

**LIBRARY BOARD
A COMPONENT UNIT OF THE
CITY OF DERBY, KANSAS**

**Financial Statements
December 31, 2006 and 2005**

**with
Independent Auditors' Report**

MEMBERS
MARVIN W. NYE, C.P.A.
GREGORY B. SEVIER, C.P.A.
JOHN B. GOSS, C.P.A.

PRINCIPALS
VONDA J. WILSON, C.P.A.
DENISE M. GUDENKAUF, C.P.A.

PETERSON, PETERSON & GOSS, L.C.

CERTIFIED PUBLIC ACCOUNTANTS

417 NORTH TOPEKA AVENUE, P.O. BOX 1259
WICHITA, KANSAS 67201-1259
TELEPHONE 316-262-8371 FAX 316-262-5369

1121 COLLEGE PARK, SUITE 200 - DERBY, KANSAS 67037
Telephone 316-788-7741 Fax 316-788-1881

www.ppglc.com

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

The Library Board
A Component Unit of the City of Derby, Kansas
Derby, Kansas

We have audited the statements of net assets arising from cash transactions of the Library Board of the City of Derby, Kansas, a component unit of the City of Derby, Kansas, at December 31, 2006 and 2005, and the related statements of activities, for the years then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

As described in Note 1, these financial statements were prepared on the cash basis of accounting and are not presented in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly the financial position of the Library Board of the City of Derby, Kansas, at December 31, 2006 and 2005, and its changes in net assets for the years then ended on the basis of accounting as described in Note 1.

This report is intended solely for the use of Library Board and management of the Derby Public Library and should not be used for any other purpose.

Peterson, Peterson & Goss, L.C.

January 24, 2007

LIBRARY BOARD
A COMPONENT UNIT OF THE
CITY OF DERBY, KANSAS
Statements of Net Assets
Arising from Cash Transactions
December 31, 2006 and 2005

Assets

	<u>2006</u>	<u>2005</u>
Cash	<u>\$206,867</u>	<u>\$197,688</u>

Liabilities and Net Assets

Net assets, unrestricted	<u>\$206,867</u>	<u>\$197,688</u>
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See notes to financial statements.

LIBRARY BOARD
A COMPONENT UNIT OF THE
CITY OF DERBY, KANSAS
Statements of Activities
Arising from Cash Transactions
Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Unrestricted Net Assets:		
Revenues collected:		
Appropriations from City of Derby	\$ 214,200	\$ 210,800
Stipend	34,936	34,956
SCKLS	28,508	24,998
Fines, fees, sales, etc.	43,555	39,662
Gifts	409	99
Grants	6,494	19,632
State aid	13,983	13,382
Interest	2,279	2,184
Miscellaneous	941	740
Total revenues	<u>345,305</u>	<u>346,453</u>
Expenditures paid:		
Books, periodicals, albums, art prints, etc.	158,189	136,058
Library and office supplies	17,403	12,287
Storage rental	1,300	1,178
Postage	7,241	6,086
Equipment maintenance	20,804	39,000
Fixtures and improvements	39,462	30,519
Public relations	3,370	4,632
Meetings and memberships	7,608	9,017
Automation	14,574	15,115
Insurance	4,628	4,470
DVD	12,546	17,080
Compact discs	2,905	2,879
Videos	1,000	1,881
Miscellaneous	31,132	20,452
Grant expense	13,964	9,427
Total expenditures	<u>336,126</u>	<u>310,081</u>
Increase in net assets	9,179	36,372
Net assets, beginning of year	<u>197,688</u>	<u>161,316</u>
Net assets, end of year	<u><u>\$ 206,867</u></u>	<u><u>\$ 197,688</u></u>

See notes to financial statements.

LIBRARY BOARD
A COMPONENT UNIT OF THE
CITY OF DERBY, KANSAS
Notes to Financial Statements
December 31, 2006 and 2005

1. Summary of Significant Accounting Policies

This summary of significant accounting policies of the Library Board, City of Derby (the Board) is presented to assist in understanding the Board's financial statements. The financial statements and notes are representations of the Board's management, who is responsible for their integrity and objectivity.

Reporting Entity and Activities

The Library Board is a component unit of the City of Derby, which is the primary government of the reporting entity. The Library is governed by a Board appointed by the City and provides library services primarily to the citizens of the City of Derby.

Basis of Accounting

The Library Board's policy is to prepare its financial statements and maintain its records on the basis of cash receipts and disbursements; consequently, certain revenues and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when a liability is incurred.

Capital Assets

Capital assets records have not been maintained by the Library Board and the capital assets are not included in the financial statements.

2. Personnel Services

The City of Derby pays for Library Board personnel services from its Library Fund and Library Employee Benefits Fund.