

REPORT OF
THE DANIEL BOONE REGIONAL LIBRARY
DECEMBER 31, 2009

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, 2009, 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, 2009, 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 U.S. 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 2, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

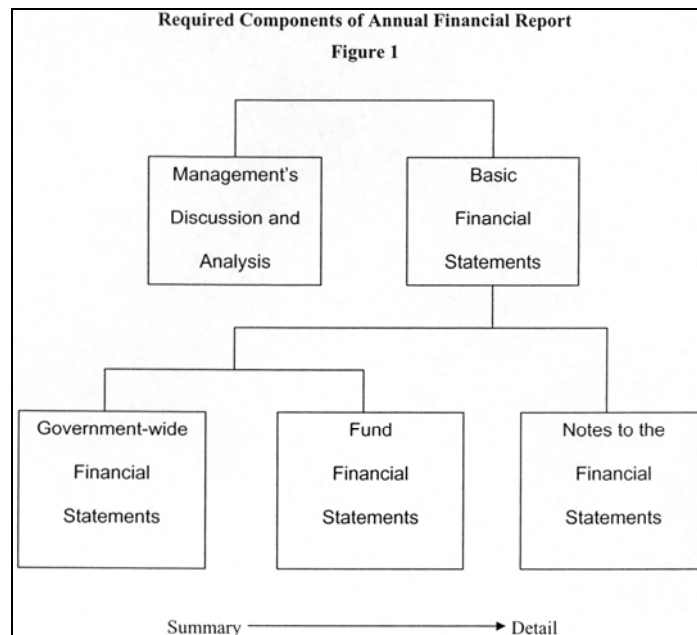
As management of the Daniel Boone Regional Library (the "System"), we offer this narrative overview and analysis of the financial activities of the Daniel Boone Regional Library for the year ended December 31, 2009. The System consists of three political subdivisions: Boone County Library District, Callaway 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, 2009 by \$29,076,413 (see Exhibit 1). This represented an increase of \$1,069,720 from net assets at December 31, 2008 (see Exhibit 2). These net assets include spendable resources as well as the investment in buildings, collections and other capital assets net of related debt of \$11,123,695; funds of \$2,977,929 that can only be used for the Columbia Library District's debt service payments and maintenance of the Columbia building; and 2009 property taxes that although due as of December 31, 2009, were not collected and not budgeted for expenses until 2010.
- The System's total liabilities decreased \$1,027,319 from the prior year as shown in Figure 2.
- As of December 31, 2009, the System's governmental funds reported combined ending fund balances of \$18,228,995, an increase of \$513,607 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 \$9,318,280, which includes \$7,352,716 in property tax receivable.
- Within the System's general operating fund, total actual revenues were \$40,229 more than the 2009 final budget, while total actual expenditures were \$752,152 less than the 2009 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 basis 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 basis. 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 basis 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 Financial Statements:

Notes to the financial statements provide additional information that is essential to fully understand 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 2009 and 2008.

The System's Net Assets
Figure 2

	Governmental Activities	
	2009	2008
Assets:		
Current and other assets	\$ 15,646,550	\$ 15,151,274
Restricted assets	3,158,246	3,202,470
Capital assets, net of depreciation	23,483,695	23,892,346
Total assets	42,288,491	42,246,090
Liabilities:		
Short-term liabilities outstanding	1,497,846	1,423,113
Long-term liabilities outstanding	11,714,232	12,816,284
Total liabilities	13,212,078	14,239,397
Net assets:		
Invested in capital assets, net of related debt	11,123,695	10,427,346
Restricted:		
For debt service	2,866,108	2,877,229
For maintenance	111,821	128,098
Unrestricted	14,974,789	14,574,020
Total net assets	\$ 29,076,413	\$ 28,006,693

Net Assets:

The System's assets exceeded its liabilities by \$29,076,413 as of December 31, 2009, an increase in the System's net assets of \$1,069,720 during 2009 (see Figures 2 and 3). Of the net assets, \$11,123,695 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, this portion of the net assets is 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 \$2,977,929 are to be used to service the general obligation bond debt incurred to finance the Columbia building project and for capital and maintenance expenditures for the building for 2009. The unrestricted assets of \$14,974,789 include \$7,352,716 in property tax revenues not yet received by the System from the counties' tax collectors for 2009 and prior years for taxpayers who reside within the library districts included in the System. While this amount represents collections expected to be received to finance next year's expenditures, the full accrual basis of accounting for taxes requires that the taxes be recognized as revenue in the year for which they are assessed.

The System's Changes in Net Assets
Figure 3

	Governmental Activities			
	2009		2008	
Revenues:				
Program revenues:				
Charges for services	\$ 28,488	0.3%	\$ 23,559	0.2%
Operating grants and contributions	247,981	2.4%	231,291	2.2%
Capital grants and contributions	60,438	0.6%	77,122	0.7%
General revenues:				
Property taxes	9,704,832	93.9%	9,724,637	92.3%
Investment income	253,640	2.5%	438,283	4.2%
Other	44,995	0.4%	41,216	0.4%
Total revenues	10,340,374	100.0%	10,536,108	100.0%
Expenses:				
Salaries and benefits	4,806,291	51.8%	4,627,281	52.2%
Library materials	1,223,023	13.2%	1,085,599	12.3%
General operating	783,742	8.5%	702,660	7.9%
Building operations and maintenance	1,907,288	20.6%	1,854,568	20.9%
Debt service	550,310	5.9%	589,473	6.7%
Total expenses	9,270,654	100.0%	8,859,581	100.0%
Increase in net assets	1,069,720		1,676,527	
Net assets, January 1	28,006,693		26,330,166	
Net assets, December 31	\$ 29,076,413		\$ 28,006,693	

Changes in Net Assets:

The System receives 94 percent of its funding from property tax revenues. Salaries and benefits represent 52 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. The "library materials" expense reported in Figure 3 represents the depreciation for books and materials.

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 calendar year 2009, the fund balance of the General Fund is \$15,135,801, which includes \$7,352,716 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 2010 expenditures. Also, \$36,111 is reserved for donations unspent at year-end and \$226,310 is reserved to recognize amounts spent on prepaid expenditures that are not available for future spending. The remaining unreserved fund balance of \$7,520,664 is available for future spending. Of this unreserved fund balance, \$5,555,100 has been designated by the System’s Board of Trustees to be used for future capital expenditures and the long-range strategic plan needs (see Note 10).

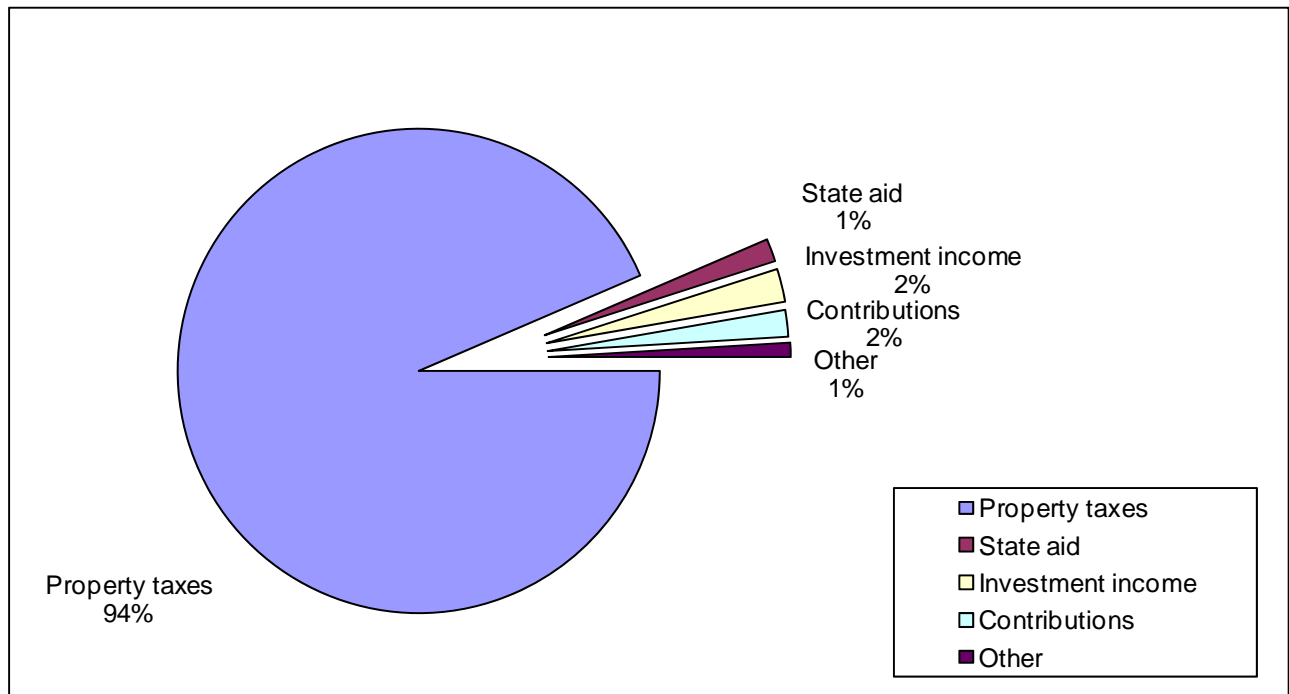
On December 31, 2009, the System reported a combined fund balance for its governmental funds of \$18,228,995 (see Exhibit 3). Of this amount, \$2,981,373 is the Debt Service Fund balance restricted for paying the CLD’s General Obligation Bond debt as it comes due. The Capital Project Fund was closed out in calendar year 2009. The Other Governmental Fund balance of \$111,821 is restricted for CLD capital and maintenance expenditures for the Columbia Library District building.

The General (DBRL) Fund balance increased in 2009 mainly due to more property tax revenues and contributions collected than planned and an overall lower level of expenditures, which is consistent with the Board of Trustees’ planning to save for future needs (see Exhibit 5).

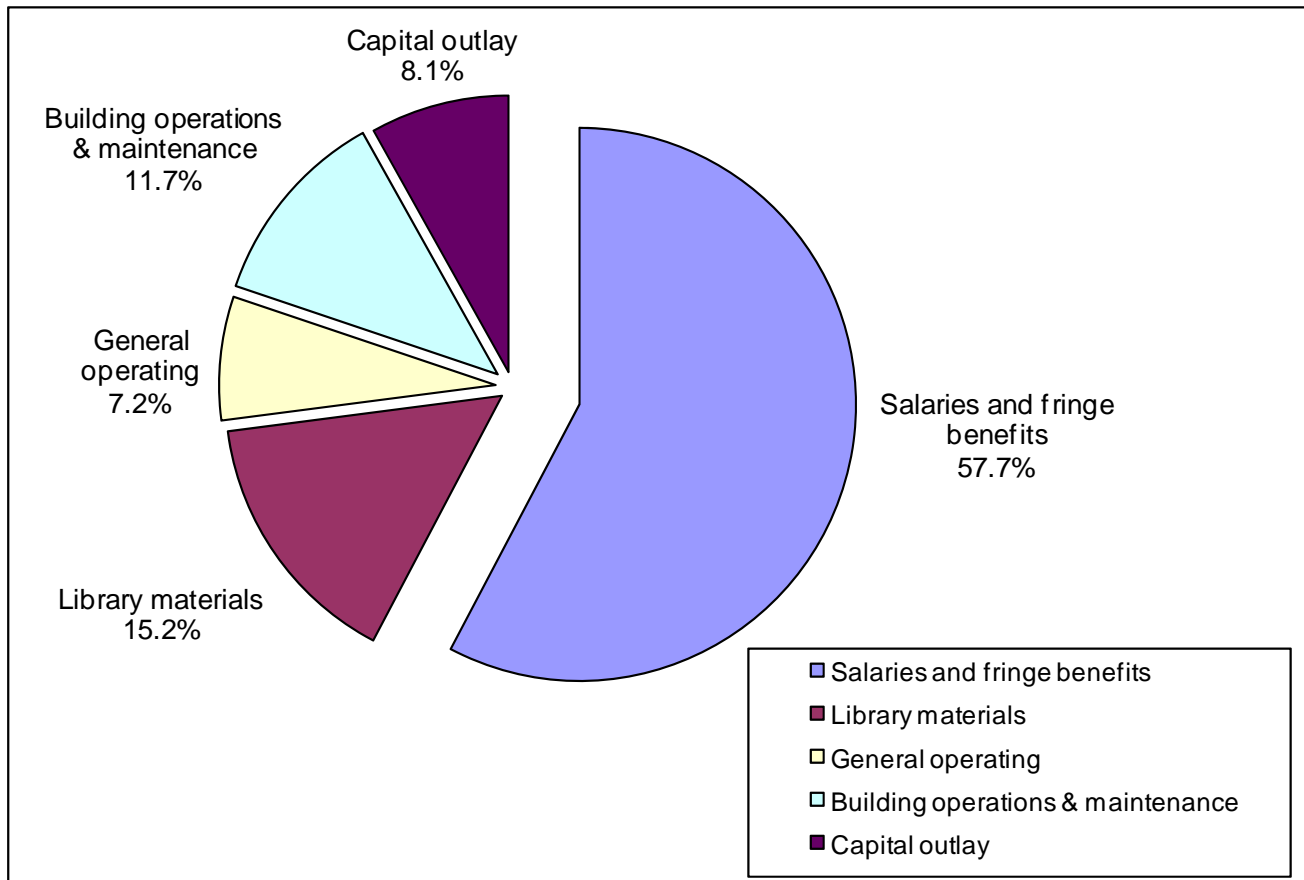
The charts in Figures 4 and 5 represent only the General Fund’s revenues and expenditures.

General Fund 2009 Revenues

Figure 4



General Fund 2009 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.

During calendar year 2009, the General Fund budget was revised once. The original general operating expenditure budget category was increased by \$648,110 for the net impact of reducing salary and benefits by \$46,865; increasing building operations and maintenance by \$37,100 to allow for contracted cleaning at the Columbia Public Library; and increasing capital outlay by \$657,875 primarily for purchase of land and costs of construction of a parking lot at the Columbia Public Library.

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

- **State aid** - Actual collections were less than expected due to receiving less Athletes and Entertainer’s Tax revenue than projected.
- **Investment Income** - Actual collections were less than the final budget amount mainly because investments earned a lower interest rate than projected.
- **Contributions** – Actual collections were greater than the final budget because non-cash donations were more than projected.

- **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 participation rate for Health and Dental Insurance was slightly less than projected.
- **Library Materials** – Actual expenditures exceeded the final budget because the unbudgeted contributions were used for additional purchases (see contingency below for discussion on budgeting for the spending of contributions) and the materials donations by the friends of the library organizations were recorded as in-kind expenditures.
- **General Operating** – Actual expenditures were less than the final budget because several planned expenditures were either not needed or were less than expected. Software licenses were less than expected because staff participated in a discount licensing program and some software purchases were not made as planned. Postage was less than expected because of the timing of the postage payments for the mailings to the public and a decline in usage due to using email notification. The need for conference expenditures was less than projected because some staff training did not occur as expected. Copying expenses were less because the maintenance agreement costs were less for the new machines purchased. Vendors for the internet connection and cataloging service passed their organizations' cost savings on to the library by reducing fees. Trustee development was less than expected because fewer trustees than projected traveled to conferences, and other cost savings were achieved.
- **Building Operations and Maintenance** – Actual expenditures were less than the final budget because some expenditures for insurance, maintenance, electric, gas, and other utilities were less than the projected allocations. Insurance costs were less because of a credit received on our workers compensation insurance premium due to the staff safety committee's work on employee safety.
- **Capital Outlay** – Actual expenditures were less than the final budget because the construction of the Columbia Public Library's parking lot was not complete due to weather, and several purchases were substantially less than estimated. In addition to the basic contracts for the library parking lot being less than anticipated, the System's copier purchase was also less. While the budget was prepared anticipating the majority of the System's black and white copiers would be replaced with more expensive color copiers, after careful consideration by the staff, only three black and white copiers were replaced with color copiers. This saved \$123,814. Also, the progress payments on the new bookmobile were \$65,518 less than anticipated. This amount was re-appropriated in the calendar year 2010 budget so the bookmobile purchase could be completed.
- **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, such as library materials (see above), 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, 2009, totals \$23,483,695, 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 included the following:

- "Books and materials" includes \$1,005,372 for the cost of materials purchased during the year and a reduction of \$985,259 for the cost of materials disposed of during the year.
- An additional \$7,108 was spent on the Columbia building project.
- Various furniture and equipment additions totaling \$286,324 were capitalized. Various items of furniture and equipment totaling \$218,474 were sold, discarded or removed from records, most of which were fully depreciated.
- Columbia land increased \$268,127 for the purchase of land for a parking lot at the Columbia Public Library.

- Construction in progress of \$123,403 consists of additions for a parking lot at the Columbia Public Library and down-payment on purchase of a bookmobile.

Capital Assets
Figure 6

	2009	2008
Land	\$ 1,825,668	\$ 1,434,138
Buildings and improvements	17,923,268	18,856,437
Furniture, fixtures, and equipment	789,346	690,626
Library collection	2,945,413	2,911,145
	\$ 23,483,695	\$ 23,892,346

Debt Discussion

As of December 31, 2009, the System’s total debt is \$13,212,078. Of this amount, \$499,232 represents the liability for the employees’ compensated absences and \$12,506,314 is the Columbia Library District’s general obligation debt, including accrued interest payable. The remainder is the System’s accounts and salaries payable. Additional information regarding the System’s long-term debt can be found in Note 6 of the financial statements.

Economic Factors and Next Year’s Budgets

The Director and staff view the economic outlook as flat. They expect the economy to impact the interest income and limit the amount of increase in tax revenue for the upcoming year. While the calendar year 2010 revenue budget was established with a smaller than usual increase in revenue, the System was able to budget expenditures to adequately cover current operating needs and maintain reserves for future needs. The System revisited its long-range strategic plan and will continue to implement the results in 2010. 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.

**Daniel Boone Regional Library
Statement of Net Assets
December 31, 2009**

ASSETS

Current assets:	
Cash deposits and investments	\$ 8,044,606
Receivables:	
Property taxes (net of allowance for uncollectible accounts \$158,139)	7,352,716
Interest	18,925
Other	3,993
Prepaid expenses	<u>226,310</u>
Total current assets	<u>15,646,550</u>
Restricted assets:	
Cash deposits and investments	1,696,066
Receivables:	
Property taxes (net of allowance for uncollectible accounts \$23,783)	1,432,439
Interest	5,741
Pledges	<u>24,000</u>
Total restricted assets	<u>3,158,246</u>
Capital assets:	
Non-depreciable	1,825,667
Other, net of depreciation	<u>21,658,027</u>
Total capital assets	<u>23,483,695</u>
Total assets	<u>42,288,491</u>

LIABILITIES

Current liabilities:	
Accounts payable	146,314
Salaries payable	26,207
Accrued interest payable on bonds	180,325
General obligation bonds due within one year	1,145,000
Long-term liabilities:	
Compensated absences and other benefits payable	499,232
General obligation bonds due beyond one year	<u>11,215,000</u>
Total liabilities	<u>13,212,078</u>

NET ASSETS

Invested in capital assets, net of related debt	11,123,695
Restricted	
For debt service	2,866,108
For maintenance	111,821
Unrestricted	<u>14,974,789</u>
Total net assets	<u>\$ 29,076,413</u>

See the accompanying notes to the financial statements

Daniel Boone Regional Library
Statement of Activities
For the Year Ended December 31, 2009

Functions/Programs	Expenses	Program Revenues			Net Expenses and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:					
Governmental activities:					
Current					
Program services:					
Salaries and fringe benefits	\$ 4,806,291	\$ -	\$ -	\$ -	\$ 4,806,291
Library materials	1,223,023	-	35,664	51,934	1,135,425
General operating	783,742	28,488	212,317	8,504	534,433
Building operations and maintenance	1,907,288	-	-	-	1,907,288
Debt service					
Interest	547,396	-	-	-	547,396
Bond fees	2,914	-	-	-	2,914
Total	\$ 9,270,654	\$ 28,488	\$ 247,981	\$ 60,438	8,933,747
General revenues:					
Taxes:					
Property taxes, levied for general purpose					9,704,832
Unrestricted investment earnings					253,640
Other					44,995
Total general revenues					10,003,467
Change in net assets					1,069,720
Net assets-beginning					28,006,693
Net assets-ending					\$ 29,076,413

See the accompanying notes to the financial statements

**Daniel Boone Regional Library
Balance Sheet
Governmental Funds
December 31, 2009**

	<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>	
ASSETS					
Deposits and investments	\$ 8,044,606	\$ -	\$ 1,584,631	\$ 111,435	\$ 9,740,672
Receivables:					
Property taxes (net of allowance for uncollectible accounts \$181,922)	7,352,716	-	1,432,439	-	8,785,155
Interest	18,925	-	5,363	378	24,666
Other	3,993	-	24,000	-	27,993
Due from other fund	-	-	-	8	8
Prepaid expenditures	226,310	-	-	-	226,310
Total assets	<u>\$ 15,646,550</u>	<u>\$ -</u>	<u>\$ 3,046,433</u>	<u>\$ 111,821</u>	<u>\$ 18,804,804</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 146,314	\$ -	\$ -	\$ -	\$ 146,314
Salaries payable	26,207	-	-	-	26,207
Due to other fund	8	-	-	-	8
Deferred revenue	338,220	-	65,060	-	403,280
Total liabilities	<u>\$ 510,749</u>	<u>\$ -</u>	<u>\$ 65,060</u>	<u>\$ -</u>	<u>\$ 575,809</u>
Fund balances:					
Reserved:					
For debt service	-	-	2,981,373	-	2,981,373
For grant and donation spending	36,111	-	-	-	36,111
For prepaid expenditures	226,310	-	-	-	226,310
For building capital and maintenance expenditures	-	-	-	111,821	111,821
Unreserved:					
Designated for:					
Capital outlay	5,555,100	-	-	-	5,555,100
Undesignated:					
General fund	9,318,280	-	-	-	9,318,280
Total fund balances	<u>15,135,801</u>	<u>-</u>	<u>2,981,373</u>	<u>111,821</u>	<u>18,228,995</u>
Total liabilities and fund balances	<u>\$ 15,646,550</u>	<u>\$ -</u>	<u>\$ 3,046,433</u>	<u>\$ 111,821</u>	<u>\$ 18,804,804</u>

(continued)

**Daniel Boone Regional Library
Balance Sheet
Governmental Funds
December 31, 2009**

	(continued)
Reconciliation:	
Fund balances of governmental funds	\$ 18,228,995
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 governmental fund statements	23,483,695
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	(12,859,232)
Accrued interest payable on general obligation bonds is not a current obligation and therefore is not recorded in the governmental fund statements	(180,325)
Liabilities for deferred revenues in the governmental fund statements are considered earned revenues in the government-wide financial statements	<u>403,280</u>
Net assets of governmental activities	<u><u>\$ 29,076,413</u></u>

Daniel Boone Regional Library
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2009

	<u>Major Funds</u>			<u>Other Governmental Funds (CLD)</u>	<u>Total Governmental Funds</u>
	<u>General (DBRL)</u>	<u>Capital Project Fund (CLD)</u>	<u>Debt Service Fund (CLD)</u>		
REVENUES					
Property taxes	\$ 8,205,444	\$ -	\$ 1,585,567	\$ -	\$ 9,791,011
State aid	133,442	-	-	-	133,442
Grants	18,042	-	-	-	18,042
Investment income	194,169	18	55,562	3,891	253,640
Contributions	156,935	-	24,000	-	180,935
Copier income	28,488	-	-	-	28,488
Other	45,270	-	-	8	45,278
Total revenues	<u>8,781,790</u>	<u>18</u>	<u>1,665,129</u>	<u>3,899</u>	<u>10,450,836</u>
EXPENDITURES					
Current:					
Program services:					
Salaries and fringe benefits	4,763,343	-	-	-	4,763,343
Library materials	1,257,292	-	-	-	1,257,292
General operating	596,420	-	-	-	596,420
Building operations and maintenance	967,011	-	-	-	967,011
Capital outlay	677,853	7,108	-	-	684,961
Debt service:					
Principal	-	-	1,105,000	-	1,105,000
Interest	-	-	560,288	-	560,288
Bond fees	-	2,490	424	-	2,914
Total expenditures	<u>8,261,919</u>	<u>9,598</u>	<u>1,665,712</u>	<u>-</u>	<u>9,937,229</u>
Excess (deficiency) of revenues over expenditures	519,871	(9,580)	(583)	3,899	513,607
OTHER FINANCING SOURCES (USES)					
Operating transfer in (out)	-	(10,596)	10,596	-	-
Excess (deficiency) of revenues over expenditures and transfers	519,871	(20,176)	10,013	3,899	513,607
Fund balances-beginning	<u>14,615,930</u>	<u>20,176</u>	<u>2,971,360</u>	<u>107,922</u>	<u>17,715,388</u>
Fund balances-ending	<u>\$ 15,135,801</u>	<u>\$ -</u>	<u>\$ 2,981,373</u>	<u>\$ 111,821</u>	<u>\$ 18,228,995</u>

(continued)

Daniel Boone Regional Library
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2009

	(continued)
Reconciliation:	
Net changes in fund balances - total governmental funds	\$ 513,607
Amounts reported in the Statement of Activities are different because:	
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:	
Capital outlay and library material costs in excess of capitalization threshold	1,690,334
Depreciation	(1,969,028)
Gain on disposal of equipment and undepreciated cost of disposed library collections	(129,676)
Proceeds from sale of capital assets	(282)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds:	
Change in deferred revenue	(86,179)
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)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:	
Amount of the repayment	1,105,000
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	
	12,892
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:	
Change in long-term compensated absences payable	(42,948)
Total change in net assets of governmental activities	<u>\$ 1,069,720</u>

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, 2009

	Original Budget	Final Budget	Actual Amounts	Variance from Final Budget- Over (Under)
REVENUES				
Property taxes	\$ 8,089,325	\$ 8,089,325	\$ 8,191,025	\$ 101,700
State aid	139,897	139,897	133,442	(6,455)
Grants	20,000	20,000	18,042	(1,958)
Investment income	290,005	290,005	194,169	(95,836)
Contributions	120,000	120,000	156,935	36,935
Copier income	28,765	28,765	28,488	(277)
Other	39,150	39,150	45,270	6,120
Total revenues	<u>8,727,142</u>	<u>8,727,142</u>	<u>8,767,371</u>	<u>40,229</u>
EXPENDITURES				
Current:				
Program services:				
Salaries and fringe benefits	4,929,964	4,883,099	4,763,343	(119,756)
Library materials	1,168,000	1,168,000	1,257,292	89,292
General operating	622,550	622,550	596,420	(26,130)
Building operations and maintenance	987,472	1,024,572	967,011	(57,561)
Capital outlay	517,975	1,175,850	677,853	(497,997)
Contingency	140,000	140,000	-	(140,000)
Total Expenditures	<u>8,365,961</u>	<u>9,014,071</u>	<u>8,261,919</u>	<u>(752,152)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 361,181</u>	<u>\$ (286,929)</u>	<u>505,452</u>	<u>\$ 792,381</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>14,419</u>	
Excess of revenues over expenditures, modified accrual basis (Exhibit 4)			<u>\$ 519,871</u>	

See the accompanying notes to the 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, 2009

	Original and Final Budget	Actual Amounts	Variance from Final Budget- Over (Under)
REVENUES			
Property taxes	\$ 1,586,330	\$ 1,596,040	\$ 9,710
Investment income	39,230	55,562	16,332
Contributions	24,000	24,000	-
Total revenues	1,649,560	1,675,602	26,042
EXPENDITURES			
Current:			
Principal	1,105,000	1,105,000	-
Interest and fees	562,000	560,712	1,288
Total expenditures	1,667,000	1,665,712	(1,288)
Excess (deficiency) of revenues over expenditures	(17,440)	9,890	27,330
OTHER FINANCING SOURCES			
Operating transfers in	-	10,596	10,596
Excess (deficiency) of revenues over expenditures and transfers	\$ (17,440)	20,486	\$ 37,926
Reconciliation for 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		(10,473)	
Excess of revenues over expenditures modified accrual basis (Exhibit 4)		\$ 10,013	

See the accompanying notes to the 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 individually significant to the overall financial position of the Daniel Boone Regional Library or its changes in net assets and, therefore, 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 are generally 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 Library 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, controlled by the CLD Board of Trustees, was used to account for financial resources used for the acquisition of property and improvements and additions to the Columbia Library District building. This fund was closed in calendar year 2009 upon final expenditure of all funds.

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.

Other Governmental Fund

The "Other Governmental Fund" is a special revenue fund of the CLD used to account for expenditures 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 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 the 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 Fund and the 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.

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 votes to set their tax levies. 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 not including donation spending.

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 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 excluding grant and donation spending and the expenditure grand total does not exceed the total budgeted expenditures.

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 tax as revenue when deposited into the custody accounts. Accordingly, most of the property tax revenue recorded in the Statement 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 after 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 are defined as 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, playaways, and cassettes.

The System's collections are reported as library material expenditures in the fund that finances their 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:

<u>Asset Type</u>	<u>Estimated Useful Life In Years</u>
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. The Library has incurred no arbitrage liability and expects to have no future liability now that the bond debt construction project funds have been fully expended.

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), State of Missouri bonds, bonds of the United States, U.S. Treasury and agency securities, commercial paper, banker's acceptances, repurchase agreements and other investments backed by the United States government.

The System invests its cash in savings, repurchase agreements backed by U.S. Treasury securities, or federal agency discount notes, certificates of deposit and in external investment pools held by Boone County and the City of Columbia. 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.

Securities underlying a repurchase agreement, which consist of U.S. Treasury securities or federal agency discount notes, 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.

Cash deposits in financial institutions had a bank balance of \$713,287 and a carrying amount of \$512,350 at December 31, 2009. 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 custodial risk. The Director has established four savings or money market accounts. These accounts serve to ensure that all the System's assets are fully invested each day. The System requires its cash deposits and investments, other than external investment pools, to be fully collateralized by a combination of FDIC insurance and an irrevocable letter of credit. 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; revenue bonds of certain Missouri agencies and irrevocable standby letters of credit. Obligations were secured by an irrevocable standby letter of credit.

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. 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.

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 total cash and investments as of December 31, 2009 were as follows:

	Current Assets	Restricted Assets	Total
Bank deposits	\$ 488,498	\$ 23,852	\$ 512,350
Cash funds on hand	550	-	550
Cash in external investment pools:			
Boone County	4,602,205	-	4,602,205
City of Columbia	2,103,520	1,672,214	3,775,734
Callaway County	849,833	-	849,833
	<u>\$ 8,044,606</u>	<u>\$ 1,696,066</u>	<u>\$ 9,740,672</u>

Restricted assets consist of the following:

1999 and 2005 Series Bonds Debt	
Service Funds	\$ 1,584,631
CLD building fund	<u>111,435</u>
	<u>\$ 1,696,066</u>

Deposit and investment balances held for the Debt Service Fund and the 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 Other Governmental Fund, which are controlled by the CLD, can only be used for capital and maintenance expenditures for the Columbia Library District building.

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 2009 for each of the respective taxing districts were as follows:

	<u>General</u>	<u>Debt Service</u>
Columbia Library District	\$ 0.2971	\$ 0.2250
Boone County Library District	0.2986	-
Callaway County Library District	0.1954	-

The assessed valuations for property upon which the fiscal 2009 levies were based were as follows:

Columbia Library District	\$ 708,652,337
Boone County Library District	1,558,589,649
Callaway County Library District	688,827,379
	<u>\$ 2,956,069,365</u>

Property tax revenue from the individual taxing districts for the General Fund for the year ended December 31, 2009 is as follows:

Modified accrual basis fund financial statements:

	<u>Actual</u>
Columbia Library District	\$ 2,197,003
Boone County Library District	4,675,735
Callaway County Library District	1,332,706
	<u>\$ 8,205,444</u>

Non-GAAP budgetary basis financial statements:

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Columbia Library District	\$ 2,171,954	\$ 2,210,715	\$ 38,761
Boone County Library District	4,612,336	4,679,682	67,346
Callaway County Library District	1,305,035	1,300,628	(4,407)
	<u>\$ 8,089,325</u>	<u>\$ 8,191,025</u>	<u>\$ 101,700</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	\$ 268,127	\$ -	\$ 1,491,805
Callaway land	104,380	-	-	104,380
SoBoCo land	106,080	-	-	106,080
Construction in progress	-	123,403	-	123,403
Total capital assets not being depreciated	1,434,138	391,530	-	1,825,668
Capital assets being depreciated				
Columbia library building	23,375,244	7,108	-	23,382,352
Callaway library building	1,793,200	-	-	1,793,200
Leasehold improvements	10,665	-	-	10,665
Automotive equipment	341,552	-	-	341,552
Furniture and equipment	2,263,200	286,324	(203,264)	2,346,260
Books and materials	7,204,510	1,005,372	(985,259)	7,224,623
SIRSI circulation control system	215,345	-	(15,210)	200,135
Total capital assets being depreciated	35,203,716	1,298,804	(1,203,733)	35,298,787
Accumulated depreciation				
Columbia library building	(5,548,538)	(884,552)	-	(6,433,090)
Callaway library building	(763,469)	(55,725)	-	(819,194)
Leasehold improvements	(10,665)	-	-	(10,665)
Automotive equipment	(199,596)	(19,605)	-	(219,201)
Furniture and equipment	(1,748,427)	(159,664)	202,462	(1,705,629)
Books and materials	(4,293,365)	(841,949)	856,104	(4,279,210)
SIRSI circulation control system	(181,448)	(7,533)	15,210	(173,771)
Total accumulated depreciation	(12,745,508)	(1,969,028)	1,073,776	(13,640,760)
Total capital assets being depreciated, net	22,458,208	(670,224)	(129,957)	21,658,027
Capital assets, net	\$23,892,346	\$ (278,694)	\$ (129,957)	\$23,483,695

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

Library materials	\$ 841,949
General operating	186,802
Building operations and maintenance	940,277
	<u>\$ 1,969,028</u>

5. INTERFUND RECEIVABLES AND PAYABLES

On the fund financial statements activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as “due to/from other funds” (i.e. the current portion of an interfund loan). The interfund activity is not reported on the government-wide financial statements. The composition of interfund balances as of December 31, 2009, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Other Governmental (Building) Fund	General Fund	\$8

6. LONG-TERM LIABILITIES

General Obligation Bonds

During 2005, the Columbia Library District (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 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 then deposited into irrevocable trusts with an escrow agent to provide for debt service and retirement of the portion of the 1999 bonds that were called on March 1, 2008.

The 2005 bonds are to be repaid from annual tax assessments on property within the Columbia Library District. The bonds were issued to repay debt for the Columbia Public Library building project.

Principal payments on the Series 2005 bonds are due annually from March 1, 2010 and March 1, 2018, in amounts ranging from \$1,145,000 to \$1,660,000. Interest payments are due semi-annually on March 1 and September 1, at rates from 3.5% to 5%.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,145,000	\$ 520,913	\$ 1,665,913
2011	1,195,000	478,469	1,673,469
2012	1,235,000	432,906	1,667,906
2013	1,290,000	383,950	1,673,950
2014	1,345,000	324,525	1,669,525
2015-2018	6,150,000	576,900	6,726,900
	<u>\$ 12,360,000</u>	<u>\$ 2,717,663</u>	<u>\$ 15,077,663</u>

Changes in long-term liabilities:

Changes in all long-term liabilities during 2009 were as follows:

	Balance 1/1/2009	Additions	Reductions	Balance 12/31/2009
Accrued compensated absences	\$ 456,284	\$ 477,072	\$ (434,124)	\$ 499,232
General obligation bonds:				
2005 Series	13,465,000	-	(1,105,000)	12,360,000
Total	<u>\$ 13,921,284</u>	<u>\$ 477,072</u>	<u>\$ (1,539,124)</u>	<u>\$ 12,859,232</u>

The general fund has been used to liquidate the accrued compensated absences in prior years.

7. 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 hours worked per year. Through October 31, 2009, an employee was required to contribute a minimum of 4% of gross salary to participate in the plan, but could choose to contribute up to 100% as long as the deferral did not exceed the IRS mandated maximum. The System matched the 4% contribution for each participating employee through October 31. Beginning November 1, 2009, employees may contribute from 1% to 100% of gross salary, provided the deferral does not exceed the IRS maximum. The System will match contributions up to 6%. In addition, the System has added a Roth account option that allows for post-tax contributions.

Employees are fully vested after six years of participation in the plan. The employer's contributions were \$102,696 for 2009.

On January 1, 2010, the System implemented automatic enrollment at 2% of gross salary unless the employee opts out or defers at a different percentage of compensation.

8. LEASE

During 2009, the System renewed its operating lease for the facility in Southern Boone County. Expenditures under the lease during 2009 totaled \$45,023. The current lease provides for up to four one-year extensions at the System's option. The future annual minimum lease payments as of December 31, 2009 on the current lease term, which expires August 31, 2010, are \$30,015.

9. 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; natural disasters; and for employee health, dental, and life coverage. There were no significant reductions in insurance coverage during the past fiscal year.

10. 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, 2009 have been designated for the following purposes:

General Fund:

Future capital improvement of buildings owned by districts	\$ 2,700,000
Future equipment, furniture and similar capital outlay	1,205,000
Implementation of the long-range strategic plan	<u>1,650,100</u>
Total designated general fund balance	<u>\$ 5,555,100</u>

11. 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.

The System has the following contracts with remaining commitments as of December 31, 2009:

	<u>Approximate Amounts</u>	
	<u>Total</u>	<u>Remaining</u>
	<u>Contract</u>	<u>Commitment</u>
Parking lot	\$ 224,000	\$ 130,000
Junior bookmobile	130,200	105,700
Furniture	<u>9,800</u>	<u>4,900</u>
	<u>\$ 364,000</u>	<u>\$ 240,600</u>

12. 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 2009, the System received a total of \$143,265 in contributions and materials from these organizations and was reimbursed \$5,515 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, 2009

	Total Project Budget	Project to Date Actual	Remaining Budget	For the Year Ended December 31, 2009
REVENUES				
Return on investments	\$ 2,692,669	\$ 2,692,669	\$ -	\$ 18
Other revenue	53,609	53,609	-	-
Total revenues	<u>2,746,278</u>	<u>2,746,278</u>	<u>-</u>	<u>18</u>
EXPENDITURES				
Building project costs				
Architect and engineering fees	2,130,083	2,130,083	-	-
Consulting fees	82,933	82,933	-	-
Owner provided services	588,711	588,711	-	-
Project management advisor	175,821	175,821	-	-
Construction	<u>19,717,891</u>	<u>19,717,891</u>	<u>-</u>	<u>7,108</u>
Total building project costs	<u>22,695,439</u>	<u>22,695,439</u>	<u>-</u>	<u>7,108</u>
Bond issuance costs and fees				
Investment consultant	30,490	30,490	-	2,490
Bond costs	<u>105,012</u>	<u>105,012</u>	<u>-</u>	<u>-</u>
Total bond issuance costs and fees	<u>135,502</u>	<u>135,502</u>	<u>-</u>	<u>2,490</u>
Total expenditures	<u>22,830,941</u>	<u>22,830,941</u>	<u>-</u>	<u>9,598</u>
Excess (deficiency) of revenues over expenditures	<u>(20,084,663)</u>	<u>(20,084,663)</u>	<u>-</u>	<u>(9,580)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of bonds	21,785,635	21,785,635	-	-
Operating transfers in and (out)	<u>(1,700,972)</u>	<u>(1,700,972)</u>	<u>-</u>	<u>(10,596)</u>
Total other financing sources (uses)	<u>20,084,663</u>	<u>20,084,663</u>	<u>-</u>	<u>(10,596)</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (20,176)</u>