,084
	\$ 6,680,244	\$ 6,611,392

As of December 31, 2017, \$250,000 was covered by depositor’s insurance; \$2,207,033 was collateralized under PDPA requirements.

**NOTE E – INVESTMENTS**

Custodial Credit Risk

Colorado statutes specify investment instruments meeting defined rating risk criteria in which local government entities may invest including: obligations of the United States and certain U.S. local government agency securities; certain international agency securities; general obligation and revenue bonds of U.S. local government entities; bankers’ acceptances of certain banks; commercial paper; local government investment

MESA COUNTY PUBLIC LIBRARY DISTRICT  
Grand Junction, Colorado

NOTES TO FINANCIAL STATEMENTS  
For the year ended December 31, 2017

**NOTE E – INVESTMENTS – CONTINUED**

pools, written repurchase agreements collateralized by certain authorized securities; certain money market funds; and guaranteed investment contracts.

**Interest Rate Risk**

The District does not have a formal policy limiting investment maturities, other than that established by state statute of five years, which would help manage its exposure to fair value losses from increasing interest rates.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

During 2017, the District was invested in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by State statutes for local government entities to pool surplus funds. CSAFE adheres to the guidelines outlined in GASB 79, *Certain External Investment Pools and Pool Participants*, regarding liquidity, maturity, quality, diversification and shadow NAV pricing. CSAFE measures its investments at amortized cost for financial reporting purposes and has been rated AAAM by Standard & Poor's. CSAFE operates similarly to a money market fund and each share is equal in value to \$1.00, though this is not guaranteed. Investment objectives focus on safety, liquidity, transparency, and competitive yields through investment in a diversified portfolio of short-term marketable securities. CSAFE may invest in U.S. Treasury securities, U.S. governmental agency securities, commercial paper, corporate fixed notes, and repurchase agreement collateralized with securities valued in excess of the repurchase agreement amount. All securities owned by CSAFE are held by the Federal Reserve Bank in the account maintained for the custodian. There are no limits or restrictions on participant withdrawals.

All of the District's investments were level 1 investments at December 31, 2017.

The district's investments were comprised of the following at December 31, 2017:

	Credit Rating	Fair Value
Federated Prime Obligation Fund Money Market	AAAm	\$ 1,828,574
US Govt. Agency Obligations	AAAm	2,393,448
Colorado Surplus Asset Fund (C-Safe)	AAAm	1,189
		<u>\$ 4,223,211</u>

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

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

MESA COUNTY PUBLIC LIBRARY DISTRICT  
Grand Junction, Colorado

NOTES TO FINANCIAL STATEMENTS  
For the year ended December 31, 2017

**NOTE E – INVESTMENTS - CONTINUED**

The Foundation’s investments are considered to be Level 1 investments as defined in ASC 820. As such, the following investments have been valued using quoted market prices in active markets for identical assets.

The Foundations investments include \$168,863 that is held for the Virginia Reed Moore Endowment and \$307,307 that is held for the Nelson Legacy Endowment. These funds are shown as restricted investments on the Statement of Financial Position.

	2017	
	Cost	Fair Value
Money Market Funds	\$ 41,866	\$ 41,866
Mutual Funds, taxable	371,781	372,346
Mutual Funds, equity	406,928	483,443
Alternative Assets	113,872	116,955
	\$ 934,447	\$ 1,014,610

Foundation investment returns are summarized as follows:

	Cost	Market	Change
Balance at end of year	\$ 934,447	\$ 1,014,610	\$ 80,163
Balance at beginning of year	872,992	897,148	24,155
Current year unrealized gain on investment			\$ 56,008

At December 31, 2017, the carrying amount of the Foundation’s cash deposits was \$120,642 and the bank balances were \$119,389. Of that amount, \$119,389 was covered by federal depository insurance and \$0 is uninsured. The Foundation had \$5,495 in un-deposited funds at December 31, 2017.

**NOTE F – ENDOWMENT**

Endowment

The Foundation’s endowment consists of funds received from two individual donors. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

For one of these endowments, the Library Foundation is required to reserve all earnings each year to be added to the corpus until the endowment reaches a minimum of \$200,000. Thereafter, the Library may spend or reserve the income on the endowment as it determines to be appropriate. Income from the endowment may be used to further the goals of the Mesa County Public Library, including improving the literacy and the intellectual development of the community.

The second endowment requires that \$250,000 to main as the corpus and the earnings are to be temporarily restricted for capital building expenses.

MESA COUNTY PUBLIC LIBRARY DISTRICT  
Grand Junction, Colorado

NOTES TO FINANCIAL STATEMENTS  
For the year ended December 31, 2017

**NOTE F – ENDOWMENT - CONTINUED**

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) requires the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. The Foundation classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Foundation has adopted investment and spending policies by the Board of Directors. The general investment objectives are: (a) preservation of the principal as the primary objective with growth as a secondary objective, and (b) achieve the best possible long-term rate of return while taking into consideration market interest rates. For the Endowment Fund, the Foundation seeks to achieve a growth-balanced approach with income as a secondary objective. Liquidity will not be an issue with this Fund. The time horizon for this investment is a minimum of ten years.

Endowment Net Asset Composition by Type of Fund at year end is as follows:

Donor-Restricted Endowment Funds:	Unrestricted	Temporarily Restricted	Permanently Restricted	Endowment Net Assets
Endowment net assets - beginning	\$ -	\$ -	\$ 149,237	\$ 149,237
Contributions	-	-	3,980	3,980
Investment income	-	-	5,616	5,616
Net appreciation (depreciation)	-	-	11,204	11,204
Expenses	(1,175)	-	-	(1,175)
Net assets released from restriction				
Amount released from permanent restriction	-	-	-	-
Amount appropriated for expenditure	1,175	-	(1,175)	-
Endowment net assets - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 168,862</u>	<u>\$ 168,862</u>

Detail of the second endowment received during the year ended December 31, 2017 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Endowment Net Assets
Endowment net assets - beginning	\$ -	\$ 21,618	\$ 250,000	\$ 271,618
Contributions	-	7,020	-	7,020
Investment income	-	8,193	-	8,193
Net appreciation (depreciation)	-	22,506	-	22,506
Expenses	(2,030)	-	-	(2,030)
Net assets released from restriction				
Amounts released from permanent restriction	-	-	-	-
Amounts appropriated for expenditure	2,030	(2,030)	-	-
Endowment net assets – ending	<u>\$ -</u>	<u>\$ 57,307</u>	<u>\$ 250,000</u>	<u>\$ 307,307</u>

MESA COUNTY PUBLIC LIBRARY DISTRICT  
Grand Junction, Colorado

NOTES TO FINANCIAL STATEMENTS  
For the year ended December 31, 2017

**NOTE G – TEMPORARILY RESTRICTED NET ASSETS – FOUNDATION**

The Foundation’s temporarily restricted net assets were restricted for the following at December 31, 2017:

Capital projects	\$	82,642
Library programs		<u>50,101</u>
Total temporarily restricted net assets	\$	<u><u>132,743</u></u>

**NOTE H – FUNCTIONAL EXPENSES**

The breakdown of the Foundation’s functional expenses at December 31, 2017 is as follows:

Program	\$	116,528
General and administrative	\$	8,777
Fundraising	\$	<u>1,336</u>
Total	\$	<u><u>126,641</u></u>

**NOTE I – LEASES**

The District leases spaces to provide two branch library locations under operating leases. The first lease term is through September 2018 and the second lease term is through April 2019.

Minimum annual lease payments are as follows:

2018	\$	77,613
2019		<u>18,334</u>
Total	\$	<u><u>95,947</u></u>

Lease expenditures for 2017 were \$86,440.

In 2009 the Mesa County Public Library District entered into an intergovernmental agreement with the City of Fruita to build a library facility in the Fruita Recreation center. The Mesa County Public Library District paid for the construction costs of the new facility and entered into a lease agreement with the City to occupy the premises for a period of 99 years for consideration of construction costs already paid and \$1 per year. The City may terminate the lease with at least 365 days’ notice and a refund of construction costs as a percentage of the remaining time left on the lease.

MESA COUNTY PUBLIC LIBRARY DISTRICT  
Grand Junction, Colorado

NOTES TO FINANCIAL STATEMENTS  
For the year ended December 31, 2017

**NOTE J – CAPITAL ASSETS**

	January 1, 2017	Additions	Deletions	December 31, 2017
Capital assets not being depreciated				
Land	\$ 1,517,977	\$ 244,086	\$ -	\$ 1,762,063
Art work	76,029	-	-	76,029
Non-depreciated capital assets	1,594,006	244,086	-	1,838,092
Capital assets being depreciated				
Buildings and improvements	13,089,628	215,072	-	13,304,700
Library materials	4,386,816	589,085	(654,335)	4,321,566
Intangibles	48,257	-	-	48,257
Furniture and equipment	653,114	61,840	(28,703)	686,251
Vehicles	91,104	-	-	91,104
Depreciated capital assets	18,268,919	865,997	(683,038)	18,451,878
Total capital assets	19,862,925	1,110,083	(683,038)	20,289,970
Less accumulated depreciation for:				
Building and improvements	(3,966,541)	(547,230)	-	(4,513,771)
Library materials	(2,858,801)	(587,835)	654,335	(2,792,301)
Intangibles	(3,606)	(2,268)	-	(5,874)
Furniture and equipment	(416,775)	(102,826)	28,703	(490,898)
Vehicles	(48,346)	(9,802)	-	(58,148)
Total accumulated depreciation	(7,294,069)	(1,249,961)	683,038	(7,860,992)
Capital assets, net	\$ 12,568,856	\$ (139,877)	\$ -	\$ 12,428,978

Total depreciation/amortization expense for 2017 was \$1,249,961.

**NOTE K – COMPENSATED ABSENCES**

The District had \$191,386 in compensated absences as of December 31, 2017, comprised of vacation pay and sick pay, both with certain limitations, that will be due if employees are terminated.

	Beginning Balance	Additions	Payments	Ending Balance
Accrued compensated absences	\$ 159,044	\$ 263,638	\$ 231,296	\$ 191,386
	\$ 159,044	\$ 263,638	\$ 231,296	\$ 191,386

**NOTE L – RETIREMENT PLAN**

The District provides a retirement plan for eligible District employees in the Colorado County Officials and Employees Retirement Association (CCOERA) Retirement Plan (the Retirement Plan). The Retirement Plan is a defined contribution money purchase plan. It is mandatory that the employees participate in the Retirement Plan on the first day of the month after the first four weeks of employment. The employees and the District each contribute 5% of gross wages. The District's contributions for each employee (and earnings allocated to the employee's account) are fully vested after six years of continuous service. District contributions and related interest forfeited by employees who leave employment before fully vesting are returned to the Retirement Plan to reduce future retirement requirements.

MESA COUNTY PUBLIC LIBRARY DISTRICT  
Grand Junction, Colorado

NOTES TO FINANCIAL STATEMENTS  
For the year ended December 31, 2017

**NOTE L – RETIREMENT PLAN - CONTINUED**

The District's total payroll expense in 2017 was \$3,013,859. Covered wages were approximately \$2,161,780. Non-elective contributions to the Retirement Plan for 2017 were \$108,089 (by the District) and \$108,089 (by employees).

Deferred Compensation Plan

The District has a deferred compensation plan (the Plan), administered by CCOERA, and created in accordance with Internal Revenue Code Section 457. The Plan permits the District's employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation in the Plan is optional.

All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held for the exclusive benefit of the participants or their beneficiaries. The District has no ownership interest in the Plan nor is the District liable for any losses under the Plan.

**NOTE M - COMMITMENTS AND CONTINGENCIES**

Risk

The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; volunteer injuries; natural disasters; and employee health, dental, vision, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

**NOTE N – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through May 31, 2017, the date at which the financial statements were available to be issued, and determined that no events have occurred that required additional disclosure. Disclosures and/or adjustments identified by management, as applicable, are included in the financial statements.

SUPPLEMENTAL INFORMATION

MESA COUNTY LIBRARIES FOUNDATION

STATEMENT of CASH FLOWS

Year ended December 31, 2017

<hr/>	
Cash flows from operating activities	
Cash received from donations	\$ 152,203
Cash paid to Library District	(117,457)
Cash paid to suppliers	(9,184)
	<hr/>
Net cash provided by (used in) operating activities	25,562
Cash flows from investing activities	
Investment income received	27,061
Purchase of investments	(97,408)
Proceeds from sale of investments	77,031
	<hr/>
Net cash provided by (used in) investing activities	6,684
Net increase (decrease) in cash	32,246
Cash at beginning of year	<hr/> 93,218
Cash at end of year	<hr/> \$ 125,464
Reconciliation of change in net assets to net cash provided by (used in) operations	
Change in net assets	\$ 149,862
Change in pledges receivable	539
Unrealized (gain) loss on investments	56,008
Investment income	<hr/> (180,847)
	<hr/> (124,300)
Net cash provided by (used in) operating activities	<hr/> \$ 25,562

MESA COUNTY PUBLIC LIBRARY DISTRICT  
SCHEDULE of REVENUE, EXPENDITURES, and CHANGES in FUND BALANCE  
BUDGET and ACTUAL - CAPITAL PROJECT FUND

Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Gift and Donations	\$ -	\$ -	\$ -	\$ -
<i>Total Revenue</i>	-	-	-	-
<b>EXPENDITURES</b>				
Capital Outlay	1,668,535	1,668,535	524,450	1,144,085
Purchased Services and Consulting	27,500	27,500	15,263	12,237
<i>Total Expenditures</i>	<u>1,696,035</u>	<u>1,696,035</u>	<u>539,713</u>	<u>1,156,322</u>
<i>Change in Fund Balance</i>	(1,696,035)	(1,696,035)	(539,713)	1,156,322
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer (to)/from other funds	1,000,000	1,000,000	1,000,000	-
<i>Net Change in Fund Balance</i>	<u>(696,035)</u>	<u>(696,035)</u>	<u>460,287</u>	<u>1,156,322</u>
Fund Balance - beginning of the year	<u>1,332,567</u>	<u>1,332,567</u>	<u>1,332,567</u>	-
Fund Balance - end of the year	<u><u>\$ 636,532</u></u>	<u><u>\$ 636,532</u></u>	<u><u>\$ 1,792,854</u></u>	<u><u>\$ 1,156,322</u></u>