

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

December 31, 2022

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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, 2022, 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, 2022, 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 14, 2023

MESA COUNTY PUBLIC LIBRARY DISTRICT
Grand Junction, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2022

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, 2022. 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 \$23,629,918 exceeded its liabilities and deferred inflows of \$8,643,900 by \$14,986,018 for the year ending 2022.
- Total net position is comprised of the following:
 - Net Investment in Capital Assets of \$11,849,436 includes property and equipment, net of accumulated depreciation and outstanding lease liabilities.
 - Net position of \$237,700 is restricted by constraints imposed from outside the District, such as by donors, grantors, laws and regulations.
 - Unrestricted net position of \$11,542,782 represents the portion available to maintain the District's continuing obligations to citizens.
- Total revenue for the District increased by 134.4%, or \$2,750,037, from the year ending 2021. This can be attributed to an increase in property tax revenue of \$538,619 and an increase of \$2,820,307 in other revenue areas such as contributions through the Foundation for the Clifton Branch Capital Project. During 2021, revenue had increased by 1.37%, or \$108,425, from the year ending 2020.
- During 2022, the District's net position increased by \$3,108,923 and increased by \$769,248 in 2021.
- Total expenditures in 2022 were \$9,190,904 and total expenditures in 2021 were \$6,975,758, an increase of \$2,215,146 or 131.7%.
- The District reported total fund balance of \$11,995,044 at December 31, 2022, for all governmental funds. This represents an increase of \$1,852,303 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, 2022

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 revenue and expenses are included regardless of when the District receives revenue or pays expenses. Revenue 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 governmental 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 33 and 35 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 32.

Supplementary Information

Included in Supplementary Information is the Capital Projects Fund Budget to Actual Schedule on page 35. 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 34 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, 2022

Financial Analysis of the District as a Whole

The District's assets exceeded liabilities by \$23,629,918 at December 31, 2022, and by \$20,520,992 at December 31, 2021.

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

	2022	2021
Assets		
Current and other assets	\$ 20,318,970	\$ 17,374,854
Capital assets, net	11,954,848	10,771,396
<i>Total Assets</i>	32,273,818	28,146,250
Liabilities		
Current liabilities	1,542,923	662,325
Deferred inflows	7,100,977	6,962,930
<i>Total Liabilities and Deferred Inflows</i>	8,643,900	7,625,255
Net Position		
Net investment in capital assets	11,849,436	10,577,725
Restricted	237,700	239,808
Unrestricted	11,542,782	9,703,462
<i>Total Net Position</i>	\$ 23,629,918	\$ 20,520,995

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, 2022 capital assets account for 37% 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:

	2022	2021
Revenue		
Program Revenue:		
Gifts, grants, donations, and contributions from Foundation	\$ 2,588,382	\$ 497,157
Fines and forfeitures	16,453	15,473
Other revenue	69,005	62,690
General Revenue:		
Property taxes	7,017,481	6,478,862
Specific ownership taxes	905,862	933,697
Interest and investment earnings	146,467	5,734
Gain on sale of assets	10,071	0
<i>Total Revenue</i>	10,753,721	7,993,613
Expenses		
Personnel and Administrative	5,162,595	4,949,742
Library services, materials, and programming	972,102	716,955
Printing and advertising	52,168	46,858
Purchase services, consulting, property maintenance	781,226	802,647
Other expenses, capital asset disposal/depreciation, lease amortization	676,707	708,163
<i>Total Expenses</i>	7,644,798	7,224,365
<i>Change in Net Position</i>	3,108,923	769,248
Net Position – beginning of year	\$20,520,995	19,751,747
Net Position – end of year	\$23,629,918	\$ 20,520,995

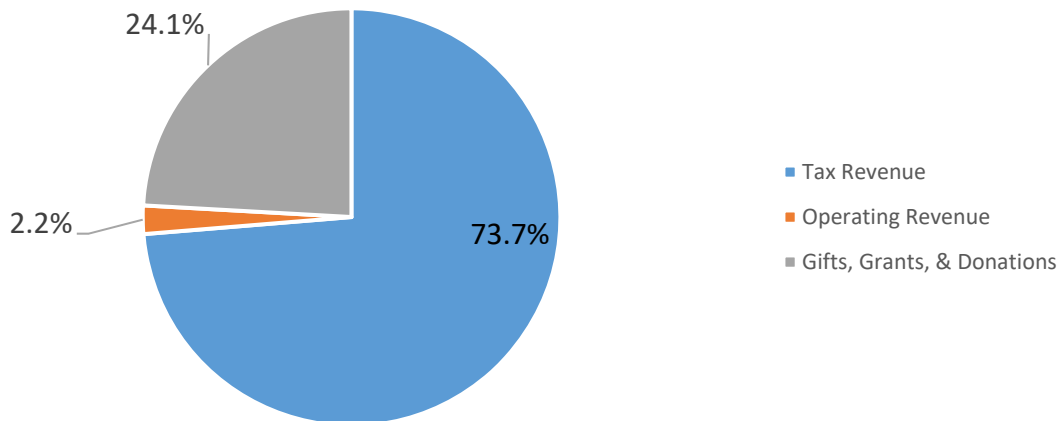
MESA COUNTY PUBLIC LIBRARY DISTRICT
Grand Junction, Colorado

MANAGEMENT’S DISCUSSION AND ANALYSIS
For the year ended December 31, 2022

The District is heavily reliant on property and ownership taxes to support governmental operations and they historically have constituted more than 90% of the District’s annual revenue. In 2022, Property Tax and Specific Ownership Taxes comprised 73.7% of the District’s revenue due to the funds raised for the Clifton Branch Capital Project. Gifts, grants, donations, and contributions from the Foundation generated 24.1% of the District’s revenue. 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 2.2%.

Also, note that during 2022, operating revenue covered only 10.3% of program expenses for the District. Therefore, taxpayers and the District’s other general revenues fund 89.7% 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.

Revenue 2022



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, 2022, was \$11,995,044 and \$10,142,741 at December 31, 2021, an increase of \$1,852,303. Of the 2022 balance, \$237,700 is an emergency reserve requirement pursuant to the TABOR constitutional amendment, \$1,314,077 is assigned to future capital projects and \$81,907 is non-spendable. The remaining amount of the fund balance is \$10,361,360 and is available for spending.

The District’s total expenditures for 2022 were \$9,190,904, which includes \$7,037,326 from the General Fund for daily operations and \$2,153,578 from the Capital Project Fund in expenditures related to capital outlay of the District. This represents an overall increase in expenditures of \$2,215,146 or 131.8% from the prior year.

MESA COUNTY PUBLIC LIBRARY DISTRICT
Grand Junction, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2022

Budgetary Highlights

Revenue Variances: General Fund

Total revenues were \$279,252 more than budgeted. Specific ownership taxes revenue fell short of expectations by \$44,138. 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.

Revenue from gains on our investments was more than anticipated with the move of our reserves to a COLOTRUST local government pooled investment account. Operating revenue from copy/printing fees and billed items were also higher than anticipated with the bounce-back in visits after the COVID precautions occurring more rapidly than forecasted. Funding from the Library Foundation for the Clifton Branch Capital Project also exceeded budgeted expectations and were moved into the District's COLOTRUST account until ready to spend in 2023.

Expenditure Variances: General Fund

Total General fund expenditures were under budget by \$517,213.

Personnel costs were under budget by \$325,692 and administrative expenditures were under budget by \$139,386. All other operational costs were collectively under budget by \$52,135. 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 \$8,645,900. Expenditures were under budget by \$6,492,322. These unspent funds were due to the District deciding to delay the Clifton Branch Capital Project to commit to a partnership opportunity with Mesa County and be part of the Clifton Community Campus. The partnership with Mesa County included a portion of the Clifton Community Campus on D ½ Road to build the new Clifton Branch which allowed the District to sell the two parcels on F Road where the project had previously been planned. The funds from the sale of those parcels will go to help fund the Clifton Branch Capital Project at the new site. The groundbreaking for the new Clifton Branch at the D ½ Road site took place in August 2022 with an expected opening in early Fall 2023.

Although the District's Capital Project Fund was under budget, many capital improvement projects were completed in 2022. The 970West Studio received a landscape upgrade with the main focus to increase security and deter encampment and vandalism. A District-wide security camera update will help our Security team be more efficient. The Central Library received some new carpet and paint. The Discovery Garden received some large sun shades to help with the heat during outdoor programming. And the Branches received some renovation as well with the Palisade Branch receiving restoration of the beautiful wood floors and a bathroom remodel; while the Orchard Mesa Branch got new flooring and paint.

MESA COUNTY PUBLIC LIBRARY DISTRICT
Grand Junction, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2022

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets, net of accumulated depreciation, as of December 31, 2022, was \$11,904,567.

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

	<u>2022</u>	<u>2021</u>
Land	\$ 1,517,977	\$ 1,762,063
Artwork	106,343	78,154
Buildings and improvements, net	6,519,816	6,993,295
Construction in progress	2,285,675	187,875
Library materials, net	1,386,398	1,499,582
Intangibles, net	32,313	34,334
Furniture and equipment, net	(14,480)	18,057
Vehicles, net	5,910	51,910
Leased buildings, net	64,615	146,126
	<u>\$11,904,567</u>	<u>\$ 10,771,396</u>

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

In 2020, Colorado voters repealed the Gallagher Amendment and lowered property tax assessment rates. Due to healthy growth in Mesa County, the District's tax revenue in 2022 stayed relatively flat. Recent legislation in 2023 has the potential to lower assessment rates even further. A decrease in tax revenue impacts the District's ability to secure reserves for future growth or capital projects. However, property values in Mesa County have gone up significantly since the last assessment cycle which may decrease the impact to the District's primary revenue stream.

Thoughtful and careful spending has resulted in an overall fund balance of \$11,995,044 on December 31, 2022.

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 \$1,314,077 ending December 31, 2022, which allowed for consideration of capital improvements throughout the District.

Plans for the Future

The District created a new strategic roadmap in 2022, which replaced the expiring strategic plan. Focus areas defined in the strategic roadmap will help the District develop activities and pursue new opportunities that are of high value to the community. A strategic roadmap requires the library to keep a finger on the community's pulse and to pivot among focus areas when necessary. The current focus areas in the strategic roadmap are social safety net; awareness and accessibility; and community and belonging.

The new Clifton Branch will be three times the size of the current Clifton Branch and complement parallel efforts to invest in the Clifton community alongside Mesa County's Clifton Community Campus project by increasing each partner's ability to serve the community. The District is thrilled to be able to offer more space, build new relationships, serve more people, and provide more services in the new location.

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

MESA COUNTY PUBLIC LIBRARY DISTRICT
Grand Junction, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2022

Component Unit

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

	2022	2021
Assets	\$ 1,039,182	\$ 2,238,052
Liabilities	633	0
Net Assets		
Net Assets Without Donor Restriction	579,095	803,672
Net Assets With Donor Restriction	459,454	1,434,380
<i>Total Net Assets</i>	1,038,549	2,238,052
<i>Total Liabilities and Net Assets</i>	\$ 1,039,182	\$ 2,238,052

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

	2022	2021
Contributions	\$ 99,443	\$ 4,664
Investment Income/(Loss)	(189,453)	61,323
Friends of the Library Bookstore	54,512	32,066
Other revenue	175	160
<i>Total Unrestricted Revenue</i>	(35,323)	98,213
Net assets released from restriction	1,820,004	430,846
<i>Total Unrestricted Revenue and Other Support</i>	1,784,681	529,059
Expenses	(2,009,258)	(473,223)
<i>Increase (Decrease) in Net Assets without Donor Restrictions</i>	(224,577)	55,836
<i>Increase (Decrease) in Net Assets with Donor Restrictions</i>	(974,926)	163,875
<i>Increase (Decrease) in Net Assets</i>	\$(1,199,503)	\$ 219,711

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, 2022

Assets

Cash and cash equivalents	\$	2,606,121
Investments		10,204,686
Property taxes receivable		7,100,977
Intergovernmental receivable		246,419
Other receivables		78,860
Prepaid expenses		81,907

Total current assets 20,318,970

Capital assets (net of accumulated depreciation)

Land		1,517,977
Art work		106,343
Construction in progress		2,285,675
Buildings and building improvements		6,519,816
Intangible assets		32,313
Library materials		1,386,398
Furniture and equipment		35,800
Vehicles		5,911
Leased buildings		64,615

Total capital assets 11,954,848

Total assets \$ 32,273,818

Liabilities, Deferred Inflows and Net Position

Liabilities

Accounts payable	\$	1,150,095
Accrued liabilities		72,854
Accrued compensated absences		214,562
Lease liabilities		105,412

Total liabilities 1,542,923

Deferred Inflows

Property taxes		7,100,977
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Total deferred inflows of resources 7,100,977

Net Position

Net investment in capital assets		11,849,436
Restricted for emergencies		237,700
Unrestricted		11,542,782

Total net position 23,629,918

Total liabilities, deferred inflows, and net position \$ 32,273,818

The footnotes are an integral part of these financial statements.

MESA COUNTY PUBLIC LIBRARY DISTRICT

STATEMENT OF ACTIVITIES

Year Ended December 31, 2022

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	\$ 7,644,798	\$ 50,782	\$ 2,588,382	\$ -	\$ (5,005,634)	\$ (5,005,634)
Total government activities	7,644,798	50,782	2,588,382	-	(5,005,634)	(5,005,634)
Total primary government	<u>\$ 7,644,798</u>	<u>\$ 50,782</u>	<u>\$ 2,588,382</u>	<u>\$ -</u>	<u>(5,005,634)</u>	<u>(5,005,634)</u>
General Revenues:						
				7,017,481	7,017,481	
				905,862	905,862	
				34,676	34,676	
				146,467	146,467	
				10,071	10,071	
				<u>8,114,557</u>	<u>8,114,557</u>	
				3,108,923	3,108,923	
				20,520,995	20,520,995	
				<u>\$ 23,629,918</u>	<u>\$ 23,629,918</u>	

The footnotes are an integral part of these financial statements.

MESA COUNTY PUBLIC LIBRARY DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2022

	General Fund	Capital Fund	Total
Assets			
Cash	\$ 2,606,121	\$ -	\$ 2,606,121
Investments	10,204,686	-	10,204,686
Property taxes receivable	7,100,977	-	7,100,977
Intergovernmental receivable	-	246,419	246,419
Other receivables	78,860	-	78,860
Prepaid expense	81,907	-	81,907
Due from other funds	-	1,067,658	1,067,658
Total assets	<u>20,072,551</u>	<u>1,314,077</u>	<u>21,386,628</u>
Liabilities			
Accounts payable	1,150,095	-	1,150,095
Accrued liabilities	72,854	-	72,854
Due to other funds	1,067,658	-	1,067,658
Total liabilities	<u>2,290,607</u>	<u>-</u>	<u>2,290,607</u>
Deferred Inflows of Resources			
Deferred property tax revenue	7,100,977	-	7,100,977
Total deferred inflows of resources	<u>7,100,977</u>	<u>-</u>	<u>7,100,977</u>
Fund Balance			
Non-spendable	81,907	-	81,907
Restricted for emergencies	237,700	-	237,700
Assigned to capital projects	-	1,314,077	1,314,077
Unassigned	10,361,360	-	10,361,360
Total fund balance	<u>10,680,967</u>	<u>1,314,077</u>	<u>11,995,044</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 20,072,551</u>	<u>\$ 1,314,077</u>	<u>\$ 21,386,628</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, 2022

Total fund balance, governmental funds		\$	11,995,044
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.			11,890,233
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		64,615
	Capital lease liabilities	<u>(105,412)</u>	(40,797)
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>(214,562)</u>
	Total net position		<u><u>\$ 23,629,918</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, 2022

	General Fund	Capital Fund	Total
Revenues			
Property taxes	\$ 7,017,481	\$ -	\$ 7,017,481
Specific ownership taxes	905,862	-	905,862
Fines and forfeitures	16,453	-	16,453
Contributions from Foundation	-	1,565,783	1,565,783
Gifts and donations	452,599	570,000	1,022,599
Charges for services	34,329	-	34,329
Interest	26,885	-	26,885
Unrealized gain on investments	119,582	-	119,582
Miscellaneous revenues	34,676	-	34,676
Total revenues	<u>8,607,867</u>	<u>2,135,783</u>	<u>10,743,650</u>
Expenditures			
Personnel	4,424,092	-	4,424,092
Administrative	738,503	-	738,503
Technology	69,235	-	69,235
Capital outlay	-	2,153,578	2,153,578
Purchased services and consulting	665,162	-	665,162
Property and equipment maintenance	116,064	-	116,064
Programming and library services	443,559	-	443,559
Printing and advertising	52,168	-	52,168
Library materials	528,543	-	528,543
Total expenditures	<u>7,037,326</u>	<u>2,153,578</u>	<u>9,190,904</u>
Net change in fund balance before other financing sources (uses)	1,570,541	(17,795)	1,552,746
Other financing sources (uses)			
Proceeds from sale of assets	-	299,557	299,557
Net change in fund balance including other financing sources (uses)	1,570,541	281,762	1,852,303
Fund balance, beginning of year	9,110,426	1,032,315	10,142,741
Fund balance, end of year	<u>\$ 10,680,967</u>	<u>\$ 1,314,077</u>	<u>\$ 11,995,044</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, 2022

Net change in fund balance - governmental funds	\$	1,852,303
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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	\$ 1,223,055	
	Capital asset additions	<u>(2,777,504)</u>	1,554,449

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. (289,486)

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	(88,259)	
	Lease amortization expense	<u>81,511</u>	6,748

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, 2021	199,471	
	December 31, 2022	<u>214,562</u>	<u>(15,091)</u>

Change in net position of governmental activities	\$	<u><u>3,108,923</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, 2022

Assets	
Cash and cash equivalents	\$ 188,959
Investments	328,743
Grant receivable	12,902
Pledges receivable	75,000
Restricted investments	433,578
Total assets	<u>\$ 1,039,182</u>
Liabilities	
Accounts payable	<u>\$ 633</u>
Total liabilities	633
Net assets	
Net assets without donor restrictions	579,095
Net assets with donor restrictions	459,454
Total net assets	<u>\$ 1,038,549</u>

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

MESA COUNTY PUBLIC LIBRARY FOUNDATION

STATEMENT OF ACTIVITIES

Year Ended December 31, 2022

	Without donor restrictions	With donor restrictions	Total
Change in net assets without donor restrictions			
Revenues			
Contributions	\$ 99,443	\$ 845,078	\$ 944,521
Friends of the Library Bookstore	54,512	-	54,512
Investment income (including \$133,485 in unrealized losses)	(189,453)	-	(189,453)
Other income	175	-	175
Net assets released from restriction	1,820,004	(1,820,004)	-
Total revenues, gains, and other support	<u>1,784,681</u>	<u>(974,926)</u>	<u>809,755</u>
Expenses			
Contributions to the Mesa County Public Library District	1,980,343	-	1,980,343
Friends of the Library	17,280	-	17,280
Office expense	193	-	193
Bank fees	466	-	466
Special events	10,976	-	10,976
Total expenses	<u>2,009,258</u>	<u>-</u>	<u>2,009,258</u>
Increase in net assets	<u>(224,577)</u>	<u>(974,926)</u>	<u>(1,199,503)</u>
Net assets - beginning of year	<u>803,672</u>	<u>1,434,380</u>	<u>2,238,052</u>
Net assets - end of year	<u>\$ 579,095</u>	<u>\$ 459,454</u>	<u>\$ 1,038,549</u>

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

Mesa County Public Library District
NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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, 2022.

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, 2022

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, 2022

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 \$81,906 in prepaid items as of December 31, 2022.

Mesa County Public Library District
NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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, 2022

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, 2022

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 \$237,700 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, 2022.

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, 2022

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	1,033,842	1,007,787
Payroll	644,550	629,846
Healthcare reimbursement account	12,718	12,718
Merchant account	40,808	40,808
Money market account	913,791	913,791
Total cash and cash equivalents	\$ 2,645,709	\$ 2,606,119
Total investments		\$ 10,204,686

As of December 31, 2022, \$250,000 was covered by depositor's insurance; \$2,395,709 was collateralized under PDPA requirements.

Investments

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

As of December 31, 2022, the District had \$9,647,616 invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. Colotrust operates similarly to a money market fund and each share is equal in value to \$1.00. A designated custodial bank provides safekeeping and depository services to Colotrust in connection with the direct investment and withdrawal functions of Colotrust. Substantially all securities owned by Colotrust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by Colotrust. Colotrust funds carry a Standard & Poor's AAAM rating. There is no custodial, interest rate or foreign currency risk exposure. COLOTRUST operates like a 2a-7 external investment pool and investments in the pool are valued at \$1 net asset value (NAV) per share. The underlying investments held by Colotrust are valued at fair value.

Mesa County Public Library District
NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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.

The District had the following level 2 investments December 31, 2022:

	Moody's Credit Rating	Fair Value
Federated Government Obligations Fund	Aaa-mf	\$ 58,041
US Government Agency Obligations	Aaa	499,029
		\$ 557,070

Foundation Investments

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 \$188,698 that is held for the Virginia Reed Moore Endowment and \$244,880 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 \$328,727.

Mesa County Public Library District
NOTES TO FINANCIAL STATEMENTS

December 31, 2022

The Foundation’s investments are allocated as follows:

	2022	
	Cost	Fair Value
Money market funds	\$ 48,483	\$ 48,483
Mutual funds, fixed income	344,382	338,117
Mutual funds, equity	287,836	303,028
Alternative assets, mutual funds	72,699	72,693
	\$ 753,400	\$ 762,321

Foundation investment returns are summarized as follows:

	Cost	Market	Change
Balance at beginning of year	\$ 1,194,183	\$ 1,336,589	\$ 142,406
Balance at end of year	753,400	762,321	8,921
Current year unrealized (gain)	\$ 440,783	\$ 574,268	\$ 133,485

At December 31, 2022, the carrying amount of the Foundation’s cash deposits was \$158,063 and the bank balances were \$158,771. The full amount of deposits was covered by federal depository insurance. The Foundation had \$30,912 in un-deposited funds at December 31, 2022.

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. This endowment has a deficiency of \$11,303 at December 31, 2022.

The second endowment requires that \$250,000 to remain as the corpus and the earnings are to be temporarily restricted for capital building expenses. This endowment has a deficiency of \$5,121 at December 31, 2022.

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

Mesa County Public Library District
NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning	\$ -	\$ 219,569	\$ 219,569
Investment return, net	-	5,711	5,711
Contributions	-	-	-
Net gain or (loss) on investment	-	(36,583)	(36,583)
Appropriation of endowment assets	-	-	-
	<u>\$ -</u>	<u>\$ 188,697</u>	<u>\$ 188,697</u>

Detail of the second endowment was as follows for the year ended December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning	\$ -	\$ 399,544	\$ 399,544
Investment return, net	-	7,924	7,924
Contributions	-	-	-
Net gain or (loss) on investment	-	(62,750)	(62,750)
Appropriation of endowment assets	99,839	(99,839)	-
	<u>\$ 99,839</u>	<u>\$ 244,879</u>	<u>\$ 344,718</u>

Mesa County Public Library District
NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE G – NET ASSETS WITH DONOR RESTRICTIONS – FOUNDATION

The Foundation's net assets with donor restrictions were restricted for the following at December 31, 2022:

Capital projects	\$	21,117
Library programs		4,761
Endowments		433,576
Net assets with donor restrictions	\$	<u>459,454</u>

NOTE H – FUNCTIONAL EXPENSES

The breakdown of the Foundation's functional expenses at December 31, 2022 is as follows:

Program	\$	1,980,343
General and administrative		659
Fundraising		10,976
Total expenses	\$	<u>1,991,978</u>

Mesa County Public Library District
NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE I – CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2022:

	January 1, 2022	Additions	Disposals	December 31, 2022
Capital assets not being depreciated				
Land	\$ 1,762,063	\$ -	\$ (244,086)	\$ 1,517,977
Art work	78,154	28,764	(575)	106,343
Construction in progress	187,875	2,097,800	-	2,285,675
Total nondepreciable capital assets	<u>2,028,092</u>	<u>2,126,564</u>	<u>(244,661)</u>	<u>3,909,995</u>
Other capital assets				
Buildings and improvements	13,715,631	119,944	-	13,835,575
Library Materials	3,953,907	461,064	(504,871)	3,910,100
Furniture and equipment	690,870	69,932	(48,643)	712,159
Vehicles	132,983	-	(51,809)	81,174
Intangible library material	48,257	-	(2,021)	46,236
Leased buildings	379,397	-	-	379,397
Total other capital assets at historical cost	<u>18,921,045</u>	<u>650,940</u>	<u>(607,344)</u>	<u>18,964,641</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,722,336)	(593,423)	-	(7,315,759)
Library materials	(2,454,325)	(574,248)	504,871	(2,523,702)
Furniture and equipment	(672,813)	(102,469)	48,643	(726,639)
Vehicles	(81,073)	(3,195)	9,004	(75,264)
Less accumulated amortization for:				
Intangible library materials	(13,923)	-	-	(13,923)
Leased buildings	(233,271)	(81,511)	-	(314,782)
accumulated depreciation and amortization	<u>(10,177,741)</u>	<u>(1,354,846)</u>	<u>562,518</u>	<u>(10,970,069)</u>
Net depreciable capital assets	8,743,304	(703,906)	(44,826)	7,994,572
Total capital assets	<u>\$ 10,771,396</u>	<u>\$ 1,422,658</u>	<u>\$ (289,487)</u>	<u>\$ 11,904,567</u>

Total depreciation/amortization expense for 2022 was \$1,354,846.

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

Mesa County Public Library District
NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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 2022 were \$101,829.

The lease obligations through the lease terms is as follows:

Year ending December 31,	Principal	Interest	Total
2023	\$ 85,806	\$ 5,737	\$ 91,543
2024	19,606	1,274	20,880
	\$ 105,412	\$ 7,011	\$ 112,423

NOTE K – COMPENSATED ABSENCES

The District had \$214,562 in compensated absences as of December 31, 2022, 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	\$ 199,471	\$ 15,091	\$ -	\$ 214,562

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 2022 was \$3,497,653. Covered wages were approximately \$2,795,900. Non-elective contributions to the Retirement Plan for 2022 were \$139,798 (by the District) and \$139,798 (by employees).

Mesa County Public Library District
NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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 28, 2023, 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, 2022

	Original and Final Budget	Actual	Variance Over (Under) Budget
Revenues			
Property taxes	\$ 6,962,930	\$ 7,017,481	\$ 54,551
Specific ownership taxes	950,000	905,862	(44,138)
Grants	-		
Fines and forfeitures	13,000	16,453	3,453
Gifts and donations	357,185	452,599	95,414
Charges for services	15,000	34,329	19,329
Interest	15,000	26,885	11,885
Net increase in fair value of investments	(10,000)	119,582	129,582
Miscellaneous revenue	25,500	34,676	9,176
Total revenue	<u>8,328,615</u>	<u>8,607,867</u>	<u>279,252</u>
Expenditures			
Personnel	4,749,784	4,424,092	(325,692)
Administrative	877,889	738,503	(139,386)
Technology	75,000	69,235	(5,765)
Purchased services and consulting	638,580	665,162	26,582
Property and equipment maintenance	124,800	116,064	(8,736)
Programming and library services	355,286	443,559	88,273
Printing and advertising	81,500	52,168	(29,332)
Library materials	601,700	528,543	(73,157)
Contingency	50,000	-	(50,000)
Total expenditures	<u>7,554,539</u>	<u>7,037,326</u>	<u>(517,213)</u>
Revenues over (under)expenditures	<u>774,076</u>	<u>1,570,541</u>	<u>796,465</u>
Other financing sources (uses)			
Transfer (to) from other funds	(7,000,000)	-	7,000,000
Revenues over (under) expenditure and other financing sources (uses)	<u>(6,225,924)</u>	<u>1,570,541</u>	<u>7,796,465</u>
Fund balance, beginning of year	8,964,281	9,110,426	146,145
Fund balance, end of year	<u>\$ 2,738,357</u>	<u>\$ 10,680,967</u>	<u>\$ 7,942,610</u>

OTHER SUPPLEMENTARY INFORMATION

MESA COUNTY PUBLIC LIBRARY FOUNDATION

STATEMENT OF CASH FLOWS

Year Ended December 31, 2022

Cash flows from operating activities	
Cash received from contributions	\$ 911,131
Cash received from investment and other income	16,053
Cash paid to Library District	(1,980,343)
Cash paid to suppliers	(28,282)
Net cash provided by (used in) operating activities	<u>(1,081,441)</u>
Cash flows from investing activities	
Purchase of investments	(282,320)
Proceeds from sale of investments	571,466
Net cash provided by (used in) investing activities	<u>289,146</u>
Cash flows from financing activities	
Purchase of endowment investments	(345,310)
Proceeds from sale of endowment investments	426,345
Net cash provided by (used in) financing activities	<u>81,035</u>
Net increase (decrease) in cash	(711,260)
Cash at beginning of year	900,219
Cash at end of year	<u><u>\$ 188,959</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, 2022

	Original and Final Budget	Actual	Variance Over (Under) Budget
Revenues			
Contributions from Foundation	\$ 1,000,000	\$ 1,565,783	565,783
Grants	-	570,000	570,000
Total revenue	<u>1,000,000</u>	<u>2,135,783</u>	<u>1,135,783</u>
Expenditures			
Landscape improvements	82,000	48,128	(33,872)
Building improvements	87,900	36,327	(51,573)
Branch improvements	116,000	47,956	(68,044)
Capital projects	8,310,000	2,021,167	(6,288,833)
Contingency	50,000	-	(50,000)
Total expenditures	<u>8,645,900</u>	<u>2,153,578</u>	<u>(6,492,322)</u>
Other financing sources (uses)			
Land sale	1,000,000	299,557	(700,443)
Transfer (to) from other funds	7,000,000	-	(7,000,000)
Total other financing sources (uses)	<u>8,000,000</u>	<u>299,557</u>	<u>(7,700,443)</u>
Net change in fund balance	354,100	281,762	628,105
Fund balance, beginning of year	1,442,209	1,032,315	(409,894)
Fund balance, end of year	<u>\$ 1,796,309</u>	<u>\$ 1,314,077</u>	<u>\$ 218,211</u>