

**REPORT OF**  
**THE DANIEL BOONE REGIONAL LIBRARY**  
**DECEMBER 31, 2007**

# DANIEL BOONE REGIONAL LIBRARY

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the  
Daniel Boone Regional Library

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Daniel Boone Regional Library (the "System") as of and for the year ended December 31, 2007, which collectively comprise the System's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the System as of December 31, 2007, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund and the Debt Service Fund for the year then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The Columbia Library District Statement of Revenues, Expenditures, and Changes in Fund Balance – Project Budget Compared with Actual - Capital Project Fund is supplementary information not required by US generally accepted accounting principles. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Williams Keepers LLC*

April 30, 2008

## Management's Discussion and Analysis

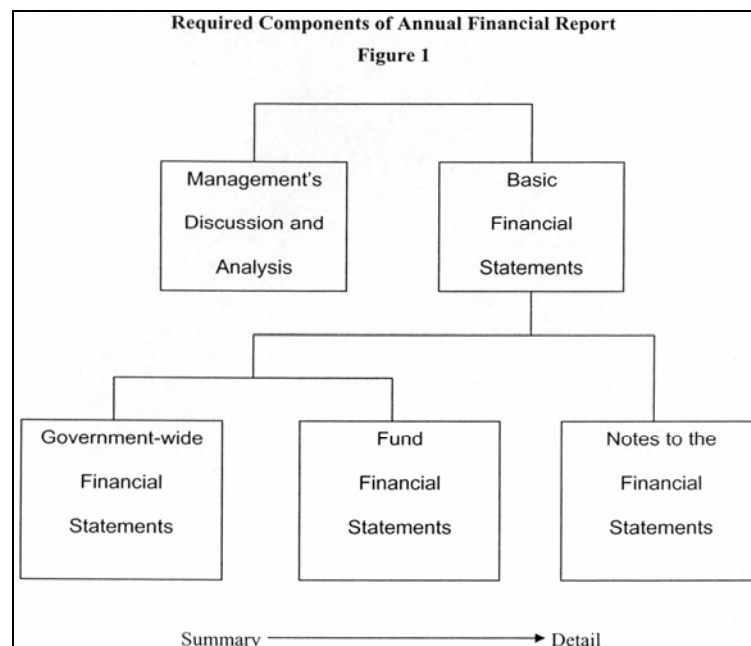
As management of the Daniel Boone Regional Library (the "System"), we offer this narrative overview and analysis of the financial activities of the Daniel Boone Regional Library for the year ended December 31, 2007. The System consists of three political subdivisions: Boone County Library District, Callaway County Library District and Columbia Library District, which have signed a regional contract under the authority of Revised Statutes of Missouri (RSMo) 70.210. We encourage the readers to consider this Management's Discussion and Analysis (MD&A) in conjunction with the System's financial statements, which follow this MD&A.

### Financial Highlights

- The System's total assets exceeded its liabilities on December 31, 2007 by \$26,330,166 (see Exhibit 1). This represented an increase of \$1,835,517 from net assets at December 31, 2006 (see Exhibit 2). This perspective on net assets includes spendable resources as well as the investment in buildings, collections and other capital assets of \$10,006,314; funds of \$3,070,527 that can only be used for the Columbia Library District's debt service payments and completion of its building project; and 2007 property taxes that although due as of December 31, 2007, were not collected and not budgeted for expenses until 2008.
- The System's total liabilities decreased \$1,029,679 from the prior year as shown in Figure 2.
- As of December 31, 2007, the System's governmental funds reported combined ending fund balances of \$16,462,947, an increase of \$1,667,614 in comparison to the prior year (see Exhibits 3 and 4). The portion of the total fund balance for the General Fund that is unreserved and available for spending at the System's discretion is \$9,533,579, which includes \$7,195,269 in property tax receivable.
- Within the System's general operating fund, total actual revenues were \$532,012 more than the 2007 final budget, while total actual expenditures were \$1,146,786 less than the 2007 final budget (see Exhibit 5).

### Overview of the Financial Statements

The System's basic financial statements consist of three components; 1) *government-wide financial statements*, 2) *fund financial statements* and 3) *notes to the financial statements*. Figure 1 illustrates the components of a typical annual financial report. This report also includes a supplementary schedule specific to the Columbia Library District building project.



## Basic Financial Statements

### ***Government-wide Financial Statements:***

The *government-wide financial statements* (Exhibits 1 and 2) provide both short and long-term information about the System's financial status. These financial statements present a broad overview of the System's finances, similar in format to financial statements of a private-sector business. The statement of activities (Exhibit 2) reports changes in the System's net assets. This statement includes all of the System's revenues and expenses, regardless of when the cash is received or paid, as defined under the full accrual accounting method.

### ***Fund Financial Statements:***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The *fund financial statements* focus on the activities of the System's individual governmental funds and are divided into two parts: 1) the "modified accrual basis statements" (Exhibits 3 and 4) and the "budgetary basis statements" (Exhibits 5 and 6).

Exhibits 3 and 4 focus on assets that can readily be converted into cash in the short term and liabilities that will be settled in the short term. Governmental funds in the "modified accrual basis statements" are reported using modified accrual accounting, which recognizes expenditures when the liability is incurred and revenue when measurable and available. The modified accrual accounting method provides a short-term spending focus, which helps the reader assess the amount of financial resources immediately available to finance the System's programs. The differences in accounting for financial information in the *government-wide statements* (Exhibits 1 and 2) and the fund statements are illustrated by the reconciliations on Exhibits 2 through 4.

The annual budgets shown in the "budgetary basis statements" (Exhibits 5 and 6) are prepared as described in Note 1. These budgets are presented using the cash basis of accounting for property tax revenue, which means only the tax revenue expected to be received by year-end is budgeted, rather than also including what may be "available" soon after the year-end, as under the modified accrual accounting method. Because the cash basis was used to budget property tax revenue, Exhibits 5 and 6 include reconciliations that illustrate the differences between these statements and the modified accrual-based statements shown in Exhibits 3 and 4.

The "budgetary basis statements" for the General Fund and the Debt Service Fund demonstrate how the System complied with the year's approved budget. The "budgetary basis statements" are presented using the same classifications as those used in the legal budget document. The budget for the Columbia building project, which is under the control of the Board of Trustees of the Columbia Library District (CLD), was prepared on a project basis. It is presented along with a comparison to actual expenditures, as supplementary information following the *notes to the financial statements*.

### ***Notes to the Basic Financial Statements:***

*Notes to the financial statements* provide additional information that is essential to fully understanding the financial statement data.

## Government-Wide Financial Analysis

The Statement of Net Assets and the Statement of Activities (Exhibits 1 and 2) present the System's financial information as a whole. Figures 2 and 3 provide summaries of these statements for 2007 and 2006.

**The System's Net Assets**  
**Figure 2**

	Governmental Activities	
	2007	2006
Current and other assets	\$ 13,814,610	\$ 12,079,088
Restricted assets	3,285,488	3,290,159
Capital assets, net of depreciation	<u>24,526,314</u>	<u>25,451,327</u>
Total assets	<u>41,626,412</u>	<u>40,820,574</u>
Short-term liabilities outstanding	1,330,581	1,378,116
Long-term liabilities outstanding	<u>13,965,665</u>	<u>14,947,809</u>
Total liabilities	<u>15,296,246</u>	<u>16,325,925</u>
Net assets:		
Invested in capital assets, net of related debt	10,006,314	9,926,327
Restricted:		
For debt service	2,863,532	2,813,674
For capital projects and maintenance	206,995	238,092
Unrestricted	<u>13,253,325</u>	<u>11,516,556</u>
Total net assets	<u>\$ 26,330,166</u>	<u>\$ 24,494,649</u>

### *Net Assets:*

The System's assets exceeded its liabilities by \$26,330,166 as of December 31, 2007, an increase in the System's net assets of \$1,835,517 during 2007 (see Figures 2 and 3). Of the net assets, \$10,006,314 is invested in capital assets, which includes land, buildings, library materials, furniture and equipment, less related debt. The System uses capital assets to provide services to patrons; consequently, these assets are not available for future spending. The remaining portions of the System's net assets are classified as either restricted or unrestricted. The restricted assets of \$3,070,527 are to be used to fund the completion of the Columbia Public Library building project, to service the general obligation bond debt incurred to finance the project, and capital and maintenance expenditures for the building. The unrestricted assets of \$13,253,325 include \$7,195,269 in property tax revenues not yet received by the System from the Counties' tax collectors for 2007 and prior years for taxpayers who reside within the library districts included in the System. While this amount represents collections expected to be received for next year's expenditures, the full accrual basis of accounting for taxes requires that the taxes be recognized as due in the year for which they are assessed.

## The System's Changes in Net Assets

**Figure 3**

	Governmental Activities			
	2007		2006	
Revenues:				
Program revenues:				
Charges for services	\$ 23,478	0.2%	\$ 24,990	0.3%
Operating grants and contributions	200,778	1.9%	192,887	2.0%
General revenues:				
Property taxes	9,489,382	91.0%	8,956,643	92.2%
Investment income	573,138	5.5%	427,591	4.4%
Other	138,541	1.3%	110,322	1.1%
Total revenues	10,425,317	100.0%	9,712,433	100.0%
Expenses:				
Salaries and benefits	4,371,661	50.9%	4,189,812	49.2%
Library materials	876,610	10.2%	940,137	11.0%
General operating	890,402	10.4%	967,970	11.4%
Building operations and maintenance	1,814,430	21.1%	1,735,809	20.4%
Debt service	636,697	7.4%	687,885	8.1%
Total expenses	8,589,800	100.0%	8,521,613	100.0%
Increase in net assets	1,835,517		1,190,820	
Net assets, January 1	24,494,649		23,303,829	
Net assets, December 31	\$ 26,330,166		\$ 24,494,649	

### ***Changes in Net Assets:***

The System receives 91 percent of its funding from property tax revenues. Salaries and benefits represent 51 percent of the System's total expenditures. Under the method of accounting used for the government-wide financial statements, library books and other collections are capitalized as assets and depreciated over their estimated useful lives. Consequently, most of the year's expenditures for books and collections are not included in the "library materials" expense shown in Figure 3.

## Fund Financial Analysis

### *“Modified Accrual Basis Statement” Analysis (Exhibits 3 and 4):*

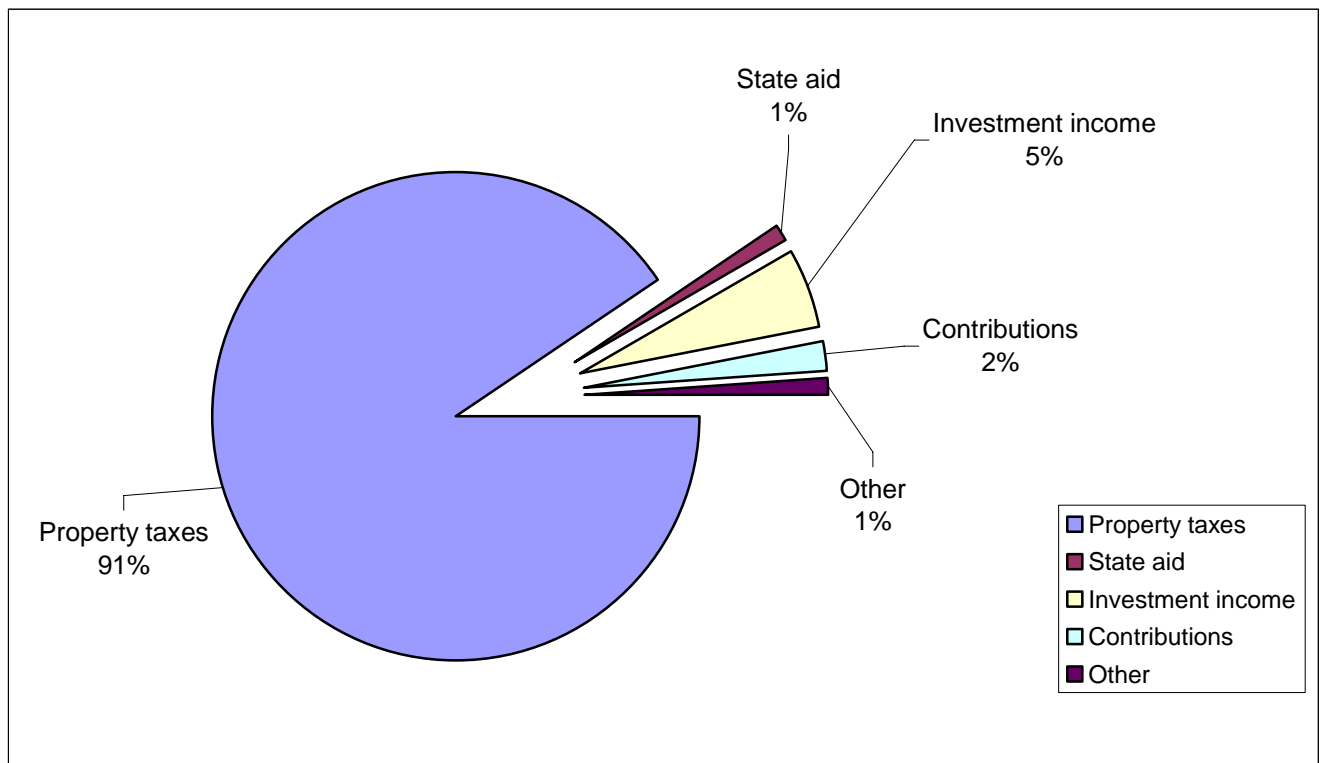
The General Fund is the chief operating fund of the System. At the end of the calendar year 2007, the fund balance of the General Fund is \$13,297,175, which includes \$7,195,269 in property taxes that are due but not yet received by the System (see Exhibit 3). Collections of these property taxes will be budgeted to finance 2008 expenditures. Also, \$25,861 are reserved for donations unspent at year-end and \$227,735 are reserved to recognize that amounts spent on prepaid expenditures are not available for future spending. The remaining unreserved fund balance of \$5,848,310 is available for future spending. Of this unreserved fund balance, a portion has been designated by the System’s Board of Trustees to be used for future capital needs (see Note 9).

On December 31, 2007, the System reported a combined fund balance for its governmental funds of \$16,462,947 (see Exhibit 3). Of this amount, \$2,958,777 is the Debt Service Fund balance restricted for paying the CLD’s General Obligation Bond debt as it comes due. The Capital Project Fund balance of \$103,807 is restricted for the completion of the Columbia Public Library Building project with any remaining funds to be used to pay for the CLD’s general obligation bond debt. The Other Governmental Fund balance of \$103,188 is restricted for CLD capital and maintenance expenditures for the Columbia Library District building.

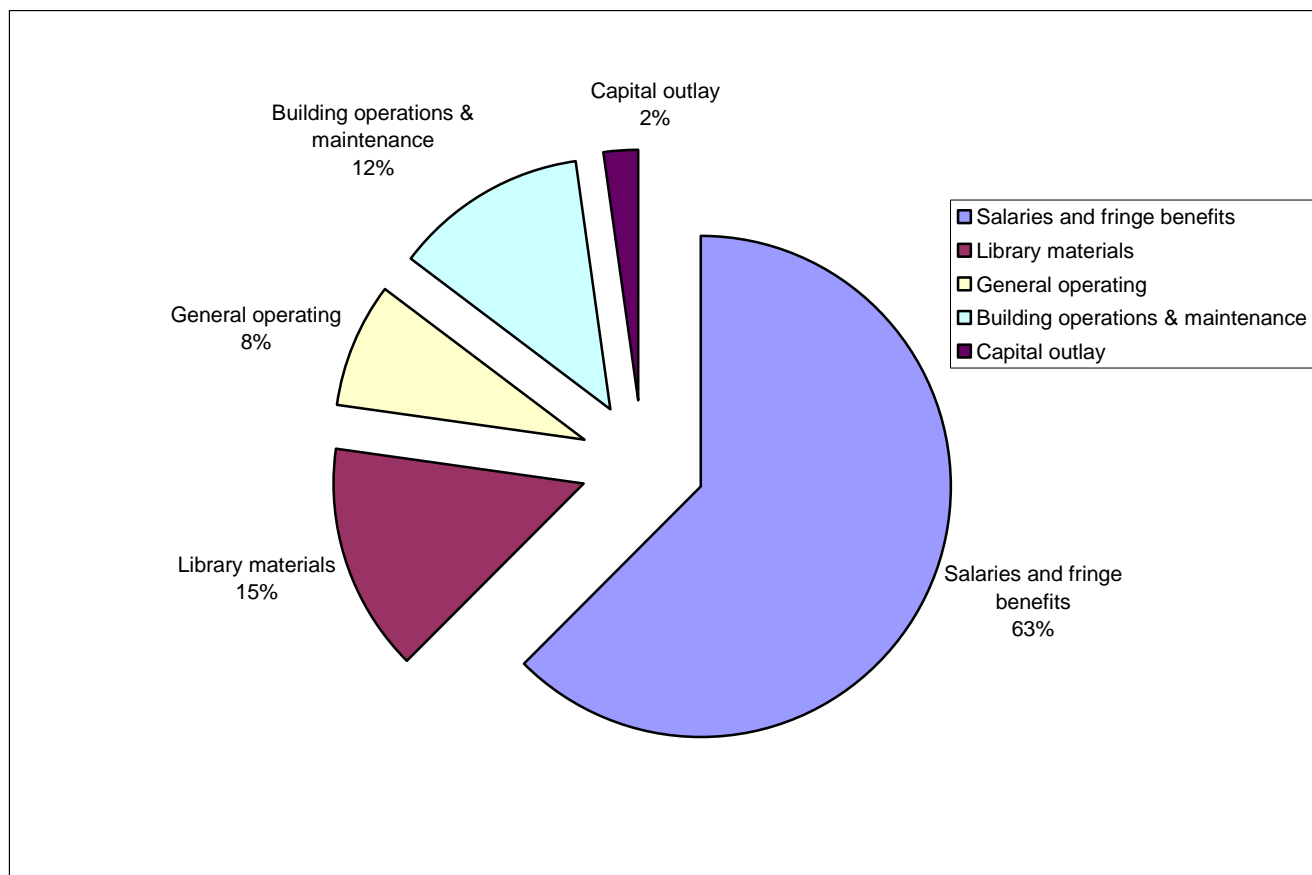
The General (DBRL) Fund balance increased in 2007 mainly due to higher property tax revenues, and an overall lower level of expenditures consistent with the Board of Trustees’ planning to save for future needs (see Exhibit 4).

The charts in Figures 4 and 5 represent only the General Fund’s revenues and expenditures.

**General Fund 2007 Revenues**  
**Figure 4**



**General Fund 2007 Expenditures**  
**Figure 5**



***“Budgetary Basis Statement” Analysis (Exhibits 5 and 6):***

Generally, budget amendments fall into one of three categories: 1) amendments to adjust estimates used to prepare the original budget once more precise information is available; 2) amendments to recognize new funding from external sources, such as grants; or 3) increases in appropriations that become necessary to maintain services.

The following summarizes significant variations between the final budget and the actual results for the General Fund (see Exhibit 5).

- **Property Taxes** - Actual collections were more than expected due to the timing of property tax collections and because actual assessed valuations were more than the preliminary assessed valuations used to project the budget.
- **State Aid** – Actual collections were more than expected due to receiving an increase in the allocation of state aid and receiving more Athletes and Entertainer’s Tax revenue than projected.
- **Grants** – Actual collections include \$18,493 for several grants awarded after the original budget was approved.
- **Investment Income** - Actual collections were more than the final budget amount mainly because investments earned a higher interest rate and had a larger average balance than projected.

- **Contributions** – Actual collections were greater than the final budget because no amounts are budgeted for non-cash donations by Friends of the Library Groups, Foundation of DBRL, or the general public.
- **Salaries and Fringe Benefits** – This expenditure category was less than the final budget because of temporary vacancies caused by employee turnover and approved positions that were not filled. Also, the rates charged on Health and Dental Insurance and Employee Assistance Program were less than projected.
- **Library Materials** – Actual expenditures exceeded the final budget because the unbudgeted contributions previously mentioned were used for additional purchases, the materials donation by the Friends were recorded as in-kind expenditures and some standing orders expected to be received in 2008 arrived in time to be paid in 2007.
- **General Operating** – Actual expenditures were less than the final budget because several planned expenditures were either not needed or were less than expected. Postage was less than expected because staff has encouraged e-mail notification of holds and overdue materials. The need for professional fees, printing, and employee mileage reimbursement were less than expected because of not proceeding with the Boone County Library District (BCLD) building projects (see page 9, “Economic Factors and Next Year’s Budgets”). The need for conference expenditures was less than projected because the staff training did not occur as expected. The cost for internet services through MOREnet was less than anticipated. Trustee Development was less than expected because fewer trustees traveled to conferences and other cost savings were achieved.
- **Building Operations and Maintenance** – Actual expenditures were less than the final budget because some allocations for repairs and vehicle maintenance were not needed since staff did work previously performed by contractors. Also, the E-rate grant reduced the telephone actual expenditures more than planned. In addition gas utility expenditures were less than projected.
- **Capital Outlay** – Actual expenditures were less than the final budget because the funds budgeted to begin the BCLD projects were not needed as previously mentioned.
- **Contingency** – The System’s policy is to budget for contingencies so that expenditures can be made from unanticipated grant and contribution revenue, and so that emergency expenditures in the other budget categories can be made without exceeding the overall total budgeted expenditures. As a result, the System does not code actual expenditures to this category, but instead codes them to their appropriate categories based on the nature of the expenditures that are approved by the trustees.

### Capital Asset Discussion

The System’s investment in capital assets as of December 31, 2007, totals \$24,526,314, net of accumulated depreciation (see Figure 6). These assets include buildings, land, furniture, equipment and library collections. Additional information on the System’s capital assets can be found in Note 4 of the financial statements.

Major capital asset transactions during the calendar year include the following:

- “Books and materials” includes \$1,018,309 for the cost of materials purchased during the year and a reduction of \$755,765 for the cost of materials disposed of during the year.
- An additional \$42,263 was spent on the Columbia building project.
- Various furniture and equipment additions totaling \$22,958 were capitalized. Various items of furniture and equipment, totaling \$16,460, were sold, discarded or removed from records, most of which were fully depreciated.

## Capital Assets

Figure 6

	Governmental Activities 2007	Governmental Activities 2006
Land	\$1,434,138	\$1,434,138
Buildings and improvements	19,686,235	20,584,354
Furniture, fixtures, and equipment	654,677	826,775
Library collection	2,751,264	2,606,060
	<u>\$24,526,314</u>	<u>\$25,451,327</u>

### Debt Discussion

As of December 31, 2007, the System's total debt is \$15,296,246. Of this amount, \$420,665 represents the liability for the employees' compensated absences and \$14,729,050 is the Columbia Library District's general obligation debt, including accrued interest payable. The remainder is the System's accounts payable. Additional information regarding the System's long-term debt can be found in Note 5 of the financial statements.

### Economic Factors and Next Year's Budgets

The Director and staff believe the economic outlook to be stable for the upcoming year. The calendar year 2008 budgeted revenue is projected to increase at a rate greater than the 2008 budgeted expenditures, which is consistent with the System's practice of saving for future needs. In calendar year 2007, the BCLD voters did not approve a proposed property tax levy to support the operation and construction of additional branches. As a result, the System conducted a survey to gain further insight into what taxpayers want in the way of library services and how much they are willing to fund to support those services. As a result, the System began revisiting its Long-Range plan and will begin looking at the future direction of the System in 2008. The Board of Trustees and staff of the System are committed to maintaining a strong financial position in order to provide excellent library services that meet the needs and reflect the desires of the taxpayers for years to come.

### Requests for Information

This report is designed to provide an overview of the System's finances. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director, Daniel Boone Regional Library, 100 W. Broadway, Columbia, MO 65203.

**Exhibit 1****Daniel Boone Regional Library  
Statement of Net Assets  
December 31, 2007****ASSETS**

## Current assets:

Cash deposits and investments	\$ 6,342,829
Receivables (net of allowance for uncollectible accounts \$105,268):	
Property taxes	7,195,269
Interest	32,801
Other	15,976
Prepaid expenditures	227,735
Total current assets	<u>13,814,610</u>

## Restricted assets:

Cash deposits and investments	1,762,875
Receivables (net of allowance for uncollectible accounts \$21,882):	
Property taxes	1,444,927
Interest	5,686
Pledges	72,000
Total restricted assets	<u>3,285,488</u>

## Capital assets:

Non-depreciable capital assets	1,434,138
Other capital assets, net of depreciation	23,092,176
Total capital assets	<u>24,526,314</u>
Total assets	<u>41,626,412</u>

**LIABILITIES**

## Current liabilities:

Accounts payable	146,531
Accrued interest payable on bonds	209,050
General obligation bonds within one year	975,000

## Long-term liabilities:

Compensated absences and other benefits payable	420,665
General obligation bonds more than one year	13,545,000
Total liabilities	<u>15,296,246</u>

**NET ASSETS**

Invested in capital assets, net of related debt	10,006,314
Restricted:	
For debt service	2,863,532
For capital projects and maintenance	206,995
Unrestricted	13,253,325
Total net assets	<u>\$ 26,330,166</u>

See the accompanying notes to the basic financial statements

**Daniel Boone Regional Library**  
**Statement of Activities**  
**For the Year Ended December 31, 2007**

Functions/Programs	Expenses	Program Revenues			Net (Revenues)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Expenses and Changes in Net Assets
					Governmental Activities
<b>Primary government:</b>					
Governmental activities:					
Current					
Program services:					
Salaries and fringe benefits	\$ 4,371,661	\$ -	\$ 1,559	\$ -	\$ 4,370,102
Library materials	876,610	-	30,917	26,260	819,433
General operating	890,402	23,478	168,302	53,918	644,704
Building operations and maintenance	1,814,430	-	-	-	1,814,430
Debt service					
Interest and fees	636,697	-	-	-	636,697
Total	<u>\$ 8,589,800</u>	<u>\$ 23,478</u>	<u>\$ 200,778</u>	<u>\$ 80,178</u>	<u>8,285,366</u>
General revenues:					
Taxes:					
Property taxes, levied for general purpose					9,489,382
Unrestricted investment earnings					573,138
Other					58,363
Total general revenues					<u>10,120,883</u>
Change in net assets					1,835,517
Net assets-beginning					<u>24,494,649</u>
Net assets-ending					<u>\$ 26,330,166</u>

See the accompanying notes to the basic financial statements

**Daniel Boone Regional Library**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2007**

	<u>Major Funds</u>				<u>Total Governmental Funds</u>
	<u>General (DBRL)</u>	<u>Capital Project Fund (CLD)</u>	<u>Debt Service Fund (CLD)</u>	<u>Other Governmental Fund (CLD)</u>	
<b>ASSETS</b>					
Deposits and investments	\$ 6,342,829	\$ 109,718	\$ 1,550,314	\$ 102,843	\$ 8,105,704
Receivables (net of allowance for uncollectible accounts \$127,150):					
Property taxes	7,195,269	-	1,444,927	-	8,640,196
Interest	32,801	-	5,341	345	38,487
Other	15,976	-	24,000	-	39,976
Prepaid expenditures	227,735	-	-	-	227,735
Total assets	<u>\$ 13,814,610</u>	<u>\$ 109,718</u>	<u>\$ 3,024,582</u>	<u>\$ 103,188</u>	<u>\$ 17,052,098</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 140,620	\$ 5,911	\$ -	\$ -	\$ 146,531
Deferred revenue	376,815	-	65,805	-	442,620
Total liabilities	<u>517,435</u>	<u>5,911</u>	<u>65,805</u>	<u>-</u>	<u>589,151</u>
Fund balances:					
Reserved:					
For construction	-	103,807	-	-	103,807
For debt service	-	-	2,958,777	-	2,958,777
For grant spending	25,861	-	-	-	25,861
For prepaid expenditures	227,735	-	-	-	227,735
For building capital and maintenance expenditures	-	-	-	103,188	103,188
Unreserved:					
Designated for:					
Capital outlay	3,510,000	-	-	-	3,510,000
Undesignated:					
General fund	9,533,579	-	-	-	9,533,579
Total fund balances	<u>13,297,175</u>	<u>103,807</u>	<u>2,958,777</u>	<u>103,188</u>	<u>16,462,947</u>
Total liabilities and fund balances	<u>\$ 13,814,610</u>	<u>\$ 109,718</u>	<u>\$ 3,024,582</u>	<u>\$ 103,188</u>	<u>\$ 17,052,098</u>

## Reconciliation:

Fund balances of governmental activities	\$ 16,462,947
Amounts reported for governmental activities in the Statement of Net Assets (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	24,526,314
A portion of the receivable for the anonymous gift for the sculptures is not a current resource and therefore is not recorded in the governmental fund statements.	48,000
Long-term liabilities for items such as compensated absences and general obligation bonds are not current obligations and, therefore, are not recorded in the governmental fund statements.	(14,940,665)
Accrued interest payable on general obligation bonds is not a current obligation and, therefore, is not recorded in the governmental fund statements.	(209,050)
Liabilities for deferred revenues in the fund statements are considered earned revenues in the government-wide financial statements.	442,620
Net assets of governmental activities	<u>\$ 26,330,166</u>

See the accompanying notes to the basic financial statements

**Daniel Boone Regional Library**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2007**

	<u>Major Funds</u>				<u>Total Governmental Funds</u>
	<u>General (DBRL)</u>	<u>Capital Project Fund (CLD)</u>	<u>Debt Service Fund (CLD)</u>	<u>Other Governmental Fund (CLD)</u>	
<b>REVENUES</b>					
Property taxes	\$ 7,827,077	\$ -	\$ 1,572,388	\$ -	\$ 9,399,465
State aid	104,718	-	-	-	104,718
Grants	18,493	-	-	-	18,493
Investment income	460,861	5,706	100,111	6,460	573,138
Contributions	157,745	-	24,000	-	181,745
Copier income	23,478	-	-	-	23,478
Other	58,863	-	-	-	58,863
Total revenues	<u>8,651,235</u>	<u>5,706</u>	<u>1,696,499</u>	<u>6,460</u>	<u>10,359,900</u>
<b>EXPENDITURES</b>					
Current:					
Program services:					
Salaries and fringe benefits	4,378,805	-	-	-	4,378,805
Library materials	1,021,814	-	-	-	1,021,814
General operating	562,266	-	-	-	562,266
Building operations and maintenance	874,113	-	-	-	874,113
Capital outlay	156,474	42,263	-	-	198,737
Debt service:					
Principal	-	-	1,005,000	-	1,005,000
Interest	-	-	649,401	-	649,401
Bond issuance cost and fees	-	1,000	1,150	-	2,150
Total expenditures	<u>6,993,472</u>	<u>43,263</u>	<u>1,655,551</u>	<u>-</u>	<u>8,692,286</u>
Excess (deficiency) of revenues over expenditures and other financing sources	1,657,763	(37,557)	40,948	6,460	1,667,614
Fund balances-beginning	11,639,412	141,364	2,917,829	96,728	14,795,333
Fund balances-ending	<u>\$ 13,297,175</u>	<u>\$ 103,807</u>	<u>\$ 2,958,777</u>	<u>\$ 103,188</u>	<u>\$ 16,462,947</u>

(continued)

**Daniel Boone Regional Library**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended December 31, 2007**

Reconciliation:

Amounts reported in the Statement of Activities  
are different because:

Net changes in fund balances - total governmental funds	\$ 1,667,614
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>	
Capital outlay and library material costs in excess of capitalization threshold	1,197,394
Depreciation	(1,923,333)
Loss on disposal of equipment and undepreciated cost of disposed library collections	(198,572)
Proceeds from sale of capital assets	(500)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds:</p>	
Change in deferred revenue	89,916
Revenue recognized in the governmental funds in the current period for the anonymous gift was previously accrued for in the government-wide statements.	(24,000)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:</p>	
Amount of the repayment	1,005,000
Interest on bond debt is reported on the modified accrual basis in the governmental funds, but on the accrual basis in the government-wide statements	12,704
<p>Long-term obligations are not recorded as expenditures in the governmental fund financial statements. However, in the Statement of Activities the costs of those obligations are expensed when incurred:</p>	
Change in long-term compensated absences payable	7,144
Total change in net assets of governmental activities	<u>\$ 1,833,367</u>

See the accompanying notes to the basic financial statements

**Daniel Boone Regional Library  
General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
(Non-GAAP Budgetary Basis)  
For the Year Ended December 31, 2007**

	Original and Final Budget	Actual Amounts	Variance from Final Budget- Over (Under)
<b>REVENUES</b>			
Property taxes	\$ 7,282,717	\$ 7,473,471	\$ 190,754
State aid	74,045	104,718	30,673
Grants	-	18,493	18,493
COIN management fees	-	14,000	14,000
Investment income	273,005	460,861	187,856
Contributions	72,000	157,745	85,745
Copier income	25,700	23,478	(2,222)
Other	39,150	44,863	5,713
	<u>7,766,617</u>	<u>8,297,629</u>	<u>531,012</u>
<b>EXPENDITURES</b>			
Current:			
Program services:			
Salaries and fringe benefits	4,626,003	4,378,805	(247,198)
Library materials	1,000,000	1,021,814	21,814
General operating	657,605	562,266	(95,339)
Building operations and maintenance	965,710	874,113	(91,597)
Capital outlay	790,940	156,474	(634,466)
Contingency	100,000	-	(100,000)
	<u>8,140,258</u>	<u>6,993,472</u>	<u>(1,146,786)</u>
Revenues over (under) expenditures	<u>\$ (373,641)</u>	<u>1,304,157</u>	<u>\$ 1,677,798</u>

Reconciliation for property taxes reported on the cash basis for the budget to the modified accrual basis for the financial statements:

Change in the property tax accrual, modified accrual basis	<u>353,606</u>
Excess (deficiency) of revenues over expenditures, modified accrual basis (Exhibit 4)	<u>\$ 1,657,763</u>

See the accompanying notes to the basic financial statements

**Daniel Boone Regional Library**  
**Debt Service Fund**  
**(Columbia Library District)**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**(Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2007**

	Original and Final Budget	Actual Amounts	Variance from Final Budget- Over (Under)
<b>REVENUES</b>			
Property taxes	\$ 1,544,500	\$ 1,550,972	\$ 6,472
Investment income	50,620	100,111	49,491
Contributions	24,000	24,000	-
Total revenues	<u>1,619,120</u>	<u>1,675,083</u>	<u>55,963</u>
<b>EXPENDITURES</b>			
Current:			
Principal	1,005,000	1,005,000	-
Interest and fees	651,000	650,551	(449)
Total expenditures	<u>1,656,000</u>	<u>1,655,551</u>	<u>(449)</u>
Excess of revenues over expenditures	<u>\$ (36,880)</u>	19,532	<u>\$ 56,412</u>
Reconciliation of property taxes reported on the cash basis for the budget and on the modified accrual basis for the financial statements:			
Change in the property tax accrual, modified accrual basis.		<u>21,416</u>	
Excess (deficiency) of revenues over expenditures, modified accrual basis (Exhibit 4)		<u>\$ 40,948</u>	

See the accompanying notes to the basic financial statements

# DANIEL BOONE REGIONAL LIBRARY

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Organization:* The Daniel Boone Regional Library (the System) consists of the political subdivisions of the Boone County Library District (BCLD), Callaway County Library District (CCLD), and Columbia Library District (CLD), which have approved a regional library contract under the authority of Revised Statutes of Missouri (RSMo) 70.210. The System is headquartered in Columbia, Missouri, with other locations in Fulton and Ashland, Missouri, as well as additional coverage provided by the System's bookmobile.

The System's purpose is to plan, develop, operate, and provide a library system for the use and benefit of the residents of the above districts and to fulfill and provide to the extent possible those facilities, programs, materials, and services of public libraries.

#### **Reporting Entity**

There are no component units related to the System that should be accounted for in the System's financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14. The related organizations, the Foundation of the Daniel Boone Regional Library, the Friends of the Callaway County Public Library, the Friends of the Columbia Public Library, and Friends of the Southern Boone County Public Library generously raise funds for the System, but these organizations' financial positions are not considered material to the overall financial position of the Daniel Boone Regional Library and are not included as part of the reporting entity. All of these organizations are separate not-for-profit organizations which exist to assist the Daniel Boone Regional Library in completion of its mission.

#### *Basis of Presentation*

The System's financial statements include both government-wide (Exhibits 1 and 2), reporting the System as a whole, and fund financial statements (Exhibits 3-6), reporting the System's major funds.

#### *Government-wide Financial Statements*

The statement of net assets and the statement of activities display information about the System, as a whole. The System's activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The government-wide statement of activities presents a comparison between expenses and program revenues for each program of the System. Expenses are specifically associated with a program and are clearly identifiable with a particular function. Program revenues include charges paid by the recipients of the goods and services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

The government-wide focus is on the sustainability of the System as an entity and on the change in the System's net assets resulting from the current year's activities.

#### *Fund Financial Statements*

The fund financial statements report detailed information about the System. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

The major governmental funds of the System are described below:

#### *General Fund*

The General Fund is the primary operating fund of the System. It accounts for all financial resources of the general governmental fund, except for those required to be accounted for in a different fund.

#### *Capital Project Fund*

The Capital Project Fund is used to account for financial resources that may be used for the acquisition of property and improvements and additions to the Columbia Library District building. The CLD Board of Trustees controls the resources of this fund.

#### *Debt Service Fund*

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs for debt issued for CLD building improvements. The CLD Board of Trustees controls the resources of this fund.

The "Other Governmental Fund" is a special revenue fund of the CLD used to account for expenditure of a tax that expired in 1998 that was restricted for capital and maintenance expenditures for the Columbia Library District building.

### **Measurement Focus and Basis of Accounting**

#### *Government-wide Financial Statements*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the System gives (or receives) value without directly receiving (or giving) equal value in exchange, can include certain grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements are satisfied. This approach differs from the manner in which the governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include reconciliations with brief explanations to better identify the differences between the government-wide statements and the governmental fund statements.

#### *Fund Financial Statements*

All governmental funds (modified accrual basis statements) are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The governmental funds budgetary basis statements account for revenue and expenditures on a modified accrual basis except for property tax revenue, which is accounted for on the cash basis of accounting.

#### *Revenue Recognition*

In applying the susceptible to accrual concept under the modified accrual basis, certain revenue sources are deemed both measurable and available (collectible within two months of year-end and available to pay the obligations of the current period). This includes investment earnings and state-levied locally shared taxes.

#### *Expenditure Recognition*

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. Allocations of cost, such as depreciation or amortization, are not recognized in the governmental funds.

## **Budgets**

Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles, except for property taxes, which are budgeted on a cash receipts basis. An annual budget is prepared in accordance with state statutes for the General DBRL Operating Fund and approved by the System's Board of Trustees. The CLD Board of Trustees adopts annual budgets for the Debt Service and Other Governmental Fund "Building Fund." The Capital Project fund is budgeted on a project, rather than annual, basis and was adopted by the CLD Board of Trustees. All appropriations lapse at calendar year end except for the Capital Project Fund.

The budget process begins by management conducting budget work sessions. A preliminary budget is presented to the budget committee. The preliminary budget is submitted to the Board of Trustees of the individual library district boards for approval prior to their vote to set its tax levy. By September 1, each individual library board comprising DBRL sets the tax levy and submits the levy to the Missouri State Auditor for approval. As soon as possible, usually by the regular November meeting, the final budgets are presented to the Board of Trustees. The Board of Trustees can approve budget amendments on an as needed basis. Management must have a budget amendment approved by the Board of Trustees to adjust budget categories in excess of ten percent of the category.

Property tax revenue is budgeted based upon the previous year's assessed valuations and tax levies are set by each individual library district's Board of Trustees. For purposes of the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual, property taxes are recognized when the cash is received.

Within the budget for the General Fund, activities are classified as salaries and fringe benefits, library materials, general operating, building operations and maintenance, contingency, and capital outlay. The Library Director has the authority to amend the budget line items which make up the budget classifications as long as the total budget classification is not exceeded by more than ten percent and the grand total budget expenditures are not exceeded in total.

## **Deposits and Investments**

State statutes authorize the System to invest in open-time deposits; certificate of deposits; bonds of the state of Missouri, of the United States or any wholly owned corporation of the United States; or in other short-term obligations of the United States.

The System invests its cash in repurchase agreements backed by U.S. Treasury securities or federal agency discount notes and in external investment pools of U.S. Treasury and federal agency securities held by Boone County and the City of Columbia. Securities underlying a repurchase agreement must have a market value of at least 100% of the cost of the repurchase agreement. Securities underlying repurchase agreements are held as collateral at the Federal Reserve Bank.

Collateral is required by state statute for demand deposits. The fair value of the collateral must equal 100% of the deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are governed by state statute and include U.S. government and government agency bonds and securities; general obligation bonds from any of the fifty states; general obligation bonds of any Missouri county, certain cities and special districts; and revenue bonds of certain Missouri agencies. Obligations pledged to secure deposits are delivered to the bank's account at the Federal Reserve Bank.

At December 31, 2007, the balance sheet category "Deposits and investments" consisted of demand deposits, federal agency discount notes and repurchase agreements. Investments are stated at fair (market) value as described in Note 2. Deposit and investment balances held for the Debt Service Fund, Capital Project Fund, and Other Governmental Fund are restricted. The resources of the Debt Service Fund, which are controlled by the CLD, can only be used to service the General Obligation Bond debt issued in 1999 and refinanced in

2005. The resources of the Capital Project Fund, which are controlled by the CLD, can only be used for the Columbia Public Library building project and any remaining funds at the end of the project must be used to service the debt on the General Obligation Bonds. The resources of the Other Governmental Fund, which are controlled by the CLD, can only be used for capital and maintenance expenditures for the Columbia Library District building.

### **Property Taxes**

Property taxes are levied for the three library districts by Boone and Callaway County Assessors in September based on the assessed valuation of the taxable property as of the preceding January 1. Taxes are due and payable by November 1 following the levy date and become delinquent after December 31, after which the applicable property is subject to a lien for any unpaid taxes, and penalties and interest are also assessed. Callaway County bills and collects property tax for the Callaway County Library District. Boone County bills and collects property tax for the Boone County Library District and the Columbia Library District and remits the property taxes collected for the Columbia Library District to the city of Columbia. The City of Columbia, and Boone and Callaway counties report collections to the System and deposit collections into custody accounts for the individual library districts in the month subsequent to the month collected by the city and the counties. For its budget basis, the System reports property taxes as revenue when deposited into the custody accounts. Accordingly, most of the property tax revenue recorded in the Statements of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual is from the receipt of taxes assessed for the previous calendar year. For the government-wide and the modified accrual basis fund financial statements, property taxes are reported as revenue in the year for which the tax was assessed, except that for the modified accrual basis financial statements, revenue recognized is limited to taxes received within 60 days of the fiscal year-end using the measurable and available criteria.

### **Capital Assets**

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Capital assets are not included in the governmental fund financial statements, but are included in the governmental activities in the statement of net assets. Capital assets consist of land, buildings, library materials, furniture, and equipment. The System’s policy is to capitalize items that individually cost more than \$500 and have a useful life of more than three years. Library collection assets are typically purchased in groups and capitalized on that basis. Library collection assets include books, CDs, DVDs, videos, and cassettes.

The System’s collections are reported as library material expenditures in the fund that finances the asset acquisition and are capitalized in the government-wide statements at the estimated historical cost of the item. The System follows the policy of recording collection additions and retirements using an estimated cost for each category group that approximates the average weighted list price less the System’s typical discount from the list price for the category.

Capital assets of the System are depreciated using a straight line method over the following estimated useful lives:

<b>ASSET TYPE</b>	<b>Estimated Useful Life In Years</b>
Buildings and improvements	10 - 50
Equipment, furniture, and fixtures	5 - 20
Computer equipment	3 - 10
Library vehicles	7 - 15
Library collection	7

### **Rebatable Arbitrage**

Under the Internal Revenue Code, other than for certain exceptions, the interest earned on proceeds of tax-exempt debt invested in securities that have a higher yield rate than the debt obligation must be rebated to the Federal government to the extent the earnings are in excess of the borrowing rate. As of December 31, 2007, the Columbia Library District has incurred no liability for excess earnings of the bond debt proceeds invested for its construction project.

### **Deferred Revenue**

The System reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also occur when resources are received by the System before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the System has a legal claim to the resources, the liability for deferred revenue is removed from the governmental funds balance sheet and the revenue is recognized.

### **Compensated Absences**

System employees are entitled to certain compensated absences for vacation and sick leave based on their length of employment. Earned and unused vacation is accrued as earned subject to any limitations provided by the System’s personnel policies. In addition, employees who have attained 25 years of service or who retire at age 65 or older are entitled to payment for one-half of their accumulated unused sick leave upon termination up to a maximum of 960 hours. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 16, all employer-related costs for vacation and sick leave are accrued and recorded when earned. The long-term liability for compensated absences is recorded in the government-wide financial statements.

### **Insurance**

The System is insured by private carriers for property damage, personal injury, and public official liability. The System has a blanket crime policy for all employees.

Judgments and claims in excess of policy limits are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. There have been no judgments or claims in excess of policy limits for the past three fiscal years. Additionally, the System has no significant reductions in coverage from prior years.

The System provides medical, dental, life and workers’ compensation insurance coverage for employees through a private insurance carrier.

### **Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **Equity Classifications**

In the government-wide statements, equity is classified as net assets and displayed in three components:

- Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any

bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

- Restricted – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

### **Reserves and Designations**

Reserves are reported in the governmental fund statements to indicate that a portion of the fund balance is restricted by law or contract for a specific purpose. Designations of unreserved fund balance represent managerial designations for financial resource utilization in the future. When both restricted and unrestricted resources are available for use, it is the System’s policy to use restricted resources first and then unrestricted resources, as needed.

### **Grants**

Reimbursement-type grants are recorded as intergovernmental receivables and revenue when the related expenditures are incurred.

## **2. CASH DEPOSITS AND INVESTMENTS**

Missouri Statutes and legal opinions authorize the Library to invest in certain types of investments including collateralized public deposits (certificates of deposit), U.S. Treasury and agency securities, commercial paper, banker’s acceptances, and repurchase agreements.

Cash deposits in financial institutions had a bank balance of \$15,556 and a carrying amount of \$(109,123) at December 31, 2007.

The System invests most of its remaining cash in external investment pools held by Boone County and the City of Columbia, and also invests in overnight repurchase agreements backed by U.S. Treasury securities or federal agency discount notes. Because these investments are readily convertible into cash, they are considered to be cash equivalents and are therefore combined with cash deposits on the accompanying Statement of Net Assets and the Balance Sheet. Because of the short-term nature of the investments, including the underlying investments in the external investment pools, they present insignificant risk of changes in value because of changes in interest rates.

DBRL and the Columbia Library District (CLD) have investment policies that state investments will be made in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to minimize credit risk and interest rate risk.

The system will minimize credit risk of loss due to the failure of the security issuer backer, by limiting its investments to the types of securities allowed by state statute; pre-qualifying financial institutions, brokers/dealers, intermediaries, and advisors as well as requiring Boone County and City of Columbia to pre-qualify; and requiring Boone County and the City of Columbia to diversify the investment pool’s investment portfolio.

The system will minimize interest rate risk, which is the risk that the market value of securities will fall due to changes in market interest rates, by participating in investment pools with Boone County and the City of

Columbia and short-term investments for the other accounts so that cash requirements for ongoing operations can be met without having to sell securities on the open market prior to maturity.

Investment securities are reported in the financial statements at fair value as required by Governmental Accounting Standards Board Statement 31, “Accounting and Financial Reporting for Certain Investments and for External Investment Pools”. The carrying values of cash and investments as of December 31, 2007 were as follows:

	Current Assets	Restricted Assets	Total
Bank deposits	\$ (113,089)	\$ 3,966	\$ (109,123)
Repurchase agreements	698,372	116,448	814,820
Cash funds on hand	525	-	525
Cash in external investment pools:			
Boone County	3,621,231	-	3,621,231
City of Columbia	1,569,253	1,642,461	3,211,714
Callaway County	566,537	-	566,537
	<u>\$ 6,342,829</u>	<u>\$ 1,762,875</u>	<u>\$ 8,105,704</u>

Restricted assets consist of the following:

1999 Series Bonds Construction Project Fund	\$ 109,718
1999 and 2005 Series Bonds Debt Service Funds	1,550,314
CLD building fund	102,843
	<u>\$ 1,762,875</u>

Custodial risk for deposits is the risk that, in the event of a financial institution failure, the System’s deposits may not be returned. The System’s investment policy authorizes the Director, who is the System’s chief administrative officer, to establish bank accounts with little or no risk of loss of principal balance. The Director has established two investment accounts and three savings or money market accounts. These accounts serve to ensure that all the System’s assets are fully invested each day. The two investment accounts are swept each night into overnight repurchase agreements. The System requires its cash deposits and investments, other than external investment pools, to be fully collateralized by a combination of FDIC insurance and pledged securities that have a fair value in excess of the uninsured amounts. Pledged securities are insured or registered or held by the System’s agent in the System’s name.

Governmental Accounting Standards Board Statement 31, “Accounting and Financial Reporting for Certain Investments and for External Investment Pools” requires investment securities to be reported in the financial statements at fair value.

### 3. PROPERTY TAXES

Property taxes are levied, collected, and reported as described in Note 1. The property tax rates per \$100 of assessed valuation for 2007 for each of the respective taxing districts were as follows:

	<u>General</u>	<u>Debt Service</u>
City of Columbia	\$ 0.2971	\$ 0.2300
Boone County	0.2986	-
Callaway County	0.1950	-

The assessed valuations for property upon which the fiscal 2007 levy was based were as follows:

City of Columbia	\$ 692,924,449
Boone County	1,487,803,338
Callaway County	659,667,026
	<u>\$ 2,840,394,813</u>

Property tax revenue from the individual taxing districts for the General Fund for the year ended December 31, 2007 is as follows:

Modified accrual basis fund financial statements:

	<u>Actual</u>
City of Columbia	\$ 2,159,539
Boone County	4,390,808
Callaway County	1,276,730
	<u>\$ 7,827,077</u>

Non-GAAP budgetary basis financial statements:

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
City of Columbia	\$ 1,986,960	\$ 2,109,830	\$ 122,870
Boone County	4,086,887	4,149,925	63,038
Callaway County	1,208,870	1,213,716	4,846
	<u>\$ 7,282,717</u>	<u>\$ 7,473,471</u>	<u>\$ 190,754</u>

#### 4. CAPITAL ASSETS

A summary of the changes in capital assets is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated				
Columbia land	\$ 1,223,678	\$ -	\$ -	\$ 1,223,678
Callaway land	104,380	-	-	104,380
Southern Boone County land	106,080	-	-	106,080
Total capital assets, not being depreciated	<u>1,434,138</u>	<u>-</u>	<u>-</u>	<u>1,434,138</u>
Capital assets, being depreciated				
Columbia library building	23,224,551	42,263	(482)	23,266,332
Callaway library building	1,793,200	-	-	1,793,200
Leasehold improvements	10,665	-	-	10,665
Automotive equipment	335,054	22,958	(16,460)	341,552
Furniture and equipment	2,172,287	113,861	(59,590)	2,226,558
Books and materials	6,743,909	1,018,310	(755,765)	7,006,454
SIRSI circulation control system	179,700	-	-	179,700
Total capital assets being depreciated	<u>34,459,366</u>	<u>1,197,392</u>	<u>(832,297)</u>	<u>34,824,461</u>
Accumulated depreciation				
Columbia library building	(3,783,545)	(883,509)	418	(4,666,636)
Callaway library building	(649,853)	(56,808)	-	(706,661)
Leasehold improvements	(10,665)	-	-	(10,665)
Automotive equipment	(170,597)	(22,300)	15,960	(176,937)
Furniture and equipment	(1,568,254)	(249,523)	58,936	(1,758,841)
Books and materials	(4,137,848)	(675,253)	557,911	(4,255,190)
SIRSI circulation control system	(121,415)	(35,940)	-	(157,355)
Total accumulated depreciation	<u>(10,442,177)</u>	<u>(1,923,333)</u>	<u>633,225</u>	<u>(11,732,285)</u>
Total capital assets being depreciated, net	<u>24,017,189</u>	<u>(725,941)</u>	<u>(199,072)</u>	<u>23,092,176</u>
Capital assets, net	<u>\$ 25,451,327</u>	<u>\$ (725,941)</u>	<u>\$ (199,072)</u>	<u>\$ 24,526,314</u>

Depreciation expense has been allocated in the statement of activities among program expenses as follows:

Library materials	\$ 675,253
General operating	307,763
Building operations and maintenance	940,317
	<u>\$ 1,923,333</u>

## 5. LONG-TERM LIABILITIES

### *General Obligation Bonds*

During 2005, the District entered into two separate transactions that resulted in advance refunding \$14,780,000 of its outstanding 1999 Series Bonds. In September 2005, the Columbia Library District (the District) issued general obligation bonds of \$13,690,000 ("2005 Bonds") with an average interest rate of 4% to advance refund 1999 Series General Obligation Bonds ("1999 Bonds") of \$13,695,000 principal amount. Proceeds of \$14,136,949 from the 2005 Bonds and, in January 2005, \$1,165,000 from the District's Capital Project Fund, were used to purchase U.S. government securities that were deposited into irrevocable trusts with an escrow agent to provide for debt service and retirement of the portion of the 1999 Bonds that is subject to call on March 1, 2008. Because the two transactions qualify as an in-substance defeasance for financial reporting purposes, the escrowed securities and the outstanding 1999 bonds that were defeased are not included as assets and liabilities in the accompanying statement of net assets. The total principal balance outstanding on the defeased bonds as of December 31, 2006 was \$14,780,000.

The remaining portion of the original \$22,000,000 1999 Bonds, issued for the purpose of additions to and renovations of the existing building, and the 2005 refunding bonds are to be repaid from annual tax assessments for the debt service on property within the Columbia Library District.

As of December 31, 2007, principal payments on the remaining Series 1999 bonds that the District is responsible for paying of \$975,000 are due on March 1, 2008 along with interest at a rate of 4.625%.

Principal payments on the Series 2005 bonds are due annually from March 1, 2008 through March 1, 2018, in amounts ranging from \$80,000 to \$1,660,000. Interest payments are due semi-annually on March 1 and September 1, at rates from 3% to 5%.

Future principal and interest payments on the 2005 Bonds and the remaining 1999 Bonds for the years ending December 31 are as follows:

	Principal	Interest	Total
2008	1,055,000	603,372	1,658,372
2009	1,105,000	560,288	1,665,288
2010	1,145,000	520,913	1,665,913
2011	1,195,000	478,469	1,673,469
2012 - 2016	6,785,000	1,579,306	8,364,306
2017 - 2018	3,235,000	138,975	3,373,975
	<u>\$ 14,520,000</u>	<u>\$ 3,881,323</u>	<u>\$ 18,401,323</u>

*Changes in long-term liabilities:*

Changes in all long-term liabilities during 2007 were as follows:

	Balance 1/1/2007	Additions	Reductions	Balance 12/31/2007
Accrued compensated absences	\$ 427,809	\$ 443,278	\$ (450,422)	\$ 420,665
General obligation bonds:				
1999 Series	1,905,000	-	(930,000)	975,000
2005 Series	13,620,000	-	(75,000)	13,545,000
Total	<u>\$ 15,952,809</u>	<u>\$ 443,278</u>	<u>\$ (1,455,422)</u>	<u>\$ 14,940,665</u>

## **6. RETIREMENT PLAN**

The System offers a defined contribution retirement plan to all employees who have completed at least one year of employment, which must include at least 1,000 work hours per year. The employee must contribute 4% of gross salary to participate and may contribute up to 100% as long as the deferral does not exceed the IRS maximum of \$15,000, or \$20,000 if the employee qualifies for the catch-up contributions. The System only matches the 4% participation amount for each employee.

Employees are fully vested after six years of participation in the plan. The employer's contributions were \$86,520 for 2007.

## **7. LEASES**

During 2005, the System entered into an operating lease for the facility in Southern Boone County which expires August 31, 2008. Expenditures under this lease during 2007 totaled \$40,020. The System has renewed this lease through August 31, 2009, with provisions for up to four one-year term extensions. Annual minimum payments on the new lease are \$45,024.

## **8. RISK MANAGEMENT**

The System purchases commercial insurance to cover various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters; and for employee health, dental, and life coverage. There were no significant reductions in insurance coverage during the past fiscal year.

## **9. FUND EQUITY**

Reservations of the fund balance of governmental funds are established to either (1) satisfy legal covenants that require a portion of the fund balance be segregated or (2) identify a portion of the fund balance that may not be appropriated for future expenditures.

Fund balances of governmental funds may be designated by the Board of Trustees for specific future use. Fund balances at December 31, 2007 have been designated for the following purposes:

General Fund:

Future capital improvements of buildings owned by districts	\$ 1,000,000
Future equipment, furniture and similar capital outlay	210,000
Implementation of the Master Facilities Plan	<u>2,300,000</u>
Total designated general fund balance	<u><u>\$ 3,510,000</u></u>

## 10. COMMITMENTS

During 2001, a donor pledged \$240,000 to be distributed to the CLD in ten consecutive equal annual installments of \$24,000, for the purpose of paying and defraying the costs of the design, fabrication, installation, and other associated costs of artwork for the entrance to the Columbia Public Library building. In reliance upon the donor's gift, the CLD Board of Trustees determined that the 1999 Series General Obligation Library Bonds proceeds may be used to pay the cost of the ornamental entry artwork. In turn, the gift installments will be deposited in the Debt Service Fund to repay the bond debt. Under current accounting standards, the entire contribution was reportable in the government-wide financial statements as revenue and a receivable at the date the pledge was made, but is reportable in the governmental fund financial statements as revenue when the installments are received.

## 11. RELATED PARTY TRANSACTIONS

The System has transactions with the related organizations of the Foundation of the Daniel Boone Regional Library, the Friends of the Callaway County Public Library, the Friends of the Columbia Public Library, and the Friends of the Southern Boone County Public Library. In 2007, the System received a total of \$116,004 in contributions and materials from these organizations and was reimbursed \$3,456 from these organizations for its expenditures.

**DANIEL BOONE REGIONAL LIBRARY**

**(COLUMBIA LIBRARY DISTRICT)**

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE**

**-PROJECT BUDGET COMPARED WITH ACTUAL-  
CAPITAL PROJECT FUND**

**Project-to-Date as well as the Year Ended December 31, 2007**

	Total Project Budget	Project to Date Actual	Remaining Budget	For the Year Ended December 31, 2007
<b>REVENUES</b>				
Return on investments	\$ 2,673,900	\$ 2,691,492	\$ (17,592)	\$ 5,706
Other revenue	28,487	28,487	-	-
Net revenues	2,702,387	2,719,979	(17,592)	5,706
<b>EXPENDITURES</b>				
Building project costs				
Architect and engineering fees	2,118,441	2,130,082	(11,641)	20,700
Consulting fees	82,933	82,933	-	-
Owner provided services	589,833	586,498	3,335	2,241
Project management advisor	175,821	175,821	-	-
Construction	19,549,715	19,604,085	(54,370)	19,322
Contingencies	149,891	-	149,891	-
Total building project costs	22,666,634	22,579,419	87,215	42,263
Bond issuance costs and fees				
Investment consultant	26,000	27,000	(1,000)	1,000
Bond costs	105,012	105,012	-	-
Total bond issuance costs and fees	131,012	132,012	(1,000)	1,000
Total expenditures	22,797,646	22,711,431	86,215	43,263
Excess (deficiency) of revenues over expenditures	(20,095,259)	(19,991,452)	103,807	(37,557)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from issuance of bonds	21,785,635	21,785,635	-	-
Operating transfers in and (out)	(1,690,376)	(1,690,376)	-	-
Total other financing sources (uses)	20,095,259	20,095,259	-	-
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ 103,807	\$ 103,807	\$ (37,557)