

Comprehensive Annual Financial Report

For the year ended December 31, 2009

Pueblo City-County Library District Finance Office 100 E. Abriendo Avenue Pueblo, CO 81004

PUEBLO CITY-COUNTY LIBRARY DISTRICT COLORADO

Finance Office 100 E. Abriendo Avenue Pueblo, Colorado 81004

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended December 31, 2009

Board of Trustees

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Executive DirectorJon Walker

Prepared by:

Chris Brogan, C.G.F.O. Chief Financial Officer

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Pueblo City-County Library District, Colorado Financial Statements For The Year Ended December 31, 2009

TABLE OF CONTENTS

Introductory Section

Director's Letter of Transmittal Letter of Transmittal Administrative Team and Supervisors Organizational Chart	7 15
Financial Section	
Independent Auditors' Report	17
Management's Discussion and Analysis	19
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets Statement of Activities	
Fund Financial Statements:	
Governmental Funds:	20
Reconciliation of the Governmental Funds Balance Sheet to the Statement of	
Net Assets	
Statement of Revenues, Expenditures and Changes in Fund Balances	31
and Changes in Fund Balances to the Statement of Activities	32
Fiduciary Funds:	
Statement of Fiduciary Net Assets	
Statement of Changes in Fiduciary Net Assets	34
Notes to the Basic Financial Statements	35
Required Supplementary Information Budgetary Comparison Schedule – General Fund Notes to Required Supplementary Information	
Supplementary Information Budgetary Comparison Schedule – Capital Project Fund	59

Pueblo City-County Library District, Colorado Financial Statements For The Year Ended December 31, 2009

Statistical Section (Unaudited)

Introductory Statement	61
Financial Trends	
Government-wide Net Assets by Component	62
Changes in Net Assets – Government Activities	
Changes in Net Assets – Governmental Activities – Percentage of Total	
Fund Balances – Governmental Funds	
Summary of Changes in Fund Balances – Governmental Funds	68
Revenue Capacity	
Property Tax Levies and Collections	71
Direct and Overlapping Property Tax Rates	72
Assessed Value and Actual Value of Taxable Property	74
Principal Property Taxpayers	
Debt Capacity	
Legal Debt Limit Information	
Ratio of Outstanding Debt by Type	80
Ratio of Annual Debt Service Expenditures for COP Debt to	
Total General Fund Expenditures	81
Economic and Demographic Data	
Demographic and Economic Statistics	82
Principal Employers	84
Library Materials Purchased and Circulated	
Schedule of Service Locations	
Circulation Summary by Location	



100 E. Abriendo Avenue Pueblo, CO 81004-4232

(719) 562-5600 (719) 562-5610 Fax

www.pueblolibrary.org

Robert Hoag Rawlings Library Barkman Library Lamb Library

White Library

Community Satellite Libraries:

Avondale Elementary
Beulah School
Craver Middle School
Cesar Chavez Academy
North Mesa Elementary
Risley Middle School
Rye Elementary
South Mesa Elementary
Vineland Elementary

June 16, 2010

Board of Trustees Pueblo City-County Library District 100 E. Abriendo Avenue Pueblo, CO 81004

Dear Trustees:

I am pleased to submit to you the Comprehensive Annual Financial Report (CAFR) for the Pueblo City-County Library District for the year ended December 31, 2009.

This is the first year that an annual financial report has been submitted to you in CAFR format, in accordance with the guidelines of the Government Finance Officers Association (GFOA). The required components of a CAFR include all of the financial statement data as historically reported, as well as a Management Discussion and Analysis Section, a Statistical Section which includes seventeen exhibits of information on financial trends, revenue capacity, debt capacity, demographic and economic information, and operating information, and more expanded information in the letters of transmittal. It is our expectation that providing this enhanced level of detail will offer a more complete fiscal and operational picture of the Pueblo City-County Library District.

It is our intent to submit this document for review by the GFOA, where a panel of financial professionals will critique the document for thoroughness, accuracy and presentation.

Thank you for your review of this document and for your continuing support and guidance.

Sincerely,

Jon Walker

Executive Director

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PUEBLO CITY-COUNTY LIBRARY Ideas Imagination Information

100 E. Abriendo Avenue Pueblo, CO 81004-4232

(719) 562-5600 (719) 562-5610 Fax

www.pueblolibrary. org

Robert Hoag Rawlings Library Barkman Library Lamb Library White Library

Community Satellite Libraries:

Elementary Beulah School Craver Middle School

Avondale

June 16, 2010

Members of the Board of Trustees Pueblo City-County Library District 100 E. Abriendo Avenue Pueblo, Colorado 81004

Dear Board Members:

I am pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of Pueblo City-County Library District (the District) for the year ended December 31, 2009. This report was prepared by the Finance Office to provide citizens, investors, grantor agencies and other interested parties with information on the financial condition of the District. It has been prepared in accordance with generally accepted accounting principles for governmental units as prescribed by the Governmental Accounting Standards Board (GASB), and meets the requirements of the State of Colorado Auditor's Office.

To the best of our knowledge, the enclosed information is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the District. The accuracy of the District financial statements and completeness and fairness of their presentation is the responsibility of District management. The District maintains a system of internal accounting controls to insure that assets are safeguarded against loss, and that financial records are properly maintained and can be relied upon to produce accurate financial statements.

Colorado State Statutes require an annual audit by independent certified public accountants. This requirement is being met through engagement of the firm of Swanhorst & Company LLC, to audit the 2009 financial statements of the District. The independent auditors' examination is conducted in accordance with generally accepted auditing standards and provides an independent assessment that helps assure fair presentation of the District's financial position and results of operations. The auditors' report on the basic financial statements is included in the financial section.

The CAFR includes the following components:

- ➤ Letters of transmittal from the Executive Director and the CFO, summarizing the fiscal operations of the District.
- > Organizational chart and listing of board members and administrative managers.
- Report of the independent certified public accountants
- Management's Discussion and Analysis
- > Combined financial statements
- Notes to the basic financial statements
- > Supplemental information
- > Statistical section

PROFILE OF THE GOVERNMENT

Governmental Structure

The District, established on July 15, 1968, by joint resolution of the Pueblo City Council and the Pueblo Board of County Commissioners, is considered to be a "Library District" which is a separate legal entity, and was created through Colorado State Statute (C.R.S. 24-90-110). The District is not considered to be a component unit of either the City of Pueblo or of Pueblo County, Colorado, and is financially, managerially and operationally independent, and meets the guidelines of GASB Statement No. 14, as amended by GASB Statement 39, *The Financial Reporting Entity*. The District does not currently recognize any dependent component units for inclusion in these financial statements. Pueblo City-County Library District provides library service to all residents of the City and County of Pueblo.

There are four library buildings in the District service area, which covers approximately 2,414 square miles. Three of these buildings are branch libraries: Frank & Marie Barkman Library, Frank I. Lamb Library, and Pueblo West Library. The main library, Robert Hoag Rawlings Library, is located downtown in a facility of approximately 109,000 square feet. The fourth floor of the Rawlings Library houses a news museum, the InfoZone, which is operated by District staff. The District also has an Outreach Services department which oversees nine satellite locations in schools throughout the county. The Satellite program was implemented in 1987 to replace the bookmobile concept. Two satellites are in the metro area, three are in mountain communities, and the remaining four are in communities on the St. Charles Mesa. All are managed through contractual agreements with the schools. The Library @ the Y, a small facility in the new YMCA building, opened in November 2009. Administrative and support departments, including the Executive Director's office, Human Resources, Community Relations, Finance, Technical Services, Information Technology, Facilities and InfoZone, are all housed together in the Rawlings Library.

The District's Board of Trustees consists of seven members. The members are appointed to five-year terms of office by the Board of Pueblo County Commissioners and the City Council of Pueblo. Each term is renewable; there are no term limits. The District's Board convenes at monthly meetings, monthly work sessions, and at any special meetings when they are necessary. Although Board members are prohibited by law from receiving compensation for their services as trustees, they may be reimbursed for necessary travel, training or miscellaneous expenses.

MOTTO

Ideas, Imagination & Information

MISSION

We serve as a foundation for our community by offering welcoming, well equipped and maintained facilities, outstanding collections, and well-trained employees who provide expert service encouraging the joy of reading, supporting lifelong learning and presenting access to information from around the world.

VISION

Books and Beyond

GOALS

- Build on our winning workplace
- Increase circulation of library materials
- Improve services for targeted populations
- Provide for the Library District's capital needs
 - Plan for the future of library services

In 2005, the Library embarked on a Strategic Plan – *Roadmap to the Future* – which detailed the plans of the District to meet the goals identified above through a series of objectives to be undertaken in the ensuing years. That plan has been used extensively in the past four years to guide the District in its provision of service to the public. Many of the goals in that document were accomplished; some were modified; some were postponed or restructured.

In 2009 the District thoroughly analyzed and updated the Strategic Plan in order to meet the ever-changing needs of our public in an economic environment that has become increasingly challenging. The new plan, *Moving Ahead – Building a Community of Readers*, will focus on four new strategic goals beginning in 2010:

- > Increase circulation
- > Improve information technology
- > Expand services to the underserved
- Consider a mill levy increase

During the past five years, the Library District has been remarkably successful in its endeavors. Library checkouts have increased 40.3 percent, attendance at library programs has gone up 100 percent, and customer assistance has grown 36.3 percent.

Testament to the success of the Library District are two distinct honors bestowed in the past few years. In a 2006 poll of county residents, the Library District was selected as the best public service agency in the community. In 2009, the Colorado Association of Libraries selected Pueblo City-County Library District as the 2009 Library of the Year.

Major Initiatives

In March 2009, the new Pueblo West Library opened its doors. The District funded the expansion and renovation of this library with an issue of \$6 million in Certificates of Participation. Circulation, gate count and customers served statistics have risen exponentially since the opening, and statistics continue to surpass expectations. The building was constructed to adhere to LEED (Leadership in Energy and Environmental Design), a Green Building Rating System which is a voluntary, consensus-based standard to support and certify green building design, construction and operations. It was the first public building in Pueblo which received the LEED's Gold rating.

A small library was opened in the fall of 2009, located in the new YMCA building. This was the culmination of an agreement drawn up several years ago to provide library service within the recreational facility. Although it occupies a relatively small area of only 1,000 square feet, it contains a wide array of materials, including books, magazines, and audio visual materials.

The District received a grant from the National Endowment for the Arts, supporting the fifth annual All Pueblo Reads project featuring *The House on Mango Street* by Sandra Cisneros and *Sun, Stone, and Shadows: 20 Great Mexican Short Stories* edited by Jorge F. Hernandez. Nearly 18,000 Puebloans participated in the project, which featured 59 events and 22 community partners during October and November. Highlights included Cheech Marin's Chicano Collection on exhibit in the InfoZone, a Chautauqua performance by Fred Blanco as Cesar Chavez, the second annual Booklovers Blacktie Ball, and the public appearance and book signing featuring author Sandra Cisneros.

The R.M. Watts Business and Vocational Center, located at the Pueblo West Library, was funded through a gift from the R.M. Watts Foundation. This center has provided a wealth of business information and training, especially helpful in the current economic downturn. The center seeks to partner with the business and nonprofit communities, offer an expanded business collection, assist individuals exploring small-business startup and expansion, and help individuals with career and vocational resources.

Books a la Cart was implemented in 2009 – a books-on-wheels program that brings the library to many underserved areas of the community. The Outreach Services department oversees this program, using a new van that is shared with the Facilities department. An appealing graphics application on the exterior of the van invites people to "Follow me to the Library!" This pilot program has been very successful, and will be continued.

Downloadable audio books were added to the collection in 2009. A grant from the Friends of the Library funded the initial subscription, which allows patrons to download their favorite titles from home and listen to them on a home computer or MP3 player.

Financial policies were reviewed and updated in 2009. Policies on budget, purchasing, expense reimbursement, credit card use and petty cash were revised; new policies on fund balance and cash management and banking were written and adopted by the Board of Trustees. In addition to financial policies, all of the Library District's service and operations policies were reviewed and revised.

The last major initiative that was undertaken in 2009 was the design planning to renovate and upgrade the InfoZone News Museum on the fourth floor of the Rawlings Library. Work on the design and construction phase of this initiative will continue into 2010. The InfoZone News Museum continues to offer remarkable exhibits and displays. The *Torn From Home: My Life as a Refugee* exhibit, created by the Lied Discovery Children's Museum of Las Vegas, was seen by over 11,600 visitors. The exhibit provided a handson journey into the lives of millions of children forced to flee their homes in conflict regions throughout the world.

Plans for the future

Three ballot initiatives will be voted on at the November polls. These are all tax limitation initiatives which, if passed, will significantly limit the Library District's future revenue stream. Because of an already weakened economy, budgeting for 2011 will be a challenging task. We continue to work on our long-range library replacement plan funding, as well as long-range plans for on-going operational needs. However, until the results of the November 2010 election are known, planning for future needs is in a state of uncertainty. The Library District is evaluating different scenarios in order to be able to move quickly into a budget approval process at the end of the year. There is still a need for improved library services on the St. Charles Mesa, as well as in our mountain communities, but those plans have been postponed for the immediate future. We will continue to evaluate possibilities and opportunities as the economy recovers or other funding sources are identified.

Our 2010 Annual Plan identifies a number of goals for the District. These are based on the five major goals as identified above, and we plan to move forward with most of them.

Each goal is supported by specific objectives and budgeted initiatives developed with input from the Board of Trustees, supervisors and managers, and the Employee Steering Committee, and annual planning and budgeting requests submitted by individual branch and department teams.

Objectives that constitute new initiatives for the year in support of the five goals include:

✓ Maintain the PCCLD pay plan by providing a 2.5% merit pay allowance for each employee who is in good standing.

- ✓ Provide the staff with technology awareness training in areas such as Microsoft Outlook personal information manager and social networking tools and establish standards of use.
- ✓ Supply training for all staff in communication and team-building skills.
- ✓ Investigate the opportunity of extending health care benefits to part-time employees in partnership with Health Access Pueblo
- ✓ Assess the feasibility of providing medical expense and/or dependent care
 Flexible Spending Accounts as part of the benefits package available to
 employees.
- ✓ Compile a Comprehensive Annual Financial Report for the 2009 and 2010 budget years in accordance with the Government Finance Officers' Association standards for excellence.
- ✓ Implement Board-approved policies governing use of PCCLD information technology, including password management, data and email retention, remote access, confidentiality, acceptable use, and disaster recovery.
- ✓ Evaluate current procurement practices to determine the feasibility of moving to centralized purchasing practices.
- ✓ Increase funds available for materials to represent 15% of the annual operating budget expenditures with increasing amounts dedicated to the most popular and best-selling materials including DVDs.
- ✓ Renew the collection by improving maintenance with the adoption of systematic "weeding" procedures, including consistent District-wide handling of missing item and "dusty book" reports.
- ✓ Continue to improve upon the merchandising of books and other library materials.
- ✓ Better allocate materials budgets based upon demand and implement the Integrated Library System (ILS) report-writing software "Director's Station" to improve analysis of collection use.
- ✓ Improve searching techniques in the online catalog, including better defined keyword indexing and incorporating access to authority file cross references.
- ✓ Launch the ILS serials module to better track individual magazine issues and monitor use.
- ✓ Start a pilot program offering video games as part of the Library District's collections.
- ✓ Continue the "Books a la Cart" project as a regular program of the Library District.
- ✓ Create and implement a plan for PCCLD's social media presence.
- ✓ Develop new brochures customized to feature the Barkman Library and the Lamb Library, respectively.
- ✓ Replace obsolete Human Resources and Accounting software with new tools...
- ✓ Implement a new IP-based telephone solution configured to support a centralized call center to better manage incoming public telephone traffic.
- ✓ Redesign PCCLD's website incorporating contemporary design and Library 2.0 capabilities, and create the position of web master to ensure PCCLD's web presence remains contemporary and up-to-date.

FACTORS AFFECTING FINANCIAL CONDITION

The District has established a 20-year Library Equipment Replacement Plan, as well as a 10-Year Financial Projection spreadsheet, to demonstrate use of available funding to provide the collections, facilities, staffing, and technology needs that have been identified. The Library Equipment Replacement Plan is budgeted in the Capital Project Fund, which is funded through annual transfers from the General Fund. In 2009 the transfer of funds was not made, and no transfer is budgeted in 2010. Careful analysis will continue to be made to ensure the stability of the Replacement Plan, and to maintain sufficient resources for future repairs and replacement. The current economic downturn has necessitated the re-evaluation of all District resources, which we will continue to do in order to protect the resources of the District while recognizing our commitment to provide excellent service to the constituents of our District.

Since its inception in 1968, the Pueblo City-County Library District has requested only one increase in its mill levy to increase revenues. This request was approved by the voters, which implied their confidence in our ability to provide materials and services in a responsible, accountable manner. We forecast revenues and expenditures in our Ten-Year Financial Projection spreadsheet, and update our assumptions and projections several times each year.

Management's Discussion and Analysis

Specific details of the overall economy for the Pueblo County are highlighted in the Management's Discussion and Analysis section of this document. A narrative of specific financial outcomes, discussion of governmental and business activities, debt and capital assessment statistics, economic conditions and information about how to contact the District's financial management can be found in this presentation.

Risk Management

The District is covered for workers' compensation insurance through the state insurance carrier, Pinnacol Insurance. The firm of HUB International/SCA Insurance represents the District as our agent for this account, as well as for all risk property insurance, liability, automobile, boiler and machinery, crime, and Officers' and Director's liability insurance, covered through Philadelphia Insurance. HUB/SCA is also our consultant for employee health insurance.

Internal Controls

The District has a number of policies and procedures which govern the operations of the District to ensure effective cash management, compliance with governmental accounting regulations, and good business practice. The objectives of these policies and procedures are commensurate with our District-wide goals to effectively manage the current assets and resources of the District. The oversight responsibilities for the financial operations of the District rest with the Board of Trustees. Each month the Board is provided detailed financial information, prepared by the Finance staff, including financial statements,

balance sheets, summary information and disbursements reports for each fund. The financial report is an agenda item, presented by the Chief Financial Officer, and subject to a vote for approval. The Board is responsible for all budgetary resolutions and approvals, and for setting the mill levy annually. The Board is also responsible for approval of any real estate transactions, bonded debt, borrowing of funds, and major contracts.

The Executive Director has the authority to negotiate and sign regular operational contracts, and to approve expenditure of funds.

Segregation of duties is a guiding principle in the Finance Office. For example, the staff members who count the cash and prepare the deposit slips do not take the deposits to the bank, nor are they authorized to record the deposits in the accounting system. Only the Chief Financial Officer and the Executive Director are authorized to initiate wire transfers or banking transactions.

The Chief Financial Officer approves payment of invoices and journal entries. The accounting system is carefully set up to allow rights for certain functions to the appropriate staff members only. Bank reconciliations are processed by the Finance Accountant, but must be reviewed and approved by the Chief Financial Officer.

One of the operational tactics for 2009 was to implement a cash audit process at all cash collection points, with reports submitted to managers advising of any discrepancies in cash or procedures. This tactic was implemented thoroughly. We believe that the cash management procedures in place are thorough and comprehensive, providing an effective environment of safety and good stewardship of the taxpayers' trust.

ACKNOWLEDGMENT

I would like to express my appreciation to the Library District Finance Office staff, Ruth Mondragon, Accountant, and Darla Diaz, Accounting Specialist, who consistently and accurately contribute to the efficient operation of this office. I would also like to extend special thanks to the dedicated professionals at Swanhorst & Co. LLC, our external auditing firm.

Finally, I wish to thank Jon Walker, Executive Director, and the members of the Board of Trustees for their leadership and support. It is my distinct privilege to serve as the CFO for an organization that exemplifies generosity, respect, encouragement and integrity, and I am honored to be a member of the Pueblo City-County Library organization.

Respectfully submitted,

Chris Brogan, C.G.F.O. Chief Financial Officer

Pueblo City-County Library District

ADMINISTRATIVE TEAM

Jon Walker	Executive Director
Kathy Knox	
Chris Brogan	
Midori Clark	
Desmond Grant	
Sara Rose	
Teresa Valenti	Technical Services and Collection Development Manager

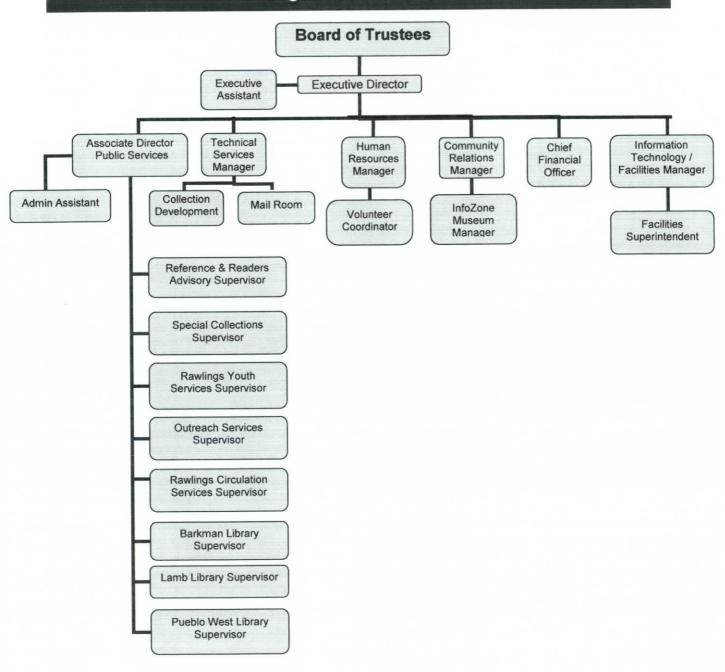
SUPERVISORS

Carol Rooney	Pueblo West Library Supervisor
Steve Antonuccio	Barkman Library Supervisor
Diann Logie	Lamb Library Supervisor
Barbara Brown	
Maria Sanchez-Kennedy	
Michael Cox	
Al Perea	Facilities Supervisor
Rebecca Atkinson	Reference/Readers Advisory Supervisor
Noreen Riffe	Special Collections Supervisor
Tiffany Turner	Circulation Supervisor



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Organizational Chart



Centified Public Accountants

Board of Trustees Pueblo City-County Library District Pueblo, Colorado

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pueblo City-County Library District as of and for the year ended December 31, 2009, which collectively comprise the basic financial statements of the Pueblo City-County Library District, as listed in the table of contents. These financial statements are the responsibility of the Pueblo City-County Library District's management. Our responsibility is to express opinions 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 opinions.

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 Pueblo City-County Library District as of December 31, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 Pueblo City-County Library District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Swantont & Corpany LLL-June 16, 2010

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Pueblo City-County Library District (the District) annual financial report, the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the calendar year ended December 31, 2009. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The District's assets exceeded its liabilities by \$31,158,333 (net assets) for the calendar year reported.
- Total net assets are comprised of the following:
 - Capital assets, net of related debt, of \$27,804,631 include property, materials and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net assets of \$239,181 are restricted by constraints imposed from outside the District such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted net assets of \$3,114,521 represent the portion available to maintain the District's continuing obligations to citizens and creditors.
- The District's general fund reported total ending fund balance of \$1,108,928 this year. This compares to the prior year ending fund balance of \$2,876,000 showing a decrease of \$1,767,072 during the current year. A transfer of \$2,001,684 from the general fund to the capital project fund correctly recognized the purpose and uses of the library replacement plan. Without this transfer, general fund would reflect an increase in fund balance of \$234,612.
- At the end of the current calendar year, unreserved fund balance for all governmental funds was \$3,351,295, or 38% of total governmental fund expenditures including transfers.
- Overall, the District continues to maintain a strong financial position, in spite of the current economic downturn.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Assets*. This is the government-wide statement of position presenting information that includes all of the District's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of Library District infrastructure, in addition to the financial information provided in this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and For The Year Ended

The second government-wide statement is the *Statement of Activities*, which reports how the District's net assets changed during the current calendar year. All current year revenues and expenses are included regardless of when the District receives or pays cash. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by the District's taxpayers.

Both government-wide financial statements distinguish governmental activities of the District that are principally supported by property taxes. Governmental activities include general library operations.

The government-wide financial statements are presented immediately following this analysis.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's two significant funds. Each fund is separately reported.

The District has the following fund types:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 29 - 32 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide statements because those resources are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for the government-wide statements.

The basic fiduciary fund financial statements can be found on pages 33 and 34 of this report.

Notes To The Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin on page 35 of this report.

Required Supplementary Information

On page 55, the budget to actual comparison for the general fund is presented as required supplementary information.

Supplementary Information

As discussed, the District reports major funds in the basic financial statements. The budgetary comparisons for the capital projects fund is presented in a supplementary information section of this report beginning on page 59.

Financial Analysis of the District as a Whole

The District's net assets at 12/31/2009 are \$31,158,333. The following table provides a summary of the District's net assets:

Summary of Net Assets December 31,

	Government Activities							
	200	09	2008					
	Amount	Percentage of Total	Amount	Percentage of Total				
Assets:								
Current assets	\$ 11,066,410	24.5%	\$ 13,047,562	28.0%				
Non-current assets								
(excluding capital)	220,889	0.5%	230,584	0.5%				
Capital assets	33,863,905	75.0%	33,384,432	71.5%				
Total assets	45,151,204	100.0%	46,662,578	100.0%				
Liabilities:								
Current liabilities	7,356,428	52.6%	8,278,694	56.2%				
Long-term liabilities	6,636,443	47.4%	6,464,454	43.8%				
Total liabilities	13,992,871	100.0%	14,743,148	100.0%				
Net assets:								
Invested in capital assets,								
net of debt	27,804,631	89.2%	27,117,600	85.0%				
Restricted	239,181	0.8%	220,785	0.7%				
Unrestricted	3,114,521	10.0%	4,581,045	14.4%				
Total net assets	\$ 31,158,333	100.0%	\$ 31,919,430	100.0%				

The District continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. As a result, the current ratio for the District overall is 1.47 to 1. This ratio compares to 1.58 to 1 at December 31, 2008.

To make the ratio more meaningful, property taxes receivable and the deferred revenue can be eliminated for an identical amount for governmental activities. After this elimination, governmental current assets are \$3,945,936 and current liabilities are \$397,408. As a result, the current ratio for the District overall is 9.9 to 1 at December 31, 2009 compared with 3.9 to 1 at December 31, 2008. The ratio at the end of 2008 was very positive, and the ratio at the end of 2009 remains strong.

The District reported positive balances in net assets for both governmental activities. Net assets decreased by \$761,097 for governmental activities. The District's overall financial position decreased during calendar year 2009 by 2%.

Approximately 89% of the District's net assets are represented by capital assets at December 31, 2009 compared to 85% at December 31, 2008. The District uses these capital assets to provide services to its citizens.

The following table provides a summary of the District's changes in governmental activity's net assets:

	Summary of Char	iges in Net Asse	ts	
		Government	Activities	
	200	19	200	8
	200	Percentage	200	Percentage
	Amount	of Total	Amount	of Total
Revenues:				
Program:				
Charges for services	\$ 94,965	1.2%	\$ 144,332	1.8%
Operating grants	145,789	1.9%	48,577	0.6%
Capital grants	63,750	0.8%	434,755	5.5%
General:				
Taxes	7,163,125	93.2%	7,060,911	89.2%
Other	215,207	2.8%	224,121	2.8%
Total revenues	7,682,836	100.0%	7,912,696	100.0%
Program Expenses:				
Public Services	8,120,764	96.2%	7,344,448	95.7%
Interest on long-term debt	323,169	3.8%	331,064	4.3%
Total expenses	8,443,933	100.0%	7,675,512	100.0%
Change in net assets	(761,097)		237,184	
Prior period adjustment	-		4,498,070	
Beginning net assets	31,919,430		27,184,176	
Ending net assets	\$ 31,158,333		\$ 31,919,430	

GOVERNMENTAL REVENUES

The District is heavily reliant on taxes to support governmental operations. Taxes provided 88% of the District's total revenues in 2009 as compared to 89% in 2008. Revenues decreased in 2009 from 2008 by \$229,860, due primarily to decreases in property tax, specific ownership tax, and investment earnings.

Also, note that program revenues cover only 4% of governmental operating expenses. This means that the government's taxpayers and the District's other general revenues fund 96% of the governmental activities. As a result, the general economy and the changes in both residential and commercial property values have a major impact on the District's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

As a single-purpose governmental entity, there is really only one function of the Pueblo City-County Library District, and all internal departments serve to support that function – library service to the public. The only functional category segregated for purposes of the Statement of Activities is that of the debt service for repayment of the Certificates of Participation. Until the year 2012, the annual payment is for interest only, as presented on the Statement of Activities.

The 2009 interest on long-term debt amounted to 3.7% of the total District expenses. Approximately \$922,568 of depreciation expense on the District's buildings, equipment and materials is included in total expenses.

Financial Analysis of the District's Funds

Governmental funds

Governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$3,806,899. Of this year-end total, \$1,308,648 is unreserved and undesignated, indicating availability for continuing District service requirements. The fund balance at the end of 2008 was \$5,005,484, which included bond funding to complete the Pueblo West Library. Most of that funding has been expended, resulting in a decrease in fund balance of \$1,198,585.

Reserve fund balances include \$239,181 emergency reserve requirement pursuant to the TABOR constitutional amendment and \$216,424 available only for the prepaid items. Designated fund balances include the entire balance in the Capital Project Fund, which holds capital improvement funding to complete the current building project at Pueblo West, as well as Replacement Plan fund for future building, equipment and technology upgrades and improvements. Designated fund balances also include the entire fund balance for Nonmajor Special Revenue Fund, as well as \$1,002,276 set aside for future operating expenses, and \$1,000,000 identified as designated per bond requirements. The total combined fund balance represents 43% of annual combined expenditures.

General Fund

The general fund is the District's primary operating fund and the largest source of day-to-day service delivery. The general fund's fund balance at December 31, 2009 is \$1,108,928, a decrease of \$1,767,072 from the previous year, due in large part to transfer of the library replacement plan account to the capital project fund.

Expenditures show a decrease of \$205,045 or 3% under the prior year. This decrease relates primarily to the reduction in scheduled debt service interest payment, as well as completion of network infrastructure and capital asset spending for the technology plan.

Capital Project Fund

The capital project fund holds all expenditure activity for purchase of capital assets through the library replacement plan, including FFE, major building repair and improvements, and computer equipment. Purchase of land, construction of buildings and related expenses are also included in this fund, as well as renovations and upgrades to the InfoZone News Museum located on the fourth floor of the Rawlings Library. The only capital assets that are budgeted and expensed out of the General Fund are collection items – books and audiovisual materials.

Fund balance at December 31, 2009 is \$2,657,602, an increase of \$589,526. Although the library replacement plan account balance was transferred to this fund, the remainder of construction costs for the Pueblo West Library were expensed in 2009, offsetting the transfer by \$1,595,249.

Budgetary Highlights - General Fund

Actual revenues were \$171,654 less than budgeted. Property taxes were under budget by \$51,941 or .8%. Specific ownership tax was also under budget by \$80,089 or 11%. This tax is based on the licensing tax collected for vehicles, and is always a difficult revenue item to project. Determining the exact amount of specific ownership taxes, however, is ultimately dependent upon how many automobiles are purchased and licensed in Pueblo County, something of a crystal ball endeavor. Automobile sales were hit very hard by the economic conditions in Pueblo in 2009, showing marked declines throughout the year. This clearly also had an adverse effect on the collection of specific ownership taxes.

Two other revenue streams also came in less than budgeted. Investment earnings reflects only 17% collection from what was budgeted, due to the continuing decline of interest yield during 2009, and recovery rates far less than anticipated. Gifts and donations were also received at a lower amount than budgeted at 66% collection. Miscellaneous contracts and grants, fines, and miscellaneous revenues were all received well above budget. In total, revenue for 2009 was received at 98% of budget, continuing to reflect the decline of the economy.

All appropriated expenditures were under-spent by a total of \$337,911, or 4.6% of the budget. More detailed information about budget to actual comparisons can be found following the notes to the financial statements, in the section entitled REQUIRED SUPPLEMENTARY INFORMATION, beginning on page 55.

The excess of revenues over expenditures for 2009 was \$ 208,867.

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets, net of accumulated depreciation, for governmental as of December 31, 2009, was \$33,863,905. See Note 2D for additional information about changes in capital assets during the calendar year and outstanding at the end of the year. The following table provides a summary of capital asset activity:

	Capital Assets				
	Government	Percentage of Total			
	2009	2008	2009	2008	
Non-depreciable assets:					
Land	\$ 1,842,043	\$ 1,842,043	96%	27%	
Construction in progress	-	4,837,682	0%	72%	
Artwork and Collectibles	79,580	72,000	4%	1%	
Total non-depreciable	1,921,623	6,751,725	100%	100%	
Depreciable assets:					
Buildings	29,863,990	24,250,239	75%	72%	
Furniture and fixtures	910,443	676,125	2%	2%	
Vehicles	83,551	82,347	0%	0%	
Computer equipment	800,403	601,941	2%	2%	
Other equipment	84,456	82,456	0%	0%	
Computer software	39,836	39,836	0%	0%	
Library books and audio visual materials	8,293,424	8,111,016	21%	24%	
Total depreciable assets	40,076,103	33,843,960	100%	100%	
Less accumulated depreciation	8,133,821	7,211,253			
Book value - depreciable assets	31,942,282	26,632,707			
Percentage depreciated	20%	21%			
Book value - all assets	\$ 33,863,905	\$ 33,384,432			

At December 31, 2009, the depreciable capital assets for governmental activities were 20%, which is a slight decrease over 21% depreciated at December 31, 2008.

Long-Term Debt

On October 10, 2007, the District issued \$6,000,000 in Certificates of Participation with interest rates of 5.0% and 5.25%. The proceeds from the sale of the 2007 certificates are being used to finance the Pueblo West Library renovation and addition. Total interest cost on the debt service is \$5,109,443. Details of this obligation and the retirement of other long-term debt obligations of the District are included in Note 2E of the notes to financial statements.

Economic Conditions Affecting the District

Information included in this section was compiled from several sources, including the Bureau of Labor Statistics, the Colorado Department of Labor and Employment, the Colorado Department of Local Affairs, and the Pueblo County GIS Department.

The population of Pueblo County was 141,472 in the year 2000 according to the U.S. Census Bureau; it is projected to increase to 164,982 in 2010. The population in 2009 was 158,804, an increase of 1.3% from prior year. Most of the recent growth in population in Pueblo County has occurred in the Pueblo West geographical area, which has increased from 4,613 people in 1990 to an unofficial estimate of more than 30,000 people currently. This is an increase of more than 550%.

In 2008, the unemployment rate in Pueblo County was 6.2%, but the average unemployment rate for 2009 increased to 8.3%, which was higher than the state of Colorado, but lower than the national rate. The average unemployment rate for Colorado was 7.7%, lower than the national rate of 9.3%. In prior years, the unemployment rate in Pueblo County was typically slightly higher than both state and national averages. The civilian labor force totaled 77,949, just 237 higher than 2008. This was comprised of 67,811 employed and 6,138 unemployed. This is an increase of approximately 35% in unemployment for the year 2009.

The median household income in 2009 was \$43,493, an increase of 1.7% over 2008. This compared with a median household income for Colorado of 61,304, which was a decrease of 1.8% from 2008, illustrating that the income levels in Pueblo fared better, on average, that state-wide figures. The median household income in Pueblo County has increased by 30% since 2000, Average household size remains at a level consistent with prior years, at 2.51, which is lower than both Colorado and national levels, which were at 2.56 and 2.59 respectively.

The most negative economic indicator in 2009 was the recession, although the negative effects of unemployment and drastic decreases in sales tax revenue have not impacted the District as severely as other entities in our area. Since the District is funded primarily by property tax revenues, it won't feel the effects of decreases in property values for another year, when assessments are updated on properties in our county. The foreclosure rates on homes in the Pueblo area is significantly lower than other areas of the state, and those numbers have increased very slightly in the past year, from 757 in 2008 to 784 in 2009, a 3.57% increase. In 2007, 1,029 foreclosure sales were recorded. The state-wide foreclosure rate in 2009 was 1.1%, or 1 foreclosure for every 94 households. The foreclosure rate in Pueblo was somewhat higher at 1.3%, or one foreclosure for every 77 households. Several counties in the state reported significantly higher percentages, exceeding 2%, while Pueblo only surpassed the state average by .2%. Economic development continues to grow in Pueblo County, with a new windmill production plant completed in 2009, ultimately bringing up to 450 new jobs to the county.

Overall, the economic health of Pueblo County is relatively stable. Perhaps the biggest indicator for Pueblo City-County Library District is the confidence and encouragement of our patrons, who continue to acknowledge and appreciate the services provided to them by our District.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the District's Finance Office at 100 E. Abriendo Avenue, Pueblo, Colorado 81004.

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Pueblo City-County Library District, Colorado Statement of Net Assets December 31, 2009

Assets	Governmental Activities
Current Assets	
Cash and investments (Note 2A)	\$ 3,719,308
Receivables: (Note 2B)	
Accounts	10,204
Property taxes	7,120,474
Prepaid expenses	216,424
Total Current Assets	11,066,410
Non-Current Assets	
Deferred debt issuance costs	220,889
Capital assets: (Note 2D)	
Nondepreciable	1,921,623
Depreciable, net	31,942,282
Total Capital Assets	33,863,905
Total Non-Current Assets	34,084,794
Total Assets	45,151,204
Liabilities	
Current Liabilities	
Accounts payable	67,005
Accrued liabilities	121,187
Accrued interest	38,994
Unearned revenue	7,071,319
Compensated absences payable (Note 2E)	57,923
Total Current Liabilities	7,356,428
Long-Term Liabilities (net of current portion) (Note 2E)	
Compensated absences payable	380,830
Certificates of participation	6,255,613
Total Long-term Liabilities	6,636,443
Total Liabilities	13,992,871
Net Assets	
Invested in capital assets, net of related debt (Note 2H)	27,804,631
Restricted for Tabor Amendment (Note 3C)	239,181
Unrestricted	3,114,521
Total Net Assets	\$ 31,158,333

Pueblo City-County Library District, Colorado Statement of Activities

For the Year Ended December 31, 2009

					Prog	ram Revenues				and ges in Net Assets
Functions	1	Expenses	Serv	arges for ices, Sales nd Fines	Oper	ating Grants,	Capi	tal Grants, ontributions	Ge	overnmental Activities
Primary Government Governmental Activities Library services Interest on long-term debt	\$	8,120,764 323,169	\$	94,965	\$	145,789	\$	63,750	\$	(7,816,261) (323,169)
Total Governmental Activities	\$	8,443,933	\$	94,965	\$	145,789	\$	63,750		(8,139,430)
				al Revenues						
				The second secon		orary purposes				6,501,274
				ic ownership nent earnings						661,851 26,498
				laneous					_	188,710
			Total	General Rev	enues					7,378,333
			Chang	ge in Net Ass	ets					(761,097)
			Net A	ssets Beginni	ng of Y	/ear				31,919,430
			Net A	ssets End of	Year				\$	31,158,333

Pueblo City-County Library District, Colorado Balance Sheet Governmental Funds December 31, 2009

		General			Nonmajor Special Revenue		Total Governmental Funds	
Assets	¢	1 001 645	\$	2,678,102	\$	39,561	\$	3,719,308
Cash and investments Receivables:	\$	1,001,645	2	2,678,102	Þ	39,301	Э	3,719,308
Accounts		9,396				808		10,204
		7,120,474				000		7,120,474
Property taxes		216,424						216,424
Prepaid items	_	210,424	-				_	210,424
Total Assets	\$	8,347,939	\$	2,678,102	\$	40,369	\$	11,066,410
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$	46,505	\$	500	\$	-	\$	47,005
Retainage payable		-		20,000		1-1		20,000
Accrued payroll		121,187		-		-		121,187
Deferred revenue		7,071,319	_	<u> </u>			_	7,071,319
Total Liabilities	_	7,239,011	_	20,500			_	7,259,511
Fund Balances								
Reserved for:								
Prepaid items		216,424		-		-		216,424
Tabor Amendment		239,181		-		-		239,181
Unreserved:								
Designated:								
For subsequent year's expenditures		637,806		364,470		40,369		1,042,646
For capital		-		1,000,000		-		1,000,000
Undesignated, reported in:								
General fund		15,517		-				15,517
Capital Project fund		-	_	1,293,132				1,293,132
Total Fund Balances	_	1,108,928		2,657,602		40,369	_	3,806,899
Total Liabilities and Fund Balances	\$	8,347,939	\$	2,678,102	\$	40,369	\$	11,066,410

Pueblo City-County Library District, Colorado Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Assets December 31, 2009

Total Governmental Fund Balances		\$ 3,806,899
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported at the fund financial reporting level.		
Cost Less accumulated depreciation	\$ 41,997,726 (8,133,821)	33,863,905
Deferred debt issue costs are not financial resources and therefore are not reported in the funds		220,889
Liabilities, including compensated absences, long-term liabilities, debt issue premium and accrued interest payable are not due and payable in the current period and therefore are not reported in the funds		
Accrued interest payable Compensated absences and related benefits Certificates of participation	\$ (38,994) (438,753) (6,000,000)	
Debt issue premium	 (255,613)	(6,733,360)
Net Assets of Governmental Activities		\$ 31,158,333

Pueblo City-County Library District, Colorado Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds

For the Year Ended December 31, 2009

	General	Capital Projects	Nonmajor Special Revenue	Total Governmental Funds	
Revenues	2 2021 0021			£ 6501.274	
Property taxes	\$ 6,501,274	\$ -	\$	\$ 6,501,274	
Specific ownership taxes	661,851		-	661,851	
Miscellaneous contracts, grants	134,207			134,207	
Gifts and donations	11,582	63,750		75,332	
Fines	94,965		1706	94,965	
Investment earnings	16,699	5,093	4,706	26,498	
Miscellaneous	77,682	107,748		185,430	
Total Revenues	7,498,260	176,591	4,706	7,679,557	
Expenditures					
Current:				(077 442	
Library support	6,977,443		-	6,977,443	
Capital outlay		1,595,249	-	1,595,249	
Debt Service:				211.050	
Interest	311,950			311,950	
Total Expenditures	7,289,393	1,595,249	-	8,884,642	
Excess (Deficiency) of Revenues Over (Under) Expenditures	208,867	(1,418,658)	4,706	(1,205,085)	
Other Financing Sources (Uses)					
Sale of capital assets	-	6,500	-	6,500	
Transfers in	25,745		-	2,027,429	
Transfers out	(2,001,684		(25,745)	(2,027,429)	
Total Other Financing Sources (Uses)	(1,975,939	2,008,184	(25,745)	6,500	
Net Change in Fund Balances	(1,767,072	589,526	(21,039)	(1,198,585)	
Fund Balances Beginning of Year	2,876,000	2,068,076	61,408	5,005,484	
Fund Balances End of Year	\$ 1,108,928	\$ 2,657,602	\$ 40,369	\$ 3,806,899	

Pueblo City-County Library District, Colorado Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities For the Year Ended December 31, 2009

Net Changes in Fund Balances - Total Governmental Funds		\$ (1,198,585)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures on the governmental fund type operating statement. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.		
Depreciation expense	\$ (1,394,002)	
Capital outlay that was capitalized	1,876,695	
Loss on disposal of equipment	(3,220)	479,473
Compensated absences reported in the statement of activities do not require the use of current financial activities and therefore are not reported as expenditures in governmental funds.		(43,509)
Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of those differences in the treatment of long-term debt and related items.		
Amortization of issuance costs	(9,695)	
Amortization of premium	11,219	 1,524
Change In Net Assets of Governmental Activities		\$ (761,097)

Pueblo City-County Library District, Colorado Statement of Fiduciary Net Assets J.T. Nesbitt Employee Nonexpendable Trust Fund December 31, 2009

ASSETS		
Cash on hand	\$	732
Cash in bank		4,036
Investments		
Local government investment pool		4,139
Total Assets	\$	8,907
LIABILITIES AND NET A	ASSETS	
Liabilities		
Net Assets		
Restricted		
Nonexpendable	\$	3,000
Expendable		5,907
Total Net Assets		8,907
Total liabilities and net assets	\$	8,907

Pueblo City-County Library District, Colorado Statement of Changes in Fiduciary Net Assets J.T. Nesbitt Employee Nonexpendable Trust Fund For the Year Ended December 31, 2009

ADDITIONS		
Fund raising	\$	8,006
Interest		27
Total additions		8,033
DEDUCTIONS		
Employee activities	_	8,489
CHANGE IN NET ASSETS		(456)
NET ASSETS, Beginning of Year		9,363
NET ASSETS, End of Year	\$	8,907

Pueblo City-County Library District, Colorado Notes to the Basic Financial Statements For the Year Ended December 31, 2009

Index

Summary of Significant Accounting Policies	1
Reporting Entity	1-A
Basis of Presentation	1-B
Measurement Focus	1-C
Basis of Accounting	1-D
Assets, Liabilities and Fund Equity	1-E
Cash and Investments	
Receivables	1-E-2
Prepaid Items	
Capital Assets	
Compensated Absences	
Accrued Liabilities and Long-term Obligations	1-E-6
Debt Premiums, Discounts and Issuance Costs	
Equity	
Interfund Activity	
Estimates	
Detailed Notes on All Funds	
Deposits and Investments	2-A
Receivables	2-B
Property Taxes	2-C
Capital Assets	2-D
Long-Term Debt	2-Е
Operating Leases	2-F
Pensions	2-G
Invested in Capital Assets, Net of Related Debt	
Interfund Transfers	
Other Notes	3
Risk Management	3_Δ
Contingent Liabilities	3-R
Tabor Amendment	3-C
Certificates of Participation debt compliance	
Tax-Exempt Status	
I da Eachipt Status	

The Pueblo City-County Library District (the District) was established July 15, 1968, through a joint resolution of the City of Pueblo and the Pueblo Board of County Commissioners. Prior to this time, the City of Pueblo, Colorado was maintaining and operating a public library. On January 27, 1969, a resolution was passed ratifying the original resolution, and setting forth an agreement which transferred use of the land, building, plants, equipment, facilities, books, periodicals and other library materials to the District. Members of the Board of Trustees of the District are appointed by the City Council and the Pueblo Board of County Commissioners. The Board of Trustees is comprised of seven members. Each year, the Board of Trustees certifies the mill levy to the Pueblo Board of County Commissioners, who then levy taxes upon the area encompassed by the District.

The mission of the District is to serve as a foundation for our community by offering welcoming, well equipped and maintained facilities, outstanding collections and well-trained employees who provide expert service encouraging the joy of reading, supporting lifelong learning and presenting access to information from around the world.

Note 1 - Summary of Significant Accounting Policies

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities at the government-wide financial reporting level provided they do not conflict with or contradict GASB pronouncements.

The most significant of the District's accounting policies are described below.

1-A. Reporting Entity

The primary government of the District consists of all funds, departments, boards and agencies that are not legally separate from the District. Although the Pueblo County Commissioners and the Pueblo City Council appoint the District Board of Trustees, neither entity is financially accountable for the District; therefore the District is not a component unit of either the City or the County. Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organizations; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the District in that the District approves the budget, levies their taxes or issues their debt.

There are currently no entities which are recognized as component units of the District.

Note 1 - Summary of Significant Accounting Policies (Continued)

1-B. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements - The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the District as a whole. Individual funds are not displayed.

The statement of net assets presents the financial position of the governmental activities of the District at year-end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the District's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which functions the revenues are *restricted*.

Taxes and other revenue sources not properly included with program revenues are reported as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements - During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. Fund financial statements are provided for governmental funds.

The major individual governmental funds are reported in separate columns. The fiduciary fund is not included in the government-wide financial statements.

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Accounting - The District uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The District uses two categories of funds, governmental and fiduciary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The District reports the difference between governmental fund assets and liabilities as fund balance. The following are the District's major governmental funds:

General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Colorado.

Capital Project Fund – The capital project fund is used to account for financial resources to be used for the acquisition, renovation or construction of major capital facilities, as well as the acquisition of capital assets. Funding for the capital project fund is primarily through transfers from the general fund.

Fiduciary Funds – Fiduciary Funds account for assets held by the District in a trustee capacity for individuals, private organizations, other governments and other funds. The District's fiduciary fund is a private purpose trust fund that reports a trust arrangement that benefits the District's employees. The employees of the District were given \$3,000 by a library patron. The donor stipulated that the contributions be invested and that the earnings only be used for employee social activities. Fundraising events, such as pot luck meals and sale of snack items, are held throughout the year to replenish this fund.

1-C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets. The statement of activities reports revenues and expenses.

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared, which utilize the economic resources measurement focus. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements. The trust fund is prepared using the economic resources measurement focus.

1-D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The trust fund is also prepared using the accrual method of accounting. At the fund reporting level, governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – **Exchange Transactions** - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means expected to be received within 60 days of year-end.

Revenues - Non-exchange Transactions - Non-exchange transactions in which the District receives value without directly giving equal value in return, include property taxes, specific ownership taxes, grants, and donations. On an accrual basis, revenue from property taxes and specific ownership taxes is recognized in the fiscal year for which the taxes are levied. Property taxes are assessed in one year for the subsequent years' budget. Recognition for the levy made in 2008 is revenue for the 2009 budget year. Therefore, a property tax receivable and a liability of an equal amount are reported as "unearned revenue" on the government-wide statement of net assets.

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue from grants and contributions is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days of year-end) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, specific ownership taxes, investment earnings and federal and state grants.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Deferred/Unearned Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred revenue (i.e., they are measurable but not available) rather than as revenue.

Property taxes receivable not collected within 60 days of year-end have been recorded as deferred revenue. Since property taxes are levied in December (i.e., there is a legal claim) for the next calendar year's operations, the total levy is reported as taxes receivable and deferred revenue as December 31, 2009.

Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) also are recorded as deferred revenue.

Deferred revenue is reclassified as "unearned revenue" on the government-wide statement of net assets.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

1-E. Assets, Liabilities and Fund Equity

1-E-1 Cash and Investments

Investments are stated at fair value based on quoted market prices.

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-2 Receivables

All receivables are reported net of an allowance for uncollectibles, where applicable.

1-E-3 Prepaid Items

Payments made to vendors for services that will benefit periods (e.g., insurance, rents, library services from other libraries) beyond December 31, 2009, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reserved, as this amount is not available for general appropriation.

1-E-4 Capital Assets

General capital assets are those assets that result from expenditures in governmental funds. The District reports these assets in the governmental activities column of the government-wide statement of net assets but does not report these assets in the governmental fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of one thousand dollars except for library books and audio visual materials, which are all capitalized regardless of cost. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All reported capital assets are depreciated except for land, construction in progress, and art and collectibles. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method except for library books and audio visual materials that use the group method over the following useful lives:

Description	Estimated Lives
Buildings	40 years
Vehicles	4 years
Computer equipment	4 years
Other equipment	5 years
Furniture and fixtures	10 years
Library books and audio visual	
materials	5 years
Computer software	3 years

The District capitalizes library books and audio visual materials. Annually, purchased additions are capitalized at cost and damaged and lost materials are deleted from the inventory, using average cost.

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-5 Compensated Absences

It is the District's policy to permit all employees to accumulate a limited amount of earned but unused sick leave benefits, payable to employees upon termination. Sick leave benefits can be carried over up to a maximum of 120 days. Vacation leave benefits are earned during the current year and up to 336 hours can be carried over. Any accumulation over this amount is lost. Sick and vacation leaves are earned based on years of service and job classification.

The total compensated absence liability is reported on the government-wide financial statements. Governmental funds report the compensated absence liability at the fund reporting level only "when due."

1-E-6 Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported as liabilities in the governmentwide financial statements. In the governmental funds, the face amount of debt is reported as other financing sources.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Certificates of participation are recognized as a liability in the governmental fund financial statements "when due."

1-E-7 Debt Premiums, Discounts and Issuance Costs

On the government-wide statement of net assets, debt premiums and discounts are netted against debts payable and debt issuance costs are reported as deferred charges. On the government-wide statement of activities, debt premiums and discounts and debt issuance costs are deferred and amortized over the life of the debt using the straight-line method.

At the government fund reporting level, debt premiums and discounts are reported as other financing sources and uses, separately from the face amount of the debts issued. Debt issuance costs are reported as an expenditure.

1-E-8 Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Equity for the government-wide financial statements is classified as "net assets."

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. The District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Designations are management's intent to set aside these resources for specific services.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets are reported as unrestricted.

1-E-9 Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

1-E-10 Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2 - Detailed Notes on All Funds

2-A. Deposits and Investments

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of Federal Insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

Note 2 - Detailed Notes on All Funds (continued)

Investments

Investments of the District are limited by state statutes, commensurate with the District's investment policy, and may include:

- U.S. Treasury Obligations (bills, notes, and bonds)
- U.S. Government Agency Securities
- SEC Registered Money Market Mutual Funds
- Bankers' Acceptances of certain banks
- Commercial Paper limited to securities with highest rating category by at least two nationally recognized rating agencies at time of purchase
- Written Repurchase Agreements collateralized by certain authorized securities
- Local Government Investment Pools regulated under CRS 24-75-701

The District has invested in the Colorado Local Government Liquid Asset Trust (ColoTrust). This investment vehicle was established for local government entities in Colorado to pool surplus funds for investment purposes by state statute. These funds operate similarly to a money market fund and each share is equal in value to \$1.00. The investment pool is under the authority and in conformity with Part 6 of Article 75 of Title 24 of the Colorado State Revised Statutes. The pool is regulated by the Colorado Division of Securities.

The District's investments are subject to risk as described below:

Credit risk

In order to limit exposure to fair value losses arising from rising interest rates, the District's investments are managed through a local government investment pool, ColoTrust, which is rated AAAm by Standard & Poor's. Total investments held at ColoTrust on December 31, 2009 were \$ 3,696,302.

State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by a nationally recognized statistical rating organization ("NRSRO").

The trustee for the Certificates of Participation reserve and certification funds is American National Bank. At December 31, 2009, the District's investment of \$1,502 in the SEI Money Market was rated AAAm by Standard & Poor's.

Interest rate risk

State statutes generally limit investments to an original maturity of five years. The investment policy of the District does not authorize investments to exceed that period without board approval.

Note 2 - Detailed Notes on All Funds (continued)

Cash and Investment Reconciliation

Reporting Level:	
Governmental Activities	\$ 3,719,308
Fiduciary Fund	 8,907
Total	\$ 3,728,215
Per Note Disclosure Above:	
Cash on hand	\$ 2,314
Deposits	28,097
Investments	 3,697,804
Primary Government Total	\$ 3,728,215

2-B. Receivables

Receivables at December 31, 2009 consisted of taxes and accounts receivable.

2-C. Property Taxes

Annual property taxes are levied by the Pueblo County Assessor's offices on assessed valuation as of January 1, and attached as an enforceable lien on the property at that time. Generally, property taxes are levied on December 15 for the subsequent year's operations. Taxpayers may pay property taxes in two equal installments. One-half of the taxes due will become delinquent March 1, after which date interest will be added as provided by law.

The remaining half will become delinquent June 16. If the entire annual tax is paid on or before April 30, no interest is added.

2-D. Capital Assets

Capital asset activity for the year ended December 31, 2009 is summarized on the following page.

Note 2 - Detailed Notes on All Funds (Continued)

Continueaj	Balance			Balance
	12/31/2008	Additions	Deletions	12/31/2009
Governmental activities:	12/51/2000	riducions	Detections	12/31/2007
Capital assets note being depreciated:				
Land	\$ 1,842,043	\$ -	\$ -	\$ 1,842,043
Art and collectibles	72,000	7,580	-	79,580
Construction in progress	4,837,682	7,500	4,837,682	77,500
Construction in progress	4,037,002		1,057,002	
Total capital assets not being depreciated:	6,751,725	7,580	4,837,682	1,921,623
Capital assets being depreciated:				
Buildings	24,250,239	5,626,215	12,464	29,863,990
Furniture and fixtures	676,125	234,318		910,443
Vehicles	82,347	23,934	22,730	83,551
Computer equipment	601,941	198,462	-	800,403
Other equipment	82,456	2,000	-	84,456
Computer Software	39,836	-	-	39,836
Library books and audio visual materials	8,111,016	621,868	439,460	8,293,424
Total capital assets being depreciated	33,843,960	6,706,797	474,654	40,076,103
Total capital assets	40,595,685	6,714,377	5,312,336	41,997,726
Accumulated depreciation:				
Buildings	3,117,289	489,126	12,464	3,593,951
Furniture and fixtures	329,068	88,049		417,117
Vehicles	62,166	12,759	19,510	55,415
Computer equipment	108,432	153,328	-	261,760
Other equipment	31,345	12,801	-	44,146
Computer Software	1,107	13,279	-	14,386
Library books and audio visual materials	3,561,846	624,660	439,460	3,747,046
Total accumulated depreciation	7,211,253	1,394,002	471,434	8,133,821
Total capital assets being depreciated, net	26,632,707	5,312,795	3,220	31,942,282
Governmental activities capital assets, net	\$ 33,384,432	\$ 5,320,375	\$ 4,840,902	\$ 33,863,905

Note 2 - Detailed Notes on All Funds (Continued)

2-E. Long-Term Debt

Governmental Certificates of Participation - The following is a summary of the outstanding long-term debt issues at December 31, 2009:

Year Issued	Purpose	Interest Rate (%)	Interest Due Dates	Issue Date	Maturity Date	Authorized and Issued
2007	Certificates of Participation	5.00-5.25	5/15, 11/15	10/2/2007	11/15/2031	\$6,000,000

Pueblo West Library Building

On October 10, 2007, the Pueblo City-County Library District issued \$ 6,000,000 in Certificates of Participation (COPS) with interest rates of 5.0% to 5.25%. The proceeds from the sale of the certificates are being used to finance a portion of the construction of an addition to the Pueblo West Library and pay a portion of the costs of issuance. The final debt service payment is scheduled for November 15, 2031.

Annual debt service requirements to amortize all obligations outstanding, as of December 31, 2009 follow:

Year	 Principal	ipal Interest		Interest Tota	
2010	\$ =	\$	311,950	\$	311,950
2011	=-		311,950		311,950
2012	180,000		311,950		491,950
2013	190,000		302,950		492,950
2014	195,000		293,450		488,450
2015-2019	1,145,000		1,308,900		2,453,900
2020-2024	1,475,000		979,125		2,454,125
2025-2029	1,905,000		548,888		2,453,888
2030-2031	910,000		72,187		982,187
	\$ 6,000,000	\$	4,441,350	\$	10,441,350

Note 2 - Detailed Notes on All Funds (Continued)

Changes in Long-term Debt - Changes in the District's long-term obligations consisted of the following for the year ended December 31, 2009:

		outstanding 2/31/2008	A	Additions	R	eductions		Outstanding 2/31/2009	ounts Due One Year
Governmental Activities: Compensated absences 2007 certificates of participation	\$	395,244 6,000,000	\$	390,338	\$	346,829	\$	438,753 6,000,000	\$ 57,923
Premium	_	266,832	_		_	11,219	_	255,613	
Total	\$	6,662,076	\$	390,338	\$	358,048	\$	6,694,366	\$ 57,923

All certificates of participation will be paid through future general fund expendable available financial sources as they become due. The compensated absences liability will be paid from the fund from which the employees' salaries are paid (i.e., currently the general fund).

2-F. Operating Leases

The District has a lease for the Barkman Branch site for a term of ninety-nine years from April 1, 1990 to March 31, 2089, with a full rental of \$99 which was paid in 1990.

The lease for the White Branch, which was renovated and renamed the Pueblo West Branch in 2008, had a ninety-nine year term from November 25, 1996 to November 25, 2095, with a full rental of \$99 which was paid in 1996. However, in 2008, the property was donated by the Pueblo West Metropolitan District and deeded to the Pueblo City-County Library District for a value of \$160,000.

The District leases storage space under an agreement which is classified as an operating lease. This lease has an initial period of ten years from November 1, 2001 to October 31, 2011, and is renewable for an additional five-year term. Rent expense for 2009 was \$24,710. Future minimum lease payments under this agreement are:

Year Ending	
December 31,	
2010	\$ 25,448
2011	26,218
2012	27,002
2013	27,810
2014	28,642
2015	29,498
2016	25,190
TOTAL	\$ 189,808

Note 2 - Detailed Notes on All Funds (Continued)

2-G. Pensions

Deferred Benefit Plan

The District contributes to the Local Government Division Trust Fund (LGDTF), a cost sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). LGDTF provides retirement and disability, annual increases, and death benefits for members or their beneficiaries. All employees of the District are members of LGDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the LGDTF. That report may be obtained by writing to PERA of Colorado, 1300 Logan Street, Denver, Colorado, 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Plan members and the District are required to contribute at a rate set by statute. The contribution requirements of plan members and the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members is 8.0% and for the District is 12.8% of covered salary in 2009. The District's contribution rate in 2007 was 11%; in 2008 it was 11.9%. A portion of the District's contribution (1.02% of covered salary for 2009, 2008 and 2007) is allocated for the Health Care Trust Fund. The District's contributions to LGDTF for the years ending December 31, 2009, 2008, and 2007 were \$417,852, \$391,667, and \$344,591 respectively, equal to the required contributions for each year.

Post Employment Healthcare Benefits

The District contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer post employment healthcare plan administered by the PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HTCF Benefit provisions to the State Legislature.

PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained from PERA of Colorado at the address or telephone numbers referred to in the first paragraph of this footnote.

The District is required to contribute to the HCTF at a variable rate (see above) of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. The District's contribution to the HCTF for the years ended December 31, 2009, 2008, and 2007 were \$33,298, \$33,193, and \$32,825, respectively, equal to their required contribution for each year.

Note 2 - Detailed Notes on All Funds (Continued)

Defined Contribution Plan

Employees of the District who are members of the LGDTF may voluntarily contribute to the Voluntary Investment Program (401(k) Plan), and Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary, and contributions are separate from others made to PERA. Title 24, Article 51, Part 614 of the CRS, as amended, assigns the authority to establish the 401(k) Plan provisions to the State Legislature.

The 401(k) Plan is funded by voluntary contributions of up to a maximum limit set by the Internal Revenue Service (\$15,500 in 2007 and 2008, \$16,500 in 2009).

In 2008, through resolution of the Board of Trustees, a plan was established through PERA to contribute matching funds of up to 1% for each employee who is eligible to participate, to the 401K defined contribution plan. The District contributed \$22,698 in 2009 for employees participating in the 401K plan during the year. The authority for establishing and amending this plan and the related contributions rests with the District Board of Trustees.

The District maintains no control over the plan. PERA provides administration for the plan.

2-H. Invested in Capital Assets, Net of Related Debt:

The "invested in capital assets, net of related debt" amounts reported on the government-wide statement of net assets as of December 31, 2009 are as follows:

		Governmental Activities			
Net assets invested in capital assets:					
Cost of capital assets	\$	41,997,726			
Less accumulated depreciation		(8,133,821)			
Book value		33,863,905			
Capital related debt		(6,255,613)			
Unspent proceeds from Certificates of Participation		196,339			
Net assets invested in capital assets, net of related debt	\$	27,804,631			

Note 2 - Detailed Notes on All Funds (Continued)

2-I. Interfund transfers

A transfer was made in 2009 from the general fund to the capital projects fund in the amount of \$2,001,684 to properly recognize investments for the library replacement plan to be reflected in the appropriate fund. A transfer totaling \$25,745 was also made from the special revenue fund to the general fund to move prior year revenues more correctly classified in the general fund.

Note 3 - Other Notes

3-A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District carries commercial insurance for the risks of loss, including worker's compensation and employee accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The District was covered under a partially self-funded employee benefit plan administered by an insurance company, but terminated that plan at the renewal date of July 1, 2009. The \$22,000 deposit held by that company was refunded to the District in 2009.

3-B. Contingent Liabilities

The District has an existing lawsuit which is being vigorously contested. An additional threatened litigation is also outstanding, but the District believes that it is without merit.

3-C. Tabor Amendment

In 1992, a constitutional amendment (commonly referred to as TABOR) was passed, limiting powers of public entities to borrow, tax and spend without a public vote. In November 1995, the voters in the District approved a mill levy increase for the District, effective in the 1996 budget year. The mill levy was increased from 3.5 mills to 5.25 mills. As part of the tax and revenue ballot question, public approval also was given to remove the revenues of the District from the spending and growth provisions set forth in the TABOR amendment.

Note 3 - Other Notes (continued)

It is the opinion of the District's attorneys that the spending revenue limitations of the TABOR amendment do not apply to the District as a result of the passage of the ballot issue listed above.

The District reserved 3% of its qualifying annual general fund expenditures to comply with provisions of TABOR's emergency reserve requirements. This reserve is reported as a reservation of fund balance in the general fund.

3-D. Certificates of Participation debt compliance

Per requirement of the Certificates of Participation issue in October 2007, the District is required to maintain a minimum fund balance of \$1,000,000, as reported in the capital projects fund at December 31, 2009.

3-E. Tax-Exempt Status

The Internal Revenue Service has determined the District to be a not-for-profit organization exempt from income taxes under Code Section 501(c)(3).

REQUIRED SUPPLEMENTARY INFORMATION

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Pueblo City-County Library District, Colorado Budgetary Comparison Schedule General Fund For the Year Ended December 31, 2009

		Original Budget		Final Budget		Actual	2	Variance with Final Budget
Revenues	Ф	6 550 015	•	(550 015	•	6 501 274	•	(51.041)
Property taxes	\$	6,553,215	\$	6,553,215	\$	6,501,274	\$	(51,941)
Specific ownership taxes		741,940		741,940		661,851		(80,089)
Miscellaneous Contracts, Grants		112,334		112,334		134,207		21,873
Gifts and donations		17,616		17,616		11,582		(6,034)
Fines		83,031		83,031		94,965		11,934
Investment earnings		97,173		97,173		16,699		(80,474)
Miscellaneous		64,605	_	64,605		77,682		13,077
Total Revenues		7,669,914	_	7,669,914		7,498,260		(171,654)
Expenditures Current:								
Salaries and wages		3,522,268		3,522,268		3,406,802		115,466
PERA		470,579		470,579		442,867		27,712
Employee benefits		632,056		632,056		630,646		1,410
Books, periodicals, non-print, processing		992,496		992,496		917,300		75,196
Programs		90,873		90,873		86,458		4,415
Operating leases		82,260		82,260		96,670		(14,410)
Contractual library services		225,365		225,365		188,731		36,634
Treasurers' fees		98,298		98,298		97,202		1,096
Office supplies		75,946		75,946		47,932		28,014
Utilities and insurance		385,448		385,448		389,245		(3,797)
Building maintenance		317,590		317,590		281,269		36,321
Vehicle maintenance		11,000		11,000		5,403		5,597
Public relations, printing		43,800		43,800		29,784		14,016
Postage and shipping		35,000		35,000		21,386		13,614
Friends' grants - expenditures		32,000		32,000		15,376		16,624
Courier service		35,525		35,525		26,667		8,858
Information services		264,850				293,705		
Debt Service:		204,830		264,850		293,703		(28,855)
Interest	_	311,950	_	311,950	_	311,950		-
Total Expenditures		7,627,304		7,627,304	_	7,289,393	_	337,911
Excess (Deficiency) of Revenues Over (Under) Expenditures		42,610		42,610		208,867		166,257
Other Financing Sources (Uses)								
Transfer in from special revenue fund		-		-		25,745		25,745
Transfer to capital projects fund	_			(1,960,618)		(2,001,684)		(41,066)
Total Other Financing Sources (Uses)	_			(1,960,618)	_	(1,975,939)		(15,321)
Net Change in Fund Balance		42,610		(1,918,008)		(1,767,072)		150,936
Fund Balance Beginning of Year		2,806,483		2,876,000	_	2,876,000		_
Fund Balance End of Year	\$	2,849,093	\$	957,992	\$	1,108,928	\$	150,936

Pueblo City-County Library District, Colorado Notes to Required Supplementary Information For the Year Ended December 31, 2009

Note 1 - Budgetary Information

The District adopts an annual operating budget for the general fund and the capital projects fund. The budgets are adopted on a basis consistent with GAAP. An annual budget is not generally adopted for the special revenue fund.

The budget calendar is driven by Colorado State Statute (29-1-108(4),C.R.S.), as well as internal planning for completion of every phase. Typically the budget process begins in July, with analysis and updates to the Annual Plan to set objectives, goals, strategies and budgetary impact for all libraries and departments. This information becomes an intrinsic part of the overall budget process.

On or before October 15th the proposed budget is submitted to the Board of Trustees, a "Notice of Budget" is published in the newspaper, and copies of the proposed budget are distributed to the four public libraries so that the budget is available for public inspection and comment.

In November a public hearing is held, at a time and place identified in the published notice. The public is invited to provide budgetary comment until the December board meeting, at which time the budget will be formally adopted, funds appropriated, and the mill levy resolution passed. The December meeting is not scheduled until the final assessed valuation figures are received from the county assessor. The deadline for receipt of this information is December 10th. The deadline for certification of mill levy is due to county commissioners by December 15th.

No later than 30 days following the start of the fiscal year, a certified copy of the adopted budget must be filed with the Division of Local Government.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget is the individual fund level. Any change in the total budget for each fund requires approval of the Board of Trustees. Management is authorized to make transfers between line items within a fund.

All unexpended annual appropriations lapse at year-end.

For the year ended December 31, 2009, the Capital Projects Fund expenditures exceeded amounts budgeted by \$641. The budget for this fund was revised late in the year, but minor unexpected expenses and revenues at the end of the year resulted in a net deficiency of revenues over expenditures of \$ 338. The budget was not revised again, as it was felt that this amount was insignificant.

SUPPLEMENTARY INFORMATION

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Pueblo City-County Library District Budgetary Comparison Schedule Capital Projects Fund For the Year Ended December 31, 2009

	Origin Budge		Final Budget	Actual		Variance Positive (Negative)
Revenues						
Gifts and donations	\$ 10	0,000 \$	63,450	\$ 63,75		300
Miscellaneous		-	107,748	107,74	18	
Investment earnings	4	1,679	5,090	5,09	93	3
Total Revenues	14	1,679	176,288	176,59	<u> </u>	303
Expenditures						
Architect		-	4,740	4,88	30	(140)
Construction		-	825,029	825,02	29	:=
Professional services	1	5,000	34,994	35,49	94	(500)
Furniture, fixtures, equipment	60	5,747	604,715	604,71	16	(1)
Infozone expense	17	0,000	19,600	19,60	00	-
Capital outlay	24	3,000	105,530	105,53	<u> </u>	
Total Expenditures	1,03	3,747	1,594,608	1,595,24	19	(641)
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	(89	2,068)	(1,418,320)	(1,418,65	58)	(338)
Other Financing Sources (Uses)			7.22			
Sale of capital assets		-	6,500	6,50		-
Transfer in from general fund	-	- -	1,960,618	2,001,68		41,066
Total Other Financing Sources			1,967,118	2,008,18	34	41,066
Net Change in Fund Balance	(89	2,068)	548,798	589,52	26	40,728
Fund Balance Beginning of Year	1,61	7,284	2,068,076	2,068,07	76	-
Fund Balance End of Year	\$ 72	5,216 \$	2,616,874	\$ 2,657,60)2 \$	40,728

See the accompanying independent auditors' report

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Pueblo City-County Library District, Colorado Statistical Section (Unaudited)

This part of the Pueblo Library District's comprehensive annual financial report presents detailed information as a context for understanding this year's financial statements, note disclosures, and supplementary information. This information is unaudited.

Contents	Exhibit
Financial Trends These exhibits contain trend information that may assist the reader in assessing the Library District's current financial performance by placing it in a historical perspective.	I - V
Revenue Capacity These exhibits contain information that may assist the reader in assessing the viability of the Library District's most significant "own-source" revenue, property taxes.	VI - IX
Debt Capacity These exhibits contain information that may assist the reader in analyzing the affordability of the Library District's current levels of outstanding debt and the Library District's ability to issue additional debt in the future.	X - XII
Demographic and Economic Information These exhibits present demographic and economic information intended (1) to assist users in understanding the socioeconomic environment within which the Library District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among library districts.	XIII – XIV
Operating Information These exhibits contain service and capital asset indicators that can provide an understanding of how the information in the Library District's financial statements relates to the services the Library District provides and the activities it performs.	XV – XVII

Data Source:

Unless otherwise noted, the information in these exhibits is derived from the comprehensive annual financial report for the applicable year. The Library District implemented GASB Statement No. 34 in calendar year 2004, therefore exhibits presenting government-wide financial data include only six years of information.

Pueblo City-County Library District, Colorado

Government-wide Net Assets by Component , (Unaudited)

Last Six Calendar Years 2 (accrual basis of accounting)

		December 31, 2004		ember 31, 2005	December 31, 2006		
Governmental activities							
Invested in capital assets, net of related debt	\$	25,257,506	\$	24,946,369	\$	24,539,674	
Restricted		219,749		188,688		289,582	
Unrestricted		2,339,585		2,341,829		2,616,846	
Total	\$	27,816,840	\$	27,476,886	\$	27,446,102	
Governmental activities							
Invested in capital assets, net of related debt		90.8%		90.8%		89.4%	
Restricted		0.8%		0.7%		1.1%	
Unrestricted		8.4%		8.5%		9.5%	
Total		100.0%		100.0%		100.0%	

Notes:

Data Source:

Applicable years' comprehensive annual financial report.

¹ Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted only when (1) an external party, such as the State of Colorado or the federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the Library District. There are no restrictions currently reported as a result of enabling legislation.

² The Library District implemented GASB Statement No. 34 in calendar year 2004, therefore, only six years of government-wide financial data is presented.

Dece	ember 31, 2007	Dece	ember 31, 2008	December 31, 200			
\$	23,980,233	\$	27,117,600	\$	27,804,631		
	344,674		220,785		239,181		
	2,859,269		4,581,045		3,114,521		
\$	27,184,176	\$	31,919,430	\$	31,158,333		
	88.2%		85.0%		89.2%		
	1.3%		0.7%		0.8%		
	10.5%		14.4%		10.0%		
	100.0%		100.0%		100.0%		

Pueblo City-County Library District, Colorado Changes in Net Assets - Governmental Activities (Unaudited) Last Six Calendar Years 1 (accrual basis of accounting)

				Fo	r The	Calendar Yea	ndar Year Ended December 31,						
	2004			2005	2006 2007				2008		2009		
Expenses													
Governmental activities:													
Library Services	S	6,332,196	\$	7,055,675	\$	7,356,047	\$	7,618,044	\$	7,344,448	\$	8,120,764	
Interest		10,292		6,785		3,086		75,163		331,064		323,169	
Total Expenses	_	6,342,488		7,062,460	_	7,359,133	_	7,693,207	_	7,675,512	_	8,443,933	
Program Revenues													
Charges for services, sales and fines	\$	179,495	\$	299,667	\$	174,192	\$	142,987	\$	144,332	\$	94,965	
Operating grants and contributions		398,407		265,719		163,972		149,100		48,577		145,789	
Capital grants and contibutions		-		-		-		-		434,755		63,750	
Total Program Revenues	_	577,902	_	565,386		338,164	_	292,087	_	627,664	_	304,504	
Net (Expense)/Revenue		(5,764,586)		(6,497,074)		(7,020,969)		(7,401,120)		(7,047,848)		(8,139,430)	
General Revenues:													
Property taxes levied for library purposes	S	4,999,559	\$	5,080,267	S	5,533,497	S	5,685,681	S	6,341,679	S	6,501,274	
Specific ownership tax	,	654,699	7	661,760		691,594	4	700,536		719,232	4	661,851	
Investment earnings		37,844		106,635		198,347		277,195		224,121		26,498	
Miscellaneous		72,441		372,898		566,747		475,782		1,121		188,710	
Total General Revenues		5,764,543		6,221,560		6,990,185		7,139,194		7,285,032		7,378,333	
Change in Net Assets	S	(43)	\$	(275,514)	\$	(30,784)	\$	(261,926)	S	237,184	s	(761,097)	

Notes:

1 The Library District implemented GASB Statement No. 34 in calendar year 2004, therefore, only six years of government-wide financial data is presented.

Data Source:

Applicable years' comprehensive annual financial report.

Pueblo City-County Library District, Colorado Changes in Net Assets - Governmental Activities - Percentage of Total (Unaudited) Last Six Calendar Years, (accrual basis of accounting)

		For T	he Calendar Year I	Ended December 31		
	2004	2005	2006	2007	2008	2009
Expenses						
Governmental activities:						
Library Services	99.8%	99.9%	100.0%	99.0%	95.7%	96.2%
Interest	0.2%	0.1%	0.0%	1.0%	4.3%	3.8%
Total Expenses	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Program Revenues						
Charges for services, sales and fines	31.1%	53.0%	51.5%	49.0%	23.0%	31.2%
Operating grants and contributions	68.9%	47.0%	48.5%	51.0%	7.7%	47.9%
Capital grants and contibutions	0.0%	0.0%	0.0%	0.0%	69.3%	20.9%
Total Program Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
General Revenues:						
Property taxes levied for library purposes	86.7%	81.7%	79.2%	79.6%	87.1%	88.1%
Specific ownership tax	11.4%	10.6%	9.9%	9.8%	9.9%	9.0%
Investment earnings	0.7%	1.7%	2.8%	3.9%	3.1%	0.4%
Miscellaneous	1.3%	6.0%	8.1%	6.7%	0.0%	2.6%
Total General Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes:

Data Source:

Applicable years' comprehensive annual financial report.

¹ The Library District implemented GASB Statement No. 34 in calendar year 2004, therefore, only six years of government-wide financial data is presented.

Pueblo City-County Library District, Colorado Fund Balances - Governmental Funds (Unaudited) Last Ten Calendar Years (modified accrual basis of accounting)

	2000			<u>2001</u>	2002	2003
General Fund						
Reserved	\$	2,236,177	\$	1,445,246	\$ 1,696,314	\$ 2,125,616
Unreserved		-		-	-	-
Total General Fund	\$	2,236,177	\$	1,445,246	\$ 1,696,314	\$ 2,125,616
General Fund Percentage Change		45%		-35.4%	17.4%	25.3%
All Other Governmental Funds						
Reserved Unreserved, reported in:	\$	14,094,131	\$	13,004,559	\$ 6,770,965	\$ 1,851,511
Special Revenue funds Capital Projects funds		160,471		8,426	6,686	12,221
Total Governmental Funds	\$	14,254,602	\$	13,012,985	\$ 6,777,651	\$ 1,863,732
All Governmental Funds						
Percentage Change		0.7%		-8.7%	-47.9%	-72.5%

₁ Expansion and new construction of Robert Hoag Rawlings Library - 2001 - 2004.

Data Source:

Applicable years' comprehensive annual financial reports and general purpose financial statements.

² Certificates of Participation issued for expansion and new construction of Pueblo West Library - 2006-2009.

³ Transferred library replacement plan account from general fund to capital project fund - reclassification.

2004	2005	2006	<u>2007</u>	2008	2009
\$ 950,932	\$ 959,106	\$ 831,072	\$ 1,086,325	\$ 397,198	\$ 455,605
1,637,781	1,594,597	1,700,034	1,635,587	2,478,802	653,323
\$ 2,588,713	\$ 2,553,703	\$ 2,531,106	\$ 2,721,912	\$ 2,876,000	\$ 1,108,928
21.8%	-1.4%	-0.9%	7.5%	5.7%	-61.4% з
\$ 306,669	\$ 308,937	\$ 6,770,965	\$ 6,646,513	\$ -	\$
14,685	27,270	6,686	55,732	61,408 2,068,076	40,369 2,657,602
\$ 321,354	\$ 336,207	\$ 6,777,651	\$ 6,702,245	\$ 2,129,484	\$ 2,697,971
-82.8%	4.6%	1915.9% 2	-1.1%	-68.2%	26.7%

Pueblo City-County Library District, Colorado Summary of Changes in Fund Balances - Governmental Funds (Unaudited) Last Ten Calendar Years (modified accrual basis of accounting)

Source		2000		2001	2002		2003
Total Revenues	\$	6,901,138	\$	7,103,418	\$ 7,852,616	\$	9,935,762
Total Expenditures	×	6,112,187		9,135,969 1	13,836,879	_	14,420,379
Excess (Deficiency) of Revenues Over (Under) Expenditures		788,951	_	(2,032,551)	(5,984,263)		(4,484,617)
Other Financing Sources Sale of capital assets Issuance of certificates of participation							
Total Other Financing Sources		-		-	-		-
Net Change in Fund Balances	\$	788,951	\$	(2,032,551)	\$ (5,984,263)	\$	(4,484,617)
Debt services as a percentage of non-capital expenditures		0.00%		0.00%	0.00%		0.00%

Notes:

Data Source:

Applicable years' comprehensive annual financial report and general purpose financial statements.

In 1999 the Library District received \$14,000,000 from Pueblo County for renovation of the Rawlings Library. Pueblo County issued General Obligation Debt, and carries the debt service. Expenditures for the renovation occurred from 2001 - 2004.

² Certificates of participation were issued to fund renovation and expansion of the Pueblo West Library.

	2004	2005		2006		2007		2008		2009
\$	6,342,445	\$ 6,786,946	\$	7,328,349	\$	7,431,281	\$	7,752,696	\$	7,679,557
_	7,421,726	 6,807,103	_	6,964,779	_	7,541,081		12,171,369	-	8,884,642
F	(1,079,281)	(20,157)	_	363,570		(109,800)	_	(4,418,673)	-	(1,205,085)
						6,280,477 2				6,500
	-	-		-		6,280,477		-		6,500
\$	(1,079,281)	\$ (20,157)	\$	363,570	\$	6,170,677	\$	(4,418,673)	\$	(1,198,585)
	0.00%	0.00%		0.00%		0.00%		2.93%		3.51%

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Pueblo City-County Library District Property Tax Levies and Collections Last ten calendar years (Unaudited)

Fiscal Year Ended		Taxes Levied for the			Collected Fiscal Year	Collections in Subsequent			Total Collections to Date			
_	December 31,	Fiscal Year			Amount	Percentage of Levy	Years			Amount	Percentage of Levy	
	2000	\$	4,693,547	\$	4,633,173	98.71%	\$	6,162	\$	4,639,335	98.85%	
	2001		4,870,915		4,805,759	98.66%	\$	2,377		4,808,136	98.71%	
	2002		5,052,452		5,028,675	99.53%	\$	1,758		5,030,433	99.56%	
	2003		5,197,756		5,168,084	99.43%	\$	7,144		5,175,228	99.57%	
	2004		5,035,665		4,999,559	99.28%	\$	9,197		5,008,756	99.47%	
	2005		5,086,434		5,080,267	99.88%	\$	(299)		5,079,968	99.87%	
	2006		5,499,250		5,533,497	100.62%	\$	1,899		5,535,396	100.66%	
	2007		5,686,850		5,685,681	99.98%	\$	1,130		5,686,811	100.00%	
	2008		6,372,512		6,341,679	99.52%	\$	8,641		6,350,320	99.65%	
	2009		6,566,348		6,501,274	99.01%	\$	6,162		6,507,436	99.10%	

Data Source:

Pueblo County Assessor and Office of Budget and Finance

Pueblo City-County Library District Direct and Overlapping Property Tax Rates Last ten fiscal years (Per \$1,000 of Assessed Value) (Unaudited)

	Year Taxes are Payable				
	2000	2001	2002	2003	
Direct					
Pueblo City-County Library District	5.250	5.250	5.250	5.250	
Overlapping Governments					
Pueblo County	26.999	26.999	26.999	26.999	
Library	1.290	1.290	1.290	1.072	
Animal Shelter	•	-		-	
City and Towns Rates					
Boone	19.520	19.520	17.880	17.826	
Pueblo	13.215	14.822	15.633	15.084	
Rye	8.348	7.725	7.057	6.814	
School Districts					
Edisosn 54J	39.215	39.113	39.103	36.213	
Fowler R4J	30.504	29.650	41.463	41.388	
Pueblo 60	32.963	32.769	35.280	44.073	
Pueblo 70	47.817	47.230	47.751	52.988	
Improvement & Service Districts					
Avondale Water & Sanitation	10.641	10.641	8.953	10.641	
Bandera Blvd. Special Improvement	-	-	-	-	
Beulah Ambulance District	-	-	-	-	
Colorado City Cemetery	1.381	1.392	1.240	1.240	
Colorado City Metro	17.462	17.967	15.596	17.393	
Edison Fire Protection District	-	-	-	-	
Fowler Rural Fire	3.953	4.114	4.157	4.360	
Lower Arkansas Valley Water Conservancy	-	-	-	1.500	
Pine Drive Water	17.672	17.273	15.106	14.307	
Pueblo Rural Fire	13.668	24.268	24.268	24.268	
Pueblo West Metro	16.652	17.731	17.040	17.748	
Rye Fire	6.036	10.036	10.036	10.036	
South Point Special Improvement	-	-	-	5.000	
Southeastern Water Conservancy	0.826	0.865	0.855	0.897	
St. Charles Mesa Sanitation	3.738	3.738	3.679	3.800	
Thunder Village Special District	-	-	-	-	
West Park Fire	5.344	5.344	5.344	4.974	

Data Source:

Pueblo County Abstract of Assessment

					_	
_			Year T	axes are Payab	le	
	2004	2005	2006	2007	2008	2009
	5.250	5.250	5.250	5.250	5.261	5.302
	26.999	26.999	26.999	26.999	26.999	29.619
	1.262	1.247	1.094	1.073	0.954	0.844
	-	0.943	0.866	0.835	0.755	0.655
	17.773	17.880	16.252	17.880	9.670	12.058
	15.633	15.663	15.441	15.633	15.633	15.633
	7.827	5.904	6.120	5.609	5.488	6.771
	7.627	3.504	0.120	3,007	3.400	0.771
	36.195	36.629	36.837	36.357	38.814	37.525
	41.091	40.979	40.410	39.896	38.183	37.511
	44.903	45.349	42.515	42.587	39.152	36.629
	55.526	56.009	49.959	48.831	41.873	40.804
	10.611	10.641	10.741	10.741	10.641	10.641
	10.641	10.641	10.641	10.641	10.641	10.641 5.000
	-	5.000	5.000	5.000	5.000 7.000	7.000
	1 240	1.235	1.147	1.147	1.071	1.071
	1.240	17.258	16.745	17.967	16.646	17.967
	17.072	17.238	10.743	17.907	9.000	9.000
	4.553	4.796	4.630	4.635	4.546	4.109
	1.502	1.502	1.446	1.502	1.502	1.502
	15.517	15.735	13.708	13.812	14.776	14.391
	24.268	24.268	24.268	24.268	24.268	24.268
	19.254	19.666	18.934	20.193	20.193	20.193
	10.036	10.036	10.036	10.036	10.036	10.036
	5.000	5.000	5.000	5.000	5.000	5.000
	0.947	0.947	0.943	0.941	0.915	0.940
	4.250	4.250	4.024	4.250	4.064	4.090
	-	-	-	-	-	5.000
	4.974	4.974	5.433	5.346	5.433	5.433

Pueblo City-County Library District Assessed Value and Actual Value of Taxable Property (in thousands of dollars) (Unaudited)

Fiscal Year Ended December 31,	Vacant Unimproved Land	Residential Property	Natural Resources	Commercial Property	Industrial Property	Agricultural Property	Public Utilities
2000	51,708	389,846	1,449	217,181	123,437	9,005	105,024
2001	49,252	409,181	1,643	223,727	125,326	9,369	110,979
2002	56,665	452,790	1,630	219,615	105,014	9,994	118,502
2003	56,092	471,691	1,606	220,031	105,846	11,235	127,104
2004	56,116	449,451	1,936	219,004	100,405	10,395	124,164
2005	53,932	466,545	1,675	220,102	101,088	10,465	117,679
2006	60,760	521,390	1,662	239,482	104,997	10,614	120,018
2007	58,304	542,161	1,674	247,349	108,087	10,731	118,276
2008	78,048	611,510	2,420	271,278	117,003	10,457	125,655
2009	77,017	626,504	2,800	284,856	128,941	10,563	129,353

Notes:

Property in Pueblo County is reassessed once every two years, in odd-numbered years. The county assessed residential property at various rates from 1997 at 10.35% to 2009 at 7.96% of actual value. All other property was assessed at 29% of actual value. Actual taxable value is obtained from the prior year Abstract of Assessment for the fiscal year for which levied. Tax rates are per \$1,000 of assessed value.

Source Data:

Pueblo Abstract of Assessment

Total Taxable Assessed Value	Estimated Actual Taxable Value	Exempt Property Assessed Value	Taxable Assessed Value as a Percentage of Actual Taxable Value	
897,650	5,751,372	56,351	15.608%	
929,477	5,993,487	57,825	15.508%	
964,210	6,710,676	701,257	14.368%	
993,605	6,953,491	76,609	14.289%	
961,471	7,410,202	81,617	12.975%	
971,486	7,600,404	80,925	12.782%	
1,058,923	8,401,841	88,997	12.603%	
1,086,582	8,671,580	116,798	12.530%	
1,216,371	9,766,507	123,006	12.455%	
1,260,034	10,530,161	124,404	11.966%	

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Pueblo City-County Library District Principal Property Taxpayers Current Year and Nine Years Ago (Unaudited)

	2009			2000				
Principal Taxpayer		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation		Rank	Percentage of Total Assessed Valuation
Xcel Energy (Public Service Company)	\$	63,186,200	1	5.06%	\$	52,827,550	1	5.90%
GCC Rio Grand Inc.	\$	62,623,820	2	5.02%				
Rocky Mountain Steel Hills / C F & I Steel	\$	26,508,060	3	2.12%	\$	40,366,060	2	4.51%
Qwest Corporation (U.S. West Communications)	\$	19,448,900	4	1.56%	\$	18,567,500	3	2.07%
Aquila / Westplains Energy / Blackhills Corp.	\$	16,607,520	5	1.33%	\$	14,417,700	4	1.61%
BNSF Railroad	\$	10,891,600	6	0.87%	\$	5,880,610	8	0.66%
Union Pacific Corporation	\$	10,197,100	7	0.82%	\$	5,069,400	10	0.57%
Trane Company	\$	10,607,000	8	0.85%				
PEDCO Foundation Inc.	\$	7,827,150	9					
Parkview Medical Center	\$	7,046,180	10		\$	8,642,110	5	0.97%
B F Goodrich Aerospace Co.					\$	6,069,100	7	0.68%
Dayton Hudson Company					\$	5,619,010	9	0.63%
Ashland Inc.					\$	8,430,770	6	0.94%
Total Top Ten Principal Taxpayers	\$	234,943,530		<u>17.63</u> %	\$	165,889,810		18.54%
Total Assessed Valuation 1	\$1	,248,117,793		100.00%	\$	895,069,500		100.00%

Notes:

Data Source:

Pueblo County Assessor's Office

¹ These figures represent Net Total Assessed Valuation, with Tax Increment Financing (TIF) amounts removed.

Pueblo City-County Library District Legal Debt Limit Information December 31, 2009 (Unaudited)

	2000	2001	2002	2003
Assessed valuation	\$ 897,650,000	\$ 929,477,000	\$ 964,210,000	\$ 993,605,000
Debt limitation - 1.5% of total assessed value	\$ 13,464,750	\$ 13,942,155	\$ 14,463,150	\$ 14,904,075
Certificates of Participation (1)	\$ -	\$ -	\$	\$ -
Legal debt limit less COP debt	\$ 13,464,750	\$ 13,942,155	\$ 14,463,150	\$ 14,904,075
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%

NOTE:

(1) Certificates of Participation are not generally included as debt for purposes of calculating legal debt limits (Colorado Revised Statute 22-42-104). However, they are included here to present the most conservative analysis of debt allowable which remains available.

Legal Debt Margin Calculation for Fiscal Year 2006

Assessed valuation	\$ 1	,260,034,000
Debt limitation - 1.5% of total assessed value	\$	18,900,510
Debt applicable to limit: Certificates of Participation (1)	_\$	6,000,000
Legal debt limit less COP debt	\$	12,900,510

2004	2005		<u>2006</u>		2007		2008		2009
\$ 961,471,000	\$ 971,486,000	_\$_	1,058,923,000	\$ 1	1,086,582,000	\$ 1	,216,371,000	\$ 1	,260,034,000
\$ 14,422,065	\$ 14,572,290	\$	15,883,845	\$	16,298,730	\$	18,245,565	\$	18,900,510
\$ 	\$ 	\$	6,000,000	\$	6,000,000	_\$_	6,000,000	_\$_	6,000,000
\$ 14,422,065	\$ 14,572,290	\$	9,883,845	\$	10,298,730	\$	12,245,565	\$	12,900,510

PUEBLO CITY-COUNTY LIBRARY DISTRICT RATIO OF OUTSTANDING DEBT BY TYPE Last ten fiscal years (Unaudited)

Year ended December 31,		Certificate Participate		Percentage of Personal Income (2)	Pe Cap	74.
2000		\$	-	0.0000%	\$	-
2001			-	0.0000%		-
2002			-	0.0000%		
2003			-	0.0000%		-
2004			-	0.0000%		-
2005				0.0000%		-
2006	(1)		6,000,000	0.1497%		39.15
2007			6,000,000	0.1791%		38.78
2008			6,000,000	0.1763%		38.27
2009			6,000,000	0.1350%		37.78

- (1) In October of 2006, \$6,000,000 in Certificates of Participation were issued.
- (2) Personal Income data as reported by the Bureau of Economic Analysis, US Department of Commerce for Pueblo County, Colorado.

Exhibit XII

Pueblo City-County Library District Ratio of Annual Debt Service Expenditures For Certificates of Participation to General Fund Expenditures Last ten fiscal years (Unaudited)

 Year ended December 31,	ncipal ments		nterest	Total Debt Service	Total General Fund Expenditures	Ratio of total Debt Service to total General Fund Expenditures
2000	\$ -		\$ -	-	\$ 4,952,242	0.00%
2001	-		-	-	5,578,141	0.00%
2002			-	-	5,740,970	0.00%
2003	-		-	-	5,649,860	0.00%
2004	-		-	-	6,332,196	0.00%
2005	-		-		7,055,675	0.00%
2006	-	(1)	-		7,356,047	0.00%
2007	-		75,163	75,163	7,618,044	0.99%
2008	-		356,143	356,143	7,344,448	4.85%
2009	-		311,950	311,950	7,289,393	4.28%

⁽¹⁾ In October of 2006, \$6,000,000 in Certificates of Participation were issued. The debt service for the first five years, 2007 through 2011, is interest only. In 2012 principal payments will be added. Final payment will be made in November 2031.

Pueblo City-County Library District Demographic and Economic Statistics Last ten calendar years (Unaudited)

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	Education Level Percent High School Graduates	School Enrollment
			** ***	266	00.50/	27.661
2000	142,054	3,261,523	22,988	36.6	80.5%	25,661
2001	144,383	3,425,550	23,739	36.5	81.3%	26,285
2002	147,057	3,543,285	24,095	36.4	82.1%	26,304
2003	148,707	3,628,870	24,402	36.3	82.9%	26,158
2004	149,728	2,862,688	25,798	36.1	83.7%	26,284
2005	151,104	3,870,097	25,612	36.0	84.5%	26,826
2006	153,243	4,009,351	26,363	36.8	85.3%	27,232
2007	154,712	3,350,443	21,656	36.4	86.1%	27,559
2008	156,781	3,402,618	21,703	36.3	86.9%	27,749
2009	158,804	4,444,600	28,357	36.3	85.1%	27,233

Data Sources:

Colorado Division of Local Affairs, Demography Section Colorado Department of Education, Enrollment Colorado Department of Labor and Employment Pueblo Regional Building Department

	Commercia	al Construction	Residential Construction			
Unemployment Rate	No. Of Units	Estimated Costs (thousands of dollars)	No. Of Units	Costs (thousands of dollars)		
3.6%	148	50,317	1,039	106,218		
5.4%	92	15,539	1,143	122,157		
7.2%	107	46,774	1,130	121,376		
7.5%	72	24,705	1,191	129,445		
7.5%	69	24,296	1,111	129,488		
6.8%	63	35,085	1,116	181,576		
5.0%	95	91,945	1223	194,287		
5.5%	98	56,915	664	112,955		
7.5%	64	169,825	400	66,188		
8.3%	34	31,162	186	30,545		

Pueblo City-County Library District Principal Employers Current Year and Nine Years Ago (Unaudited)

		2009			2000			
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment		
Parkview Hospital	2,158	1	3.89%	1,538	2	2.83%		
School District #60	2,100	2	3.78%	2,392	1	4.40%		
Pueblo County	1,050	3	1.89%	1,018	6	1.87%		
School District #70	1,009	4	1.82%	720	10	1.33%		
Colorado Mental Health Institute	1,000	5	1.80%	1,041	5	1.92%		
St. Mary Corwin Hospital	979	6	1.76%	1,228	3	2.26%		
Rocky Mountain Steel	978	7	1.76%			0.00%		
Convergys	685	8	1.23%	1,100	4	2.03%		
City of Pueblo	642	9	1.16%			0.00%		
Colorado State University-Pueblo	580	10	1.04%			0.00%		
Trane				883	7	1.63%		
Target Distribution Center				750	8	1.38%		
Wal-Mart Stores				729	9	1.34%		
Total	11,181		20.13%	\$ 11,399		20.99%		

Data Source:

Pueblo Economic Development Corporation

Pueblo City-County Library District Miscellaneous Statistical Data Library Materials Purchased & Circulated Last ten calendar years (Unaudited)

Fiscal Year	Number of volumes owned	Number of AV items owned	Total items owned	Acquisition cost of collections	Net book value of collections	Number of items circulated	Turn-over
2000	385,289	23,856	409,145	3,946,518	-	959,313	2.34
2001	380,006	26,056	406,062	4,476,350	-	927,966	2.29
2002	399,240	29,139	428,379	4,985,507	-	978,504	2.28
2003	403,807	31,791	435,598	5,516,681	-	1,003,955	2.30
2004	424,374	35,880	460,254	6,082,787	-	1,076,312	2.34
2005	426,634	43,443	470,077	6,685,570		1,057,435	2.25
2006	433,652	48,563	535,871	7,293,619	-	1,100,854	2.05
2007	445,276	55,176	500,452	7,919,653	-	1,169,375	2.34
2008	459,745	60,839	520,584	8,111,016	4,549,170	1,305,432	2.51
2009	450,572	65,745	516,317	8,293,424	4,546,378	1,477,851	2.86

- GASB Statement 34 requires that capital assets be depreciated this was implemented in 2003. Determination was made in 2008 that the District's collection of books and audio-visual materials is considered a capital asset, therefore subject to depreciation. Collections have an estimated useful life of 5 years. Net book value represents total acquisition cost of circulating materials less accumulated depreciation to date.
- Turn-over rate is the number of times an item is checked out. This is an average of all publicly circulating items in the total collection.

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Pueblo City-County Library District Miscellaneous Statistical Data Schedule of Service Locations December 31, 2009 (Unaudited)

LIBRARIES:	Address	Owned (O) Leased (L)	Square feet	Number of employees 1	 Operating budget
Barkman Public Library	1300 Jerry Murphy Rd. Pueblo, CO 81001	O	7,100	6.40	\$ 397,183
Lamb Public Library	2525 W. Pueblo Blvd. Pueblo, CO 81005	О	10,500	6.30	\$ 379,526
Library @ the Y	3200 Spaulding Pueblo, CO 81008	L 2	1,183	1.00	\$ 66,053
Outreach Services [includes 9 satellite locations]	100 E. Abriendo Ave. Pueblo, CO 81004	0	3	3.85	\$ 137,261
Pueblo West Library	298 S. Joe Martinez Blvd. Pueblo West, CO 81007	O	28,500	9.20	\$ 848,961
Rawlings Public Library	100 E. Abriendo Ave. Pueblo, CO 81004	O	110,000	34.80	\$ 2,530,313
SUPPORT SERVICES: Community Relations	100 E. Abriendo Avenue Pueblo, CO 81004	O	3	2.00	\$ 210,631
Director's Office	100 E. Abriendo Avenue Pueblo, CO 81004	0	3	2.50	\$ 331,185
Facilities Department	100 E. Abriendo Avenue Pueblo, CO 81004	O	3	5.00	\$ 270,157
Finance Department	100 E. Abriendo Avenue Pueblo, CO 81004	O	3	3.00	\$ 276,058
Human Resources Department	100 E. Abriendo Avenue Pueblo, CO 81004	O	3	2.00	\$ 626,466
Information Technology Dept.	100 E. Abriendo Avenue Pueblo, CO 81004	O	3	4.00	\$ 532,342
Technical Services Department	100 E. Abriendo Avenue Pueblo, CO 81004	O	3	7.90	\$ 660,599

- Numbers of employees refers to total Full Time Equivalents (FTE), not actual numbers of employees.
- Located in the YMCA facility
- 3 Square footage for this location is included in the Rawlings Library square footage number.

Pueblo City-County Library District Miscellaneous Statistical Data Circulation Summary by Location Last ten calendar years (Unaudited)

Fiscal Year	9		Lamb Library	Pueblo West Library 2	Outreach Services		
2000	538,760	133,927	119,236	112,838	27,276		
2001	447,235	141,041	146,499	127,979	32,606		
2002	489,602	130,708	155,819	128,039	37,168		
2003	510,053	139,968	159,879	135,095	29,480		
2004	641,024	116,947	126,382	134,365	28,797		
2005	612,286	122,720	121,873	143,270	28,643		
2006	619,145	130,927	129,995	156,107	32,340		
2007	649,757	144,918	143,693	170,049	30,479		
2008	741,901	177,223	186,135	147,217	26,478		
2009	766,650	182,866	205,436	251,655	35,622		

- In 2003 the Robert Hoag Rawlings Library opened. It was formerly the McClelland Library, but was renovated and reopened under the new name after two years of major renovation and expansion.
- In 2009 the Pueblo West Library opened formerly the White Library, it was expanded from 5,000 sf to 28,000 sf. The expansion was funded with Certificates of Participation issued in 2006. This facility was closed for several months in 2008 during construction, resulting in lower circulation.
- Several service outlets are included here Regent, a nursing home book depository until 2007; Books-in-the-Park, a summer outdoor reading and craft program; Books-a-la-Cart, a mobile book delivery program introduced in 2009; and Homebound delivery service.

Outreach Services Detail

		Outreach Services Detail								
Avondale	Beulah	Cesar Chavez [Hyde Park]	Craver [Colo. City]	North Mesa	Risley	Rye	South Mesa	Vineland	Other ₃	
					222	2.7/0	5 740	4.051	4	
3,410	1,999	5,400	3	2,678	322	2,769	5,740	4,951		
3,952	2,703	7,851	3	3,164	540	3,739	6,510	4,142	2	
3,190	2,182	10,857	153	3,606	290	4,749	8,234	3,767	140	
2,530	1,731	8,611	121	2,860	230	3,767	6,531	2,988	111	
2,471	1,691	8,411	118	2,794	225	3,680	6,380	2,919	108	
4,185	3,656	4,546	674	3,211	319	4,727	2,568	4,651	106	
3,856	4,751	6,315	1,015	2,618	401	5,252	2,661	5,351	120	
3,793	4,271	4,635	2,199	2,052	566	5,880	2,029	4,137	917	
3,682	3,180	3,478	3,021	1,904	375	6,358	1,252	3,115	113	
2,128	3,029	4,527	3,011	2,083	334	6,891	735	6,141	6,743	