

MESA COUNTY PUBLIC LIBRARY DISTRICT
FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Mesa County Public Library District

Opinions

We have audited the accompanying financial statements of the governmental activities, discretely presented component unit, and each major fund of the Mesa County Public Library District (the District) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the Mesa County Public Library District, as of December 31, 2021, 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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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



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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 generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and general fund budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 District's basic financial statements. The capital fund budgetary comparison schedule, and the component unit's statement of cash flows are presented for purposes



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of additional analysis and is 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 capital fund budgetary schedule, and the component unit's statement of cash flows are 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
June 27, 2022

MESA COUNTY PUBLIC LIBRARY DISTRICT
Grand Junction, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2021

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, 2021. 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 \$20,520,995 exceeded its liabilities and deferred inflows of \$7,625,255 by \$12,895,740 for the year ending 2021.
- Total net position is comprised of the following:
 - Net Investment in Capital Assets of \$10,577,725 includes property and equipment, net of accumulated depreciation and outstanding lease liabilities.
 - Net position of \$239,808 is restricted by constraints imposed from outside the District, such as gifts, grantors, laws and regulations.
 - Unrestricted net position of \$9,703,462 represents the portion available to maintain the District's continuing obligations to citizens.
- Total revenue for the District increased by 1.37%, or \$108,425, from the year ending 2020. A decrease in property tax revenue of \$70,588 and in Specific Ownership Tax of \$5,408 balanced out increases of \$184,421 in other revenue areas and investment earnings. During 2020, revenue had increased by 9.5%, or \$689,652, from the year ending 2019.
- During 2021, the District's net position increased by \$769,248 and increased by \$908,082 in 2020.
- Total expenditures in 2021 were \$6,975,758 and total expenditures in 2020 were \$6,527,213, an increase of \$448,545 or 6.87%.
- The District reported total fund balance of \$10,142,741 at December 31, 2021, for all governmental funds. This represents an increase of \$1,017,855 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
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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2021

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 11 and 12.

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 13 through 18.

An annually appropriated budget is adopted for the General Fund and the Capital Project Fund. Budgetary comparison statements can be found on pages 32 and 34 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 31.

Supplementary Information

Included in Supplementary Information is the Capital Projects Fund Budget to Actual Schedule on page 34. 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 33 in the Statement 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, 2021

Financial Analysis of the District as a Whole

The District's assets exceeded liabilities by \$20,520,992 at December 31, 2021, and by \$19,751,747 at December 31, 2020.

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

	<u>2021</u>	<u>2020</u>
Assets		
Current and other assets	\$ 17,374,854	\$ 15,901,227
Capital assets, net	10,771,396	11,072,353
<i>Total Assets</i>	<u>28,146,250</u>	<u>26,973,580</u>
Liabilities		
Current liabilities	662,325	700,990
Deferred inflows	6,962,930	6,520,843
<i>Total Liabilities and Deferred Inflows</i>	<u>7,625,255</u>	<u>7,221,833</u>
Net Position		
Net investment in capital assets	10,577,725	10,838,879
Restricted	239,808	236,760
Unrestricted	9,703,462	8,676,108
<i>Total Net Position</i>	<u>\$ 20,520,995</u>	<u>\$ 19,751,747</u>

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, 2021 capital assets account for 38.3% 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:

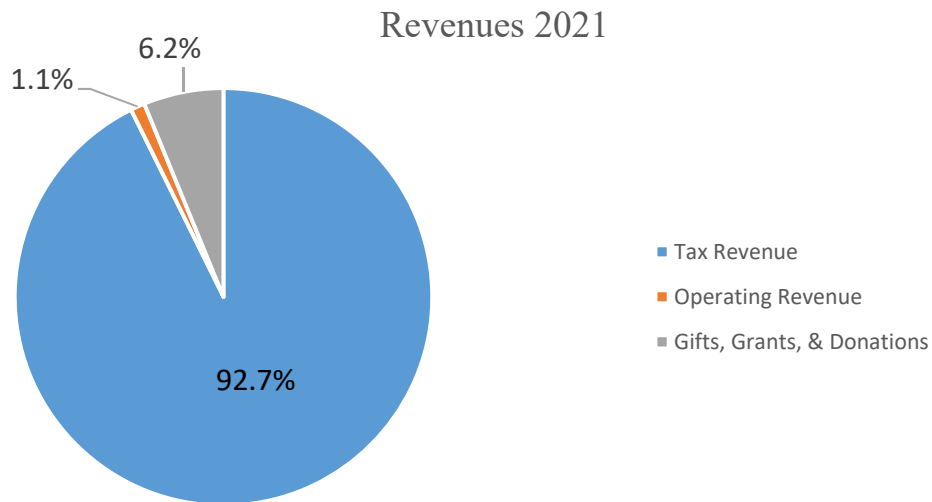
	<u>2021</u>	<u>2020</u>
Revenue		
Program Revenue:		
Gifts, grants and donations	\$ 497,157	\$ 270,743
Fines and forfeitures	15,473	11,812
Other revenue	62,690	41,013
General Revenue:		
Property taxes	6,478,862	6,549,450
Specific ownership taxes	933,697	939,105
Interest and investment earnings	5,734	73,065
<i>Total Revenue</i>	<u>7,993,613</u>	<u>7,885,188</u>
Expenses		
Personnel and Administrative	4,949,742	4,670,452
Library services, materials, and programming	716,955	935,368
Printing and advertising	46,858	37,057
Purchase services, consulting, property maintenance	802,647	597,402
Other expenses, capital asset disposal/depreciation, lease amortization	708,163	736,827
<i>Total Expenses</i>	<u>7,224,365</u>	<u>6,977,106</u>
<i>Change in Net Position</i>	769,248	908,082
Net Position – beginning of year	19,751,747	18,858,112
Change in accounting principle (prior period adjustment)		(14,447)
Net Position – end of year	<u>\$20,520,995</u>	<u>\$ 19,751,747</u>

MESA COUNTY PUBLIC LIBRARY DISTRICT
Grand Junction, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2021

The District is heavily reliant on property and ownership taxes to support governmental operations. Property Tax and Specific Ownership Taxes comprised 92.7% of the District's revenue in 2021. Operating revenue, which includes charges for services, interest income, reimbursement to the District by patrons for lost library materials, rent from the Central coffee kiosk, and other miscellaneous revenue items, accounted for 1.1%. Gifts, grants, and donations generated 6.2% of the District's revenue.

Also, note that during 2021, program revenues covered only 8% of governmental program expenses for the District. Therefore, taxpayers and the District's other general revenues fund 92% 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, and thus on quality and availability of services and program offerings.



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, 2021, was \$10,142,741 and \$9,124,886 at December 31, 2020, an increase of \$1,017,855. Of the 2021 balance, \$239,808 is an emergency reserve requirement pursuant to the TABOR constitutional amendment, \$1,032,315 is assigned to future capital projects and \$85,888 is non-spendable. The remaining amount of the fund balance is \$8,784,730 and is available for spending.

During 2021, the District experienced a decrease in property tax revenue due to a decrease in assessed valuations. During the 2021 year, property tax revenue decreased by \$70,588 or 1.08% from the previous year.

The District's total expenditures for 2021 were \$6,975,758, which includes \$6,581,864 from the General Fund for daily operations and \$393,894 from the Capital Project Fund in expenditures related to capital outlay of the District. This represents an overall increase in expenditures of \$448,545 or 6.87% from the prior year.

MESA COUNTY PUBLIC LIBRARY DISTRICT
Grand Junction, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2021

Budgetary Highlights

Revenue Variances: General Fund

Total revenues were \$588,970 more than budgeted. Grants, gifts, and donations, and specific ownership taxes exceeded revenue expectations by \$354,197. Specific Ownership 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. Lifted restrictions from the COVID-19 pandemic lessened the impact on fundraising opportunities and regular operating revenue streams.

Expenditure Variances: General Fund

General fund expenditures were under budget by \$503,223.

Personnel costs were under budget by \$12,049 and administrative expenditures were under budget by \$200,734. All other operational costs were collectively under budget by \$290,440. This decrease is attributed to overall conservative spending, creative streamlining of existing services, and thoughtful planning by District management.

Revenue/Expenditure Variances: Capital Project Fund

The Capital Project Fund included anticipated expenditures of \$934,000. Expenditures were under budget by \$540,106. This savings was due to the District deciding to delay the Clifton Capital Project to explore a partnership opportunity with Mesa County to lease a portion of property on D ½ Road in Clifton next to Rocky Mountain Elementary School. Design planning and site surveys have continued with a ground breaking anticipated for early Fall 2022.

Although the District's Capital Project Fund was under budget, many capital improvement projects were completed in 2021. The Central Branch location received the installation of a drive-thru window and upgrades to the HVAC control system. An electric vehicle charging station was installed in Central's east parking lot, partially funded by the Charge Ahead Colorado grant. The Palisade Branch received a completely new roof, gutter improvements, and a new coat of paint. The Gateway Branch received an upgrade to their wireless internet service. And a District-wide security camera monitoring system was installed.

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets, net of accumulated depreciation, as of December 31, 2021, was \$10,771,396.

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

	<u>2021</u>	<u>2020</u>
Land	\$ 1,762,063	\$ 1,762,063
Artwork	78,154	76,029
Buildings and improvements, net	6,993,295	7,356,535
Construction in progress	187,875	
Library materials, net	1,499,582	1,491,392
Intangibles, net	34,334	36,261
Furniture and equipment, net	18,057	99,474
Vehicles, net	51,910	22,962
Leased buildings, net	146,126	227,638
	<u>\$10,771,396</u>	<u>\$ 11,072,354</u>

MESA COUNTY PUBLIC LIBRARY DISTRICT
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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2021

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 \$10,142,741 on December 31, 2021, providing a positive outlook for meeting the future growth needs of the District and Mesa County citizens including the Clifton Capital Project. The project is expected to cost \$11.3 million with support from the Foundation's Capital Campaign.

The District has pivoted during the COVID-19 pandemic and found new ways to provide essential services to our community. Many of these changes were very popular and will continue beyond the pandemic including virtual programs, take-and-make activities for youth and adults, and expanded downloadable and streaming media options.

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 \$1,032,315 ending December 31, 2021, 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 in various formats that meet the ever-changing needs and demands of Mesa County citizens.

The Clifton Branch Capital Project and Mesa County's campus project are an opportunity for several organizations to work together to increase each partner's ability to serve the community. Because this campus project utilizes economies of scale and combines work that would be duplicative if carried out as individual projects, we anticipate realizing financial savings both in the planning and implementation process as well as the value of the 3 acres which the County will give to the library at no cost. The intergovernmental agreement with the County will include shared costs for construction and ongoing maintenance for portions of the campus. The new property has many advantages over the F Road property the District acquired in 2017 for this project, including the proximity to a large neighborhood and elementary schools, better property configuration for more flexibility in building design, more parking availability, future access from the Riverfront Trail, and the property is located in Clifton proper. The District is excited about the mutual benefit for the Library and County to offer services on a shared campus for residents.

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>2021</u>	<u>2020</u>
Assets	\$ 2,238,052	\$ 2,018,341
Liabilities	0	0
Net Assets		
Net Assets Without Donor Restriction	803,672	747,836
Net Assets With Donor Restriction	1,434,380	1,270,505
<i>Total Net Assets</i>	<u>2,238,052</u>	<u>2,018,341</u>
<i>Total Liabilities and Net Assets</i>	<u>\$ 2,238,052</u>	<u>\$ 2,018,341</u>

MESA COUNTY PUBLIC LIBRARY DISTRICT
Grand Junction, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2021

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

	2021	2020
Contributions	\$ 4,664	\$ 79,533
Investment Income	61,323	69,383
Friends of the Library Bookstore	32,066	
Other revenue	160	121
	<i>Total Unrestricted Revenue</i>	149,037
Net assets released from restriction	430,846	141,763
	<i>Total Unrestricted Revenue and Other Support</i>	290,800
Expenses	(473,223)	(162,653)
	<i>Increase (Decrease) in Net Assets without Donor Restrictions</i>	128,147
	<i>Increase (Decrease) in Net Assets with Donor Restrictions</i>	25,117
	<i>Increase (Decrease) in Net Assets</i>	\$ 153,264

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. 6th Street, Grand Junction, CO 81501.

MESA COUNTY PUBLIC LIBRARY DISTRICT

STATEMENT OF NET POSITION

December 31, 2021

Assets		
Cash and cash equivalents	\$	9,164,130
Investments		1,063,285
Property taxes receivable		6,962,930
Other receivables		98,621
Prepaid expenses		85,888
	Total current assets	<u>17,374,854</u>
Capital assets (net of accumulated depreciation)		
Land		1,762,063
Art work		78,154
Construction in progress		187,875
Buildings and building improvements		6,993,295
Intangible assets		34,334
Library materials		1,499,582
Furniture and equipment		18,057
Vehicles		51,910
Leased buildings		146,126
	Total capital assets	<u>10,771,396</u>
	Total assets	<u>\$ 28,146,250</u>
Liabilities, Deferred Inflows and Net Position		
Liabilities		
Accounts payable	\$	207,350
Accrued liabilities		61,833
Accrued compensated absences		199,471
Lease liabilities		193,671
	Total liabilities	<u>662,325</u>
Deferred Inflows		
Property taxes		6,962,930
	Total deferred inflows of resources	<u>6,962,930</u>
Net Position		
Net investment in capital assets		10,577,725
Restricted for emergencies		239,808
Unrestricted		9,703,462
	Total net position	<u>20,520,995</u>
	Total liabilities, deferred inflows, and net position	<u>\$ 28,146,250</u>

The footnotes are an integral part of these financial statements.

MESA COUNTY PUBLIC LIBRARY DISTRICT

STATEMENT OF ACTIVITIES

Year Ended December 31, 2021

Function/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Government Activities						
Library services	\$ 7,224,365	\$ 38,358	\$ 497,157	\$ -	\$ (6,688,850)	\$ (6,688,850)
Total government activities	<u>7,224,365</u>	<u>38,358</u>	<u>497,157</u>	<u>-</u>	<u>(6,688,850)</u>	<u>(6,688,850)</u>
Total primary government	<u>\$ 7,224,365</u>	<u>\$ 38,358</u>	<u>\$ 497,157</u>	<u>\$ -</u>	<u>(6,688,850)</u>	<u>(6,688,850)</u>
General Revenues:						
					6,478,862	6,478,862
					933,697	933,697
					39,805	39,805
					5,734	5,734
					<u>7,458,098</u>	<u>7,458,098</u>
					769,248	769,248
					19,751,747	19,751,747
					<u>\$ 20,520,995</u>	<u>\$ 20,520,995</u>

The footnotes are an integral part of these financial statements.

MESA COUNTY PUBLIC LIBRARY DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2021

	General Fund	Capital Fund	Total
Assets			
Cash	\$ 9,164,130	\$ -	\$ 9,164,130
Investments	1,063,285	-	1,063,285
Property taxes receivable	6,962,930	-	6,962,930
Other receivables	98,621	-	98,621
Prepaid expense	85,888	-	85,888
Due from other funds	-	997,723	997,723
Total assets	<u>17,374,854</u>	<u>997,723</u>	<u>18,372,577</u>
Liabilities			
Accounts payable	207,350	-	207,350
Accrued liabilities	61,833	-	61,833
Due to other funds	997,723	-	997,723
Total liabilities	<u>1,266,906</u>	<u>-</u>	<u>1,266,906</u>
Deferred Inflows of Resources			
Deferred property tax revenue	6,962,930	-	6,962,930
Total deferred inflows of resources	<u>6,962,930</u>	<u>-</u>	<u>6,962,930</u>
Fund Balance			
Non-spendable	85,888	-	85,888
Restricted for emergencies	239,808	-	239,808
Assigned to capital projects	-	1,032,315	1,032,315
Unassigned	8,784,730	-	8,784,730
Total fund balance	<u>9,110,426</u>	<u>1,032,315</u>	<u>10,142,741</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 17,340,262</u>	<u>\$ 1,032,315</u>	<u>\$ 18,372,577</u>

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

MESA COUNTY PUBLIC LIBRARY DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION

December 31, 2021

Total fund balance, governmental funds		\$	10,142,741
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, but are recognized as assets in the statement of net position.			10,625,270
Capital leases used in governmental activities are not financial resources and, therefore, are not reported in the funds, but are recognized as assets and liabilities in the statement of net position			
	Capital lease assets		146,126
	Capital lease liabilities	<u>(193,671)</u>	(47,545)
Accrued compensated absences are not due and payable in the current year and, therefore, are not reported in the funds but are reported as liabilities in the statement of net position.			<u>(199,471)</u>
	Total net position		<u><u>\$ 20,520,995</u></u>

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

MESA COUNTY PUBLIC LIBRARY DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

Year Ended December 31, 2021

	General Fund	Capital Fund	Total
Revenues			
Property taxes	\$ 6,478,862	\$ -	\$ 6,478,862
Specific ownership taxes	933,697	-	933,697
Fines and forfeitures	15,473	-	15,473
Gifts and donations	497,157	-	497,157
Charges for services	22,885	-	22,885
Interest	29,336	-	29,336
Unrealized gain on investments	(23,602)	-	(23,602)
Miscellaneous revenues	39,805	-	39,805
Total revenues	<u>7,993,613</u>	<u>-</u>	<u>7,993,613</u>
Expenditures			
Personnel	4,307,909	-	4,307,909
Administrative	641,833	-	641,833
Capital outlay	65,662	393,894	459,556
Purchased services and consulting	714,649	-	714,649
Property and equipment maintenance	87,998	-	87,998
Programming and library services	119,765	-	119,765
Printing and advertising	46,858	-	46,858
Library materials	597,190	-	597,190
Total expenditures	<u>6,581,864</u>	<u>393,894</u>	<u>6,975,758</u>
Net change in fund balance	<u>1,411,749</u>	<u>(393,894)</u>	<u>1,017,855</u>
Fund balance, beginning of year	<u>7,698,677</u>	<u>1,426,209</u>	<u>9,124,886</u>
Fund balance, end of year	<u>\$ 9,110,426</u>	<u>\$ 1,032,315</u>	<u>\$ 10,142,741</u>

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

MESA COUNTY PUBLIC LIBRARY DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2021

Net change in fund balance - governmental funds	\$	1,017,855
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Capital outlay are reported as expenditures in the funds, however, in the statement of activities, the cost of capital assets is allocated over their estimated useful life as depreciation expense. This is the amount by which depreciation expense exceeded capital expense:

	Depreciation expense	\$ 1,294,221	
	Capital asset additions	<u>(977,290)</u>	(316,931)

In the government wide financial statements, disposals of assets are recognized as gains or losses based on cash collected on disposal and the net book value of the assets disposed.

		15,974
--	--	--------

Capital lease payments are reported as expenditures in the funds, however in the statement of activities the cost of capital leases is amortized over their estimated useful life as amortization expense. This is the amount by which the occupancy payments exceeded amortization expense

	Lease occupancy payments	(62,121)	
	Lease amortization expense	<u>22,318</u>	39,803

Compensated absences are recognized as expenditures in the governmental funds when they are determined to be payable from current financial resources. In the statement of activities, compensated absences are recognized as an expenditures when the benefits are earned.

	December 31, 2020	212,018	
	December 31, 2021	<u>199,471</u>	<u>12,547</u>

	\$	<u><u>769,248</u></u>
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The accompanying notes are an integral part of these financial statements.

MESA COUNTY PUBLIC LIBRARY FOUNDATION

STATEMENT OF FINANCIAL POSITION

December 31, 2021

Assets

Cash and cash equivalents	900,882
Investments	717,475
Restricted investments	619,114
Prepaid expenses	581
Total assets	<u>\$ 2,238,052</u>

Net assets

Net assets without donor restrictions	\$ 803,672
Net assets with donor restrictions	1,434,380
Total net assets	<u>\$ 2,238,052</u>

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

MESA COUNTY PUBLIC LIBRARY FOUNDATION

STATEMENT OF ACTIVITIES

Year Ended December 31, 2021

	Without donor restrictions	With donor restrictions	Total
Change in net assets without donor restrictions			
Revenues			
Contributions	\$ 4,664	\$ 555,525	\$ 560,189
Friends of the Library Bookstore	32,066	-	32,066
Investment income (including \$26,805 in unrealized losses)	61,323	39,196	100,519
Other income	160	-	160
Net assets released from restriction	430,846	(430,846)	-
Total revenues, gains, and other support	<u>529,059</u>	<u>163,875</u>	<u>692,934</u>
Expenses			
Contributions to the Mesa County Public Library District	423,588	-	423,588
Friends of the Library	30,076	-	30,076
Office expense	11,445	-	11,445
Bank fees	114	-	114
Special events	8,000	-	8,000
Total expenses	<u>473,223</u>	<u>-</u>	<u>473,223</u>
Increase in net assets	<u>55,836</u>	<u>163,875</u>	<u>219,711</u>
Net assets - beginning of year	<u>747,836</u>	<u>1,270,505</u>	<u>2,018,341</u>
Net assets - end of year	<u>\$ 803,672</u>	<u>\$ 1,434,380</u>	<u>\$ 2,238,052</u>

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

Mesa County Public Library District
NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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, *Determining Whether Certain Organizations are Component Units*.

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, 2021.

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

Mesa County Public Library District
NOTES TO FINANCIAL STATEMENTS

December 31, 2021

position of the Foundation at year-end using not-for-profit accounting and financial reporting principles.

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, deferred inflows, 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.

All governmental funds are accounted for on a flow of current financial resources basis. Balance sheets for these funds generally include only current assets, current liabilities, and appropriate deferred inflows and deferred outflows.

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

Mesa County Public Library District
NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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.

Foundation's Basis of Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources that are subject to donor-imposed restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation, the environment in which it operates, the purpose specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

The Foundation's donor-restricted endowment funds, including the unspent appreciation of the endowment fund and the portion of the Foundation's donor-restricted endowment funds that the Foundation is committed to maintaining in perpetuity are classified in net assets with donor restrictions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

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 \$85,888 in prepaid items as of December 31, 2021.

Mesa County Public Library District
NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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 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.

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

Mesa County Public Library District
NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Fund Balance Classifications

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

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.

Mesa County Public Library District
NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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.

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.

NOTE C – TAX, SPENDING AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 which provides for certain limitations in revenue raising, spending abilities and other specific requirements of state and local government units. The Amendment also requires a 3% reserve of the District's fiscal year spending, excluding bonded debt services. The District has reported \$239,808 as restricted fund balance in the general fund on the Governmental Fund Balance sheet and as restricted net position in the Statement of Net position.

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

The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with applicable requirements of Amendment One at December 31, 2021.

NOTE D – CASH AND INVESTMENTS

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

Mesa County Public Library District
NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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 and investments consisted of the following:

	Bank Balance	Carrying Amount
Cash on hand	\$ -	\$ 1,169
General checking	490,446	460,082
Payroll	487,021	474,639
Healthcare reimbursement account	12,610	12,610
Merchant account	13,549	13,549
Money market account	8,202,081	8,202,081
Total cash and cash equivalents	\$ 9,205,707	\$ 9,164,130
 Total investments		 \$ 1,063,285

As of December 31, 2021, \$250,000 was covered by depositor’s insurance; \$8,955,727 was collateralized under PDPA requirements.

Colorado statues 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 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.

All of the District’s investments were level 2 investments at December 31, 2021 and were comprised of the following:

Mesa County Public Library District
NOTES TO FINANCIAL STATEMENTS

December 31, 2021

	Moody's Credit Rating	Fair Value
Federated Government Obligations Fund	Aaa-mf	\$ 42,472
US Government Agency Obligations	Aaa	1,020,813
		\$ 1,063,285

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.

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 \$219,569 that is held for the Virginia Reed Moore Endowment and \$399,544 that is held for the Nelson Legacy Endowment. These funds are shown as restricted investments on the Statement of Financial Position. There is also an unrestricted investment fund held by the Foundation in the amount of \$718,025.

The Foundation's investments are allocated as follows:

	2021	
	Cost	Fair Value
Money market funds	\$ 7,535	\$ 7,535
Mutual funds, fixed income	593,527	592,254
Mutual funds, equity	476,407	611,012
Alternative assets, mutual funds	116,714	125,788
	\$ 1,194,183	\$ 1,336,589

Foundation investment returns are summarized as follows:

	Cost	Market	Change
Balance at beginning of year	\$ 1,067,112	\$ 1,236,323	\$ 169,211
Balance at end of year	1,194,183	1,336,589	142,406
Current year unrealized loss	\$ 2,261,295	\$ 2,572,912	\$ 26,805

Mesa County Public Library District
NOTES TO FINANCIAL STATEMENTS

December 31, 2021

At December 31, 2021, the carrying amount of the Foundation’s cash deposits was \$900,097 and the bank balances were \$900,617. Of that amount, \$250,000 was covered by federal depository insurance and \$650,617 is uninsured. The Foundation had \$755 in un-deposited funds at December 31, 2020.

NOTE F – ENDOWMENTS

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 remain as the corpus and the earnings are to be temporarily restricted for capital building expenses.

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 net assets with donor restrictions: (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 balance of the funds remains in net assets with donor restrictions until which time they are expended in conformity with the endowment.

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.

Activity in the first endowment was as follows for the year ended December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning	\$ -	\$ 205,775	\$ 205,775
Investment return, net	-	3,553	3,553
Contributions	-	-	-
Net gain or (loss) on investment	-	10,241	10,241
Appropriation of endowment assets	-	-	-
	\$ -	\$ 219,569	\$ 219,569

Mesa County Public Library District
NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Detail of the second endowment was as follows for the year ended December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning	\$ -	\$ 334,602	\$ 334,602
Investment return, net	-	81,228	81,228
Contributions	-	-	-
Net gain or (loss) on investment	-	(16,591)	(16,591)
Appropriation of endowment assets	-	-	-
	\$ -	\$ 399,239	\$ 399,239

NOTE G – NET ASSETS WITH DONOR RESTRICTIONS - FOUNDATION

The Foundation's net assets with donor restrictions were restricted for the following at December 31, 2021:

Capital projects	\$ 788,756
Library programs	65,594
Endowments	580,030
Net assets with donor restrictions	\$ 1,434,380

NOTE H – FUNCTIONAL EXPENSES

The breakdown of the Foundation's functional expenses at December 31, 2021 is as follows:

Program	\$ 453,664
General and administrative	11,559
Fundraising	8,000
Total expenses	\$ 473,223

Mesa County Public Library District
NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE I – CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2021:

	January 1, 2021	Additions	Disposals	December 31, 2021
Capital assets not being depreciated				
Land	\$ 1,762,063	\$ -	\$ -	\$ 1,762,063
Art work	76,029	2,125	-	78,154
Construction in progress	-	187,875	-	187,875
Total nondepreciable capital assets	1,838,092	190,000	-	2,028,092
Other capital assets				
Buildings and improvements	13,515,726	199,905	-	13,715,631
Library Materials	3,994,340	605,930	(646,363)	3,953,907
Furniture and equipment	729,275	73,079	(111,484)	690,870
Vehicles	107,078	25,905	-	132,983
Intangible library material	48,257	-	-	48,257
Leased buildings	379,397	-	-	379,397
Total other capital assets at historical cost	18,774,073	904,819	(757,847)	18,921,045
Less accumulated depreciation for:				
Buildings and improvements	(6,159,191)	(563,145)	-	(6,722,336)
Library materials	(2,502,948)	(597,740)	646,363	(2,454,325)
Furniture and equipment	(629,801)	(43,012)	-	(672,813)
Vehicles	(84,116)	(6,887)	9,930	(81,073)
Less accumulated amortization for:				
Intangible library materials	(11,996)	(1,927)	-	(13,923)
Leased buildings	(151,760)	(81,511)	-	(233,271)
accumulated depreciation and amortization	(9,539,812)	(1,294,222)	656,293	(10,177,741)
Net depreciable capital assets	8,806,953	(389,403)	(101,554)	8,743,304
Total capital assets	\$ 10,645,045	\$ (199,403)	\$ (101,554)	\$ 10,771,396

Total depreciation/amortization expense for 2021 was \$1,212,711.

Mesa County Public Library District
NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE J – LEASES

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.

The District leases spaces to provide two branch library locations under operating leases. The first lease term is through November 2023 and the second lease term is through April 2024. Lease expenditures for 2021 were \$93,258.

The lease obligations through the lease terms is as follows:

Year ending December 31,	Principal	Interest	Total
2022	\$ 88,259	\$ 5,737	\$ 93,996
2023	85,806	5,737	91,543
2024	19,606	1,274	20,880
	\$ 193,671	\$ 12,748	\$ 206,419

NOTE K – COMPENSATED ABSENCES

The District had \$199,471 in compensated absences as of December 31, 2021, 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	\$ 212,018	\$ -	\$ (12,547)	\$ 199,471

NOTE L – RETIREMENT PLAN

The District provides a retirement plan for eligible District employees in the Colorado County Officials and Employees Retirement Association (CRA) 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 28 days 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 four 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.

The District's total payroll expense in 2021 was \$3,401,207. Covered wages were approximately \$2,660,292. Non-elective contributions to the Retirement Plan for 2021 were \$133,015 (by the District) and \$132,768 (by employees).

Mesa County Public Library District
NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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

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 June 27, 2022, 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.

REQUIRED SUPPLEMENTARY INFORMATION

MESA COUNTY PUBLIC LIBRARY DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance Over (Under) Budget
Revenues			
Property taxes	\$ 6,520,843	\$ 6,478,862	\$ (41,981)
Specific ownership taxes	792,000	933,697	141,697
Grants	249,157		
Fines and forfeitures	10,000	15,473	5,473
Gifts and donations	35,500	497,157	461,657
Charges for services	15,500	22,885	7,385
Interest	15,000	29,336	14,336
Net increase in fair value of investments	(10,000)	(23,602)	(13,602)
Miscellaneous revenue	25,800	39,805	14,005
Total revenue	<u>7,653,800</u>	<u>7,993,613</u>	<u>588,970</u>
Expenditures			
Personnel	4,319,958	4,307,909	(12,049)
Administrative	842,567	641,833	(200,734)
Technology	323,209	65,662	(257,547)
Purchased services and consulting	545,615	714,649	169,034
Property and equipment maintenance	90,550	87,998	(2,552)
Programming and library services	44,488	119,765	75,277
Printing and advertising	75,000	46,858	(28,142)
Library materials	793,700	597,190	(196,510)
Contingency	50,000	-	(50,000)
Total expenditures	<u>7,085,087</u>	<u>6,581,864</u>	<u>(503,223)</u>
Revenues over (under)expenditures	<u>568,713</u>	<u>1,411,749</u>	<u>1,092,193</u>
Other financing sources (uses)			
Transfer (to) from other funds	(750,000)	-	750,000
Revenues over (under) expenditure and other financing sources (uses)	(181,287)	1,411,749	1,842,193
Fund balance, beginning of year	7,133,380	7,698,677	565,297
Fund balance, end of year	<u>\$ 6,952,093</u>	<u>\$ 9,110,426</u>	<u>\$ 2,407,490</u>

OTHER SUPPLEMENTARY INFORMATION

MESA COUNTY PUBLIC LIBRARY FOUNDATION

STATEMENT OF CASH FLOWS

Year Ended December 31, 2021

Cash flows from operating activities	
Cash received from contributions	\$ 560,189
Cash received from investment and other income	160
Cash paid to Library District	(423,588)
Cash paid to suppliers	<u>(20,140)</u>
Net cash provided by (used in) operating activities	116,621
Cash flows from investing activities	
Purchase of investments	(365,700)
Proceeds from sale of investments	<u>318,360</u>
Net cash provided by (used in) investing activities	(47,340)
Cash flows from financing activities	
Investment income on endowment assets received	109,841
Purchase of endowment investments	(260,350)
Proceeds from sale of endowment investments	<u>200,005</u>
Net cash provided by (used in) financing activities	49,496
Net increase (decrease) in cash	118,777
Cash at beginning of year	<u>781,442</u>
Cash at end of year	<u><u>\$ 900,219</u></u>

MESA COUNTY PUBLIC LIBRARY DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CAPITAL PROJECTS FUND

Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance Over (Under) Budget
Revenues			
Gifts and donations	\$ 200,000	\$ -	\$ (200,000)
Total revenue	200,000	-	(200,000)
Expenditures			
Capital outlay	884,000	393,894	(490,106)
Contingency	50,000	-	(50,000)
Total expenditures	934,000	393,894	(540,106)
Other financing sources (uses)			
Transfer (to) from other funds	750,000	-	(750,000)
Net change in fund balance	16,000	(393,894)	(409,894)
Fund balance, beginning of year	1,727,134	1,426,209	(300,925)
Fund balance, end of year	<u>\$ 1,743,134</u>	<u>\$ 1,032,315</u>	<u>\$ (710,819)</u>