

## PRPLD Financial Report Highlights - June 2023

### General Fund Revenue

<b>Property taxes</b>	YTD Property Taxes are at budget.
<b>Specific ownership taxes</b>	Receipts are on track YTD.
<b>Investment earnings</b>	June had a net loss, with a YTD net loss of <b>(\$22,485)</b> including interest income of \$57,953 offset net unrealized losses of <b>(\$80,438)</b> . See Notes to the Financial Statements for more detail.

### General Fund Expenditures

<b>Total Expenditures</b>	YTD total expenditures are 95% of budget with a return to pre-COVID levels of service/programs.
<b>Net Revenue over Exp.</b>	YTD is \$3.049M with an ending fund balance of \$8,459,875.

All personnel expenses presented here are inclusive of budget transfers on the following page to account for the ongoing implementation of our 2022 Compensation Study recommendations, along with other adjustments for YTD actuals. Additional transfers are expected to address bilingual pay prior to December 31, 2023.

### Capital Projects Fund

<b>Expenditures</b>	Payments were made for EVIE, CTL security cameras, and the OTL irrigation project.
<b>Ending Fund Balance</b>	The ending fund balance in Capital Projects Fund is \$8,876,413.

### Statement of Net Position and Governmental Funds Balance Sheet

This statement shows our overall net position as of 6/30/23. Fund balance details for 2022 are now final as the 2022 ACFR is complete and has been filed.

**Budget Transfers – as of June 30, 2023**

	Admin	Combined	Community O/R	Comm	OTL	Collections	Harmony	CTL	Total
<b>Total - Annual Increases</b>	41,004	21,200	22,357	15,555	40,087	26,700	46,039	37,058	250,000
<b>Bring to Minimum/Market Adjustments</b>	3,500	-	-	34,745	8,255	-	1,000	2,500	50,000
	<b>49,163</b>	<b>21,200</b>	<b>22,357</b>	<b>50,300</b>	<b>57,899</b>	<b>26,700</b>	<b>48,679</b>	<b>44,519</b>	<b>300,000</b>

**Totals – including other adjustments**

<b>Original Budget Allocation</b>	<b>433,443</b>
Annual Salary Increases - All EEs (with benefits)	(250,000)
BTM/Market Adjustments (with benefits)	(50,000)
EE Retirement Catch-up (one-time)	(35,043)
Administration - added Health insurance	(10,000)
Communications - added Health Insurance	(10,000)
<b>Remaining</b>	<b><u>78,400</u></b>

**Summary**

As of June 30, 2023 we have **\$78,400** remaining from the original budget allocation of **\$433,443** to address items remaining from the initial Compensation Study, such as bilingual pay. Any additional transfers will be communicated at a later date.

## PRPLD General Fund Budget vs. Actual

	2022		2023					
	June	YTD Actual	June	YTD Actual	YTD Budget	YTD % of Budget	YTD Budget Variance \$	Adopted Annual Budget
<b>Revenue</b>								
Property taxes	1,007,529	8,431,786	1,283,968	8,302,689	8,000,000	104%	302,689	11,290,355
Library fines	14,404	29,171	2,697	12,953	-	0%	12,953	-
State grants	-	92,888	-	54,795	54,795	100%	-	54,975
Specific ownership taxes	74,814	362,033	71,666	355,300	288,332	123%	66,968	800,000
Copy charges	-	-	-	-	-	0%	-	-
Investment earnings	(108,289)	(278,781)	(43,926)	(22,485)	17,168	-131%	(39,653)	10,000
Donations	1,012	365,301	2,173	28,850	13,750	210%	15,100	100,000
Miscellaneous	900	5,578	900	14,541	4,500	323%	10,041	11,000
<b>Total Revenue</b>	<b>990,370</b>	<b>9,007,976</b>	<b>1,317,479</b>	<b>8,746,643</b>	<b>8,378,545</b>	<b>104%</b>	<b>368,098</b>	<b>12,266,330</b>
<b>Expenditures</b>								
Administration	130,055	910,328	210,141	1,159,520	1,282,428	90%	122,908	2,617,039
Combined	91,816	466,981	98,843	649,344	697,022	93%	47,678	1,223,434
Community Outreach	34,580	161,280	78,204	298,380	299,363	100%	983	577,177
Communication	40,976	171,559	58,082	289,654	306,867	94%	17,213	546,623
Old Town Library	106,074	663,717	171,856	761,635	774,530	98%	12,895	1,538,663
Collection Services	243,576	1,183,215	209,472	1,355,428	1,441,070	94%	85,643	2,908,117
Harmony Library	77,872	468,529	140,733	585,336	593,935	99%	8,599	1,168,091
Council Tree Library	89,840	490,513	137,380	597,964	623,727	96%	25,763	1,187,186
<b>Total Operating Costs</b>	<b>814,789</b>	<b>4,516,122</b>	<b>1,104,710</b>	<b>5,697,260</b>	<b>6,018,942</b>	<b>95%</b>	<b>321,682</b>	<b>11,766,330</b>
Transfer to Capital Fund	1,000,000	1,000,000	-	-	-	0%	-	500,000
<b>Total Expenditures</b>	<b>1,814,789</b>	<b>5,516,122</b>	<b>1,104,710</b>	<b>5,697,260</b>	<b>6,018,942</b>	<b>95%</b>	<b>321,682</b>	<b>12,266,330</b>
<b>Net Revenue over Exp.</b>	<b>(824,419)</b>	<b>3,491,854</b>	<b>212,768</b>	<b>3,049,382</b>	<b>2,359,603</b>		<b>689,779</b>	<b>-</b>
Beginning Fund Balance				5,410,493				
<b>Current Fund Balance</b>				<b>8,459,875</b>				

## PRPLD General Fund Budget vs. Actual Detail

YTD 6/30/23

	Actual	Annual Budget	% of Annual Budget	Annual Budget Variance \$	Notes
<b>Revenue</b>					
Property taxes	8,302,689	11,290,355	74%	(2,987,666)	
Library fines	12,953	-	100%	12,953	
State grants	54,795	54,975	100%	(180)	
Specific ownership taxes	355,300	800,000	44%	(444,700)	January payment was accrued back to December
Investment earnings	(22,485)	10,000	-225%	(32,485)	See Notes to FS for more detail
Donations	28,850	100,000	29%	(71,150)	Timing of donations - most are sponsorships/FOL/Trust
Miscellaneous	14,541	11,000	132%	3,541	Received Timnath programming funds
<b>Total Revenue</b>	<b>8,746,643</b>	<b>12,266,330</b>	<b>71%</b>	<b>(3,519,687)</b>	

### Expenditures - Personnel

Salaries-Regular	2,092,457	4,358,895	48%	2,266,438	
Salaries-Hourly	411,895	943,070	44%	531,175	
Salaries-Overtime	2,035	-	100%	(2,035)	Unplanned OT in Community O/R & Communications
Termination Pay	5,192	-		(5,192)	Unbudgeted item
Salaries - Compensation Study	-	78,400		78,400	See budget transfer for allocation details
Health Insurance	455,451	935,913	49%	480,462	
Dental Insurance	23,748	48,836	49%	25,088	
Retirement Contributions	174,184	320,310	54%	146,126	City of Fort Collins adjustment (one-time)
SS & Medicare	179,382	411,641	44%	232,259	
Workers Compensation	-	-	0%	-	
Life Insurance	1,700	7,050	24%	5,350	
Long-Term Disability	9,214	21,800	42%	12,586	
Unemployment	4,660	15,000	31%	10,340	
Other Personnel Costs	6	-	100%	(6)	
<b>Total Personnel Expenditures</b>	<b>3,359,924</b>	<b>7,140,915</b>	<b>47%</b>	<b>3,780,991</b>	

### Expenditures - Contractual

Banking Services	404	1,500	27%	1,096	
Audit Services	17,390	18,250	95%	860	Timing of billing and audit completion
Collections Services	4,925	17,500	28%	12,575	
Consulting Services	20,739	81,000	26%	60,261	
Legal Services	24,153	40,000	60%	15,847	May need to adjust in 2024 budget based on usage
Security Services	36,022	5,000	720%	(31,022)	Budget transfer due to timing of hiring (pending)
Education & Training	853	22,000	4%	21,147	
Contract Pmt to Gvt/Other	372,275	595,500	63%	223,225	Timing of property tax payments from County
Other Prof & Tech Services	121,708	238,900	51%	117,192	
Water	1,580	4,000	40%	2,420	
Wastewater Services	1,030	3,000	34%	1,970	

## YTD 6/30/23

	Actual	Annual Budget	% of Annual Budget	Annual Budget Variance \$	Notes
Storm Drainage Services	1,992	4,500	44%	2,508	
Natural Gas	24,495	31,500	78%	7,005	Utilities may be under budgeted for the year
Electricity	28,484	84,000	34%	55,516	
Solid Waste Services	1,110	4,500	25%	3,390	
Recycling Services	1,685	8,500	20%	6,815	
Janitorial Services	85,771	150,800	57%	65,029	May need to adjust in 2024 budget based on usage
Vehicle Repair Services	17	3,500	0%	3,483	
Hardware Maint & Support	3,105	14,030	22%	10,925	
Software Maint & Support	230,425	320,260	72%	89,835	Timing of vendor billing
Maintenance Contracts	9,616	90,000	11%	80,384	
Other Repair & Maint Serv	30,754	60,000	51%	29,246	
Office Rental	51,775	81,000	64%	29,225	Timing of payments for new Collections space
Fleet Services Equip	-	2,500	0%	2,500	
Copier Rental Services	23,771	45,500	52%	21,729	Customer usage is back to pre-COVID levels
Other Rental Services	21,405	27,000	79%	5,595	Timing of payments for new Collections space
Other Property Services	24,348	60,000	41%	35,652	
Workers Comp Premiums	6,780	20,000	34%	13,220	
Liability Ins Premium	41,897	44,700	94%	2,803	Premium paid in January for full year
Property Ins Premium	45,795	41,800	110%	(3,995)	Premium paid in January for full year; overall renewal was slightly higher than planned
Telephone Services	20,666	51,000	41%	30,334	
Cell Phone Services	4,491	11,000	41%	6,509	
Mileage	6,035	12,500	48%	6,465	
Conference and Travel	11,275	83,500	14%	72,225	
Copy & Reproduction Serv	4,101	8,200	50%	4,099	
Postage & Freight Service	61,773	125,000	49%	63,227	
Dues & Subscription Service	10,090	42,330	24%	32,240	
On-Line Database Subscriptions	72,284	230,000	31%	157,716	
Advertising Services	7,197	17,400	41%	10,203	
Other Purchased Services	5,785	25,000	23%	19,215	
<b>Total Contractual Expenditures</b>	<b>1,438,001</b>	<b>2,726,670</b>	<b>53%</b>	<b>371,899</b>	
<b>Expenditures - Commodity</b>					
Office Supplies	15,217	28,000	54%	12,783	Supplies may be under budgeted for year
Computer Hardware	525	12,000	4%	11,475	
Computer Software	7,889	22,675	35%	14,786	
Food & Related Supplies	25,986	13,500	192%	(12,486)	Supplies are under budgeted for year; will adjust in 2024 based on actual needs at post-COVID levels
Food & Related for Programs	70,417	168,100	42%	97,683	
Books & Periodicals	278,664	533,429	52%	254,765	Timing of purchases
Non-Print Media	23,035	75,116	31%	52,081	
Electronic Media	417,460	888,550	47%	471,090	
Other Supplies	35,830	107,325	33%	71,495	
Other Capital Outlay	24,312	50,000	49%	25,688	
<b>Total Commodity Expenditures</b>	<b>899,335</b>	<b>1,898,695</b>	<b>47%</b>	<b>986,577</b>	

**YTD 6/30/23**

	<b>Actual</b>	<b>Annual Budget</b>	<b>% of Annual Budget</b>	<b>Annual Budget Variance \$</b>	<b>Notes</b>
<b>Total Operating Costs</b>	<b>5,697,260</b>	<b>11,766,280</b>	<b>48%</b>	<b>6,069,020</b>	
Transfer to Capital Fund	-	500,000	0%	500,000	
<b>Total Expenditures</b>	<b>5,697,260</b>	<b>12,266,280</b>	<b>46%</b>	<b>6,569,020</b>	

**Total Operating Costs**

Transfer to Capital Fund

**Total Expenditures**

## PRPLD General Fund Expenditures Summarized by Business Unit

YTD 6/30/23

	Actual	YTD Budget	% of YTD Budget	YTD Budget Variance \$	Notes
<b>Expenditures</b>					
Administration - Personnel	571,295	687,583	83%	116,288	
Administration - Contractual	571,232	582,178	98%	10,946	
Administration - Commodity	16,994	12,667	134%	(4,327)	Supplies over budget
<b>Total Administration</b>	<b>1,159,520</b>	<b>1,282,428</b>	<b>90%</b>	<b>122,908</b>	
Combined - Personnel	292,684	302,348	97%	9,664	
Combined - Contractual	316,009	340,931	93%	24,922	
Combined - Commodity	40,651	53,744	76%	13,093	
<b>Total Combined</b>	<b>649,344</b>	<b>697,023</b>	<b>93%</b>	<b>47,679</b>	
Community Outreach - Personnel	256,791	251,108	102%	(5,683)	Over budget due to summer activities and EVIE
Community Outreach - Contractual	7,279	14,755	49%	7,476	
Community Outreach - Commodity	34,310	33,500	102%	(810)	Timing of program-related supplies
<b>Total Community Services</b>	<b>298,380</b>	<b>299,363</b>	<b>100%</b>	<b>983</b>	
Communication - Personnel	181,370	201,708	90%	20,338	
Communication - Contractual	76,580	82,348	93%	5,768	
Communication - Commodity	31,704	22,811	139%	(8,893)	Timing of SRC program supplies
<b>Total Communication</b>	<b>289,654</b>	<b>306,867</b>	<b>94%</b>	<b>17,213</b>	
Old Town Library - Personnel	624,061	656,685	95%	32,624	
Old Town Library - Contractual	124,286	96,170	129%	(28,116)	Utilities and janitorial services are over budget YTD; security budget transfer pending
Old Town Library - Commodity	13,287	21,675	61%	8,388	
<b>Total Old Town Library</b>	<b>761,635</b>	<b>774,530</b>	<b>98%</b>	<b>12,895</b>	
Collection Services - Personnel	360,823	393,782	92%	32,959	
Collection Services - Contractual	252,545	303,863	83%	51,318	
Collection Services - Commodity	742,060	743,425	100%	1,365	
<b>Total Collection Services</b>	<b>1,355,428</b>	<b>1,441,070</b>	<b>94%</b>	<b>85,643</b>	
Harmony Library - Personnel	569,160	566,502	100%	(2,658)	
Harmony Library - Contractual	6,149	13,875	44%	7,726	
Harmony Library - Commodity	10,028	13,558	74%	3,531	
<b>Total Harmony Library</b>	<b>585,336</b>	<b>593,935</b>	<b>99%</b>	<b>8,599</b>	
Council Tree Library - Personnel	503,741	512,564	98%	8,823	
Council Tree Library - Contractual	83,922	98,297	85%	14,375	
Council Tree Library - Commodity	10,302	12,866	80%	2,564	
<b>Total Council Tree Library</b>	<b>597,964</b>	<b>623,727</b>	<b>96%</b>	<b>25,763</b>	

**YTD 6/30/23**

	<b>Actual</b>	<b>YTD Budget</b>	<b>% of YTD Budget</b>	<b>YTD Budget Variance \$</b>	<b>Notes</b>
Total Personnel	3,359,924	3,572,280	94%	212,356	
Total Contractual	1,438,001	1,532,417	94%	94,416	
Total Commodity	899,335	914,246	98%	14,911	
<b>Total Expenditures</b>	<b>5,697,260</b>	<b>6,018,942</b>	<b>95%</b>	<b>321,683</b>	



## PRPLD Capital Projects Fund Budget vs. Actual

	June 2023	2023 YTD Actual	Project to Date	Adopted Budget	Budget Variance \$
<b>Revenue</b>					
Investment earnings	11,358	184,315	-	-	184,315
Miscellaneous^	2,483	2,483	-	-	2,483
Library Trust donations	-	-	-	-	-
Transfer from General Fund	-	-	-	500,000	(500,000)
<b>Total Revenue</b>	<b>13,841</b>	<b>186,798</b>	<b>-</b>	<b>500,000</b>	<b>(313,202)</b>

^Grant funds through Colorado Special Districts safety program

### Expenditures

Library Trust expenditures	-	-	-	-	-
Capital Replacement Plan - 2019	-	-	199,718	125,000	(74,718)
Capital Replacement Plan - 2020	-	-	101,235	580,000	478,765
Capital Replacement Plan - 2021	-	-	877,335	138,000	(739,335)
Capital Replacement Plan - 2022	67,806	333,943	943,602	1,001,500	57,898
Capital Replacement Plan - 2023***	8,573	38,589	38,590	299,067	260,477
<b>Total Expenditures</b>	<b>76,379</b>	<b>372,532</b>	<b>2,160,479</b>	<b>2,143,567</b>	<b>(16,912)</b>

<b>Net Revenue over Exp.</b>	<b>(62,538)</b>	<b>(185,734)</b>
Beginning Fund Balance		9,062,147
<b>Current Fund Balance</b>		<b>8,876,413</b>

\*\*Major budgeted capital projects for 2023 include Webster House improvements and upgrades; rebranding capital purchases, and Harmony bathroom upgrades (cost share with FRCC).

Interest income	85,057
Unrealized gain/loss	99,258
<b>Investment earnings***</b>	<b>184,315</b>

## PRPLD Preliminary Statement of Net Position & Governmental Funds Balance Sheet

	As of 6/30/23				6/30/22	12/31/22
	General Fund	Capital Projects Fund	Total	Adjust	Net Position	Net Position
<b>Assets</b>						
Cash and cash equivalents	4,051,335	882,414	4,933,749	-	4,933,749	14,914,479
Interest receivable	18,300	31,046	49,346	-	49,346	19,200
Property taxes receivable	11,414,646	-	11,414,646	-	11,414,646	10,921,967
Accounts receivable	-	-	-	-	-	210,465
Lease receivables (GASB 87)	172,801	-	172,801	-	172,801	172,801
Investments	4,456,033	7,962,953	12,418,986	-	12,418,986	19,718
Land	-	-	-	2,256,000	2,256,000	2,256,000
Construction in Progress	-	-	-	177,624	177,624	26,437
Right to use leased assets	-	-	-	186,922	186,922	186,922
Other capital assets, net of depreciation	-	-	-	15,126,139	15,126,139	15,169,940
<b>Total Assets</b>	<b>20,113,115</b>	<b>8,876,413</b>	<b>28,989,528</b>	<b>17,746,685</b>	<b>46,736,213</b>	<b>43,327,741</b>

<b>Liabilities, Deferred Inflows &amp; Fund Balances</b>						
Accounts payable	21,581	-	21,581	-	21,581	34,123
Wages payable	-	-	-	-	-	104,789
Accrued compensated absence	-	-	-	326,082	326,082	353,139
Lease liability (GASB 87)	-	-	-	190,102	190,102	-
Unearned revenue	45,927	-	45,927	-	45,927	6,521
<b>Total Liabilities</b>	<b>67,508</b>	<b>-</b>	<b>67,508</b>	<b>516,184</b>	<b>583,692</b>	<b>393,783</b>
Lease liabilities	171,086	-	171,086	-	171,086	171,086
Property taxes	11,414,646	-	11,414,646	-	11,414,646	10,921,967
<b>Total Deferred Inflows</b>	<b>11,585,732</b>	<b>-</b>	<b>11,585,732</b>	<b>-</b>	<b>11,585,732</b>	<b>10,921,967</b>
Restricted fund balance	363,000	-	363,000	-	363,000	334,000
Committed fund balance	3,064,025	9,062,147	12,126,172	-	12,126,172	9,341,867
Unassigned fund balance	1,983,468	-	1,983,468	17,230,501	19,213,969	18,601,563
<b>Total Fund Balance</b>	<b>5,410,493</b>	<b>9,062,147</b>	<b>14,472,640</b>	<b>17,230,501</b>	<b>31,703,141</b>	<b>28,277,430</b>
Net Change in fund balance	3,049,382	(185,734)	2,863,648	-	2,863,648	3,734,561
<b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b>	<b>20,113,115</b>	<b>8,876,413</b>	<b>28,989,528</b>	<b>17,746,685</b>	<b>46,736,213</b>	<b>43,327,741</b>

Net Position as of	6/30/23	6/30/22	12/31/22
Invested in Capital Assets	17,746,685	17,452,377	17,746,685
Restricted Emergencies	334,000	334,000	363,000
Unrestricted	16,457,104	14,225,614	13,593,456
<b>Total Net Position</b>	<b>34,537,789</b>	<b>32,011,991</b>	<b>31,703,141</b>

**Notes to the Financial Statements  
As of June 30, 2023**

**Assets – Cash and Investments**

The District’s cash and investments are held in the name of and managed by the City of Fort Collins per our Intergovernmental Agreement (IGA). Whenever possible, cash is pooled from the District’s funds to enhance investment capabilities and maximize investment income. Investments are made taking into consideration cash flow needs, market conditions and contingency plans. On behalf of the District, the City’s investment policies prescribe eligible investments, investment diversification, and maturity and liquidity guidance, which are utilized in managing the investment portfolio.

Reconciliations are performed by the City monthly to adjust for changes to interest income and unrealized gains/losses. This process takes place after the regular three-day general ledger close process. This is often after the District’s financial reports are prepared for board review at the District’s monthly meetings, sometimes resulting in a one-month lag as is the case with this month’s financial statements.

Detailed allocations between cash and investments are performed annually by the City and presented in our annual financial statement (unaudited as of 12/31/2022 are presented below). In the meantime, the City provides an overview and breakout between cash and investments quarterly going forward. The allocations shown below are estimates based on actual changes to unrealized gains/losses recorded through June 30, 2023.

**Cash and Investment Allocations**

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total</u>
Cash and cash equivalents	865,407	1,297,594	2,163,001
Investments	4,825,116	8,364,043	13,206,103
Unrealized gains (losses)	(288,645)	(500,348)	(788,993)
<b>12/31/2022</b>	<u>4,536,471</u>	<u>7,863,695</u>	<u>12,400,166</u>

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total</u>
Cash and cash equivalents	4,051,335	882,414	4,933,749
Investments	4,825,116	8,364,043	13,189,159
Unrealized gains (losses)	(369,083)	(401,090)	(770,173)
<b>6/30/2023</b>	<u>4,456,033</u>	<u>7,962,953</u>	<u>12,418,986</u>

<b>YTD change in unrealized gains (losses)</b>	<b>(80,438)</b>	<b>99,258</b>	<b>18,820</b>
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**Assets – Capital Assets**

The District reports capital assets at actual or estimated historical cost in the government-wide financial statements. A capital asset is an acquired or constructed asset with an initial individual cost of more than \$5,000 and an estimated useful life of greater than one year. The District capitalizes in aggregate the annual total addition of materials to the library collection and deletes it upon full depreciation in six years. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Normal maintenance and repair costs that do not add value or materially extend the lives of the assets are recorded as expenditures in the General Fund. All capital assets other than land, construction in progress and impaired assets are depreciated. Depreciation is computed using the straight-line method with the following estimated useful lives:

Buildings.....	30-50 years
Furnishings and equipment.....	5-15 years
Library materials collection.....	6 years

**Assets – Right to Use Leased Assets**

The Library has recorded right to use lease assets as a result of implementing GASB 87, *Leases*. The right to use assets are initially measured at an amount equal to the initial measurements of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease. The District leases six Xerox copiers in addition to office space for our Collections operations. Lease terms range from one to five years.

**Assets – Property Taxes Receivable**

Property taxes are levied for the following year no later than December 15 and are recorded as a receivable with a corresponding offset to deferred inflows of resources. Larimer County, Colorado bills and collects all property taxes for the District. Taxes are payable in the subsequent year as two installments in March and June or as one installment in April.

**Assets – Lease Receivable**

As lessor, the District recognizes a lease receivable. The lease receivable is measured using the net present value of future minimum lease payments to be received for the lease term and deferred inflow of resources at the beginning of the lease term. Deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the lease.

**Liabilities**

A significant portion of the District’s liabilities are compensated absences, which include earned but unused paid time off and earned but unused compensatory leave granted as a deferral of overtime pay. Compensated absences are reported as liabilities in the governmental funds only if they have matured. Unused sick pay is not reported as a liability in the governmental funds because it does not meet the criteria for accrual. The District considers compensated absences due within one year because the entire balance is available for unrestricted use or withdrawal by current employees at any time.

There are two methods to delete or use compensated absences:

1. A current employee may use their accrued compensated absences for paid time off.
2. When an employee separates from the District, the District pays out the full value of their remaining unused accrued compensated absences upon termination.

### ***Liabilities – Leases***

Leases are defined as the right to use an underlying asset, as described above. As a lessee, the Library recognizes a lease liability and an intangible right-to-use asset in the government-wide financial statements at the beginning of the lease unless the lease is considered a short-term lease or transfers ownership of the underlying asset. The lease liability is calculated as the present value of the remaining lease payments expected to be paid/received during the term.

### ***Deferred Inflows of Resources***

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds and the government-wide statements report a deferred inflow of resources for the property taxes receivable that will become an inflow in the year for which the taxes are levied.

When the Library is a lessor on a lease agreement, a deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease. The District recognized \$8,145 in deferred inflows related to the leases during 2022.

### ***Fund Balance – Policies and Flow Assumptions***

In the fund financial statements, fund balances of the District's governmental funds are classified as non-spendable, restricted, committed, assigned or unassigned. Management has been granted the authority to make fund balance assignments by the Board of Trustees.

The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The restricted fund balance classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers or enabling legislation. The committed fund balance classification includes amounts that can be used only for specific purposes determined by a formal action (resolution) of the government's highest level of decision-making authority, which is the District's Board of Trustees. The assigned fund balance classification includes amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Finally, the unassigned fund balance classification includes any residual fund balance amounts.

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted (committed, assigned and unassigned) resources. In order to calculate how the amounts within each category will be reported, a flow assumption must be made about the order in which resources are considered to be applied. It is the District's policy for all governmental funds to consider restricted fund balances to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance and finally unassigned fund balance.

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. An overview of the District's current fund balance classifications is shown below.

***Fund Balance – General Fund***

In the General Fund, the restricted fund balance includes an emergency reserve that is required to be set aside by the Colorado Taxpayer Bill of Rights (TABOR). This emergency reserve equals 3% of fiscal year spending; the actual restricted amount may fluctuate each year. There are no other restricted funds in the General Fund as of December 31, 2022.

The Board of Trustees has established, by resolution, a reserve for working capital equal to 20% of the subsequent year's budgeted revenue that must be maintained in the General Fund as a committed fund balance to provide for the cash flow needs of the District. This practice will continue until Board action is taken to change these amounts. For 2022, that amount is \$2,454,000. Additionally, the District has committed \$100,000 to provide for future programming and \$510,025 from a generous donation assigned for future children's programs.

All spendable amounts that are not contained within other classifications are categorized as unassigned. The General Fund is the only fund to report an unassigned fund balance.

***Fund Balance – Capital Projects Fund***

In the Capital Projects Fund, the entire unrestricted fund balance is committed by the Board for capital replacement and capital expansion projects, so no other classifications are currently in use. The Board of Trustees has established, by resolution, a minimum annual transfer of \$250,000 from the General Fund to the Capital Projects Fund as a capital reserve primarily to fund the District's Capital Replacement Plan. This annual transfer occurs within the current fiscal year and is included in the committed fund balance.