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1-1-2005

## Financial Statements, 2004

Kirkwood Public Library

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### Recommended Citation

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KIRKWOOD PUBLIC LIBRARY

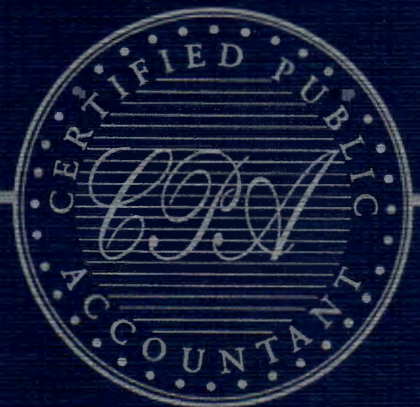
FINANCIAL STATEMENTS

For The Year Ended

April 30, 2004

*Bernhard W. Marti*

*Certified Public Accountant, PC*





**KIRKWOOD PUBLIC LIBRARY**

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To the Board of Trustees  
Kirkwood Public Library  
140 E. Jefferson  
Kirkwood, Missouri 63122

### **Independent Auditors' Report**

We have audited the accompanying financial statements of Kirkwood Public Library as of and for the year ended April 30, 2004, as listed in the table of contents. These financial statements are the responsibility of the Kirkwood Public Library management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 presentation.

The Library does not maintain detail records for prior year cost of property and equipment. As a result, the organization's records were not adequate to satisfy ourselves as to the historical cost of property and equipment included in the accompanying financial statements.

As described in Note 1, Kirkwood Public Library prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles.



Kirkwood Public Library  
Independent Auditor's Report  
Page 2

In our opinion, except for the effects on the financial statements of such adjustments, if any, as might have been required had the records been adequate to allow adequate auditing procedures with regard to the historical cost of property and equipment referred to in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of Kirkwood Public Library at April 30, 2004, and the revenues it received and expenditures paid for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2004, on our consideration of the Kirkwood Public Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of an audit.

July 23, 2004



Bernhard W. Marti,  
Certified Public Accountant, PC

**KIRKWOOD PUBLIC LIBRARY**  
**Statement Of Assets, Liabilities, And Fund Balances**  
**Arising From Cash Transactions**  
**April 30, 2004**

	<u>Governmental</u> <u>Fund Types</u>	<u>Account</u> <u>Group</u> <u>General</u>	<u>Total</u> <u>(Memo Only)</u>
	<u>Operating</u>	<u>Fixed Assets</u>	
<b>ASSETS</b>			
Cash	504	0	504
Investments	598,370	0	598,370
Fixed assets (notes 1 & 3)	0	1,496,891	1,496,891
	0	1,496,891	1,496,891
<b>TOTAL ASSETS</b>	<u>\$ 598,874</u>	<u>\$ 1,496,891</u>	<u>\$ 2,095,765</u>
 <b>LIABILITIES AND FUND EQUITY</b>			
Liabilities-cash overdraft	<u>\$ 18,106</u>	<u>\$ 0</u>	<u>\$ 18,106</u>
 <b>Fund Equity</b>			
Investment in general fixed assets	0	1,496,891	1,496,891
	0	1,496,891	1,496,891
 <b>Fund Balance</b>			
Unreserved	<u>580,768</u>	<u>0</u>	<u>580,768</u>
	580,768	0	580,768
<b>TOTAL FUND EQUITY</b>	<u>580,768</u>	<u>0</u>	<u>580,768</u>
 <b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 598,874</u>	<u>\$ 1,496,891</u>	<u>\$ 2,095,765</u>

See the accompanying notes to financial statements



**KIRKWOOD PUBLIC LIBRARY**  
**Statement Of Revenues Collected,**  
**Expenditures Paid, And Changes In Fund Balance**  
**All Governmental Fund Types**  
**For The Year Ended April 30, 2004**

	<u>Operating Fund</u>
<b>REVENUES</b>	
Property taxes	\$ 1,075,215
Fines	39,870
Photocopies	8,908
Rental fees	1,936
Investment interest	3,050
State aid	14,540
Federal grants	1,440
Private grants	2,500
Gifts	116,465
Miscellaneous	18,249
<b>TOTAL REVENUES</b>	<b>\$ 1,282,173</b>
 <b>EXPENDITURES</b>	
<b>PERSONNEL EXPENSES</b>	
Salaries	666,521
Pension (note 2)	27,978
Payroll taxes	52,878
Insurance-medical	56,691
Insurance-workmens comp.	6,077
Professional development	13,196
<b>TOTAL PERSONNEL EXPENSES</b>	<b>\$ 823,341</b>
 <b>UTILITIES AND SERVICES</b>	
Electric, water, sanitation	19,329
Gas	3,611
Telephone	10,276
Insurance-general	13,765
Contractual services	11,993
Maintenance & repair	18,288
Janitorial supplies	5,080
<b>TOTAL UTILITIES AND SERVICES</b>	<b>\$ 82,342</b>
 <b>LIBRARY MATERIALS</b>	
Reference books	\$ 14,000
Children's books	20,896
Adult books	60,346
Children's audio visual	8,528
Adult audio visual	19,602
Subscriptions & memberships	18,376
<b>TOTAL LIBRARY MATERIALS</b>	<b>\$ 141,748</b>

See the accompanying notes to financial statements

**KIRKWOOD PUBLIC LIBRARY**  
**Statement Of Revenues Collected,**  
**Expenditures Paid, And Changes In Fund Balance**  
**All Governmental Fund Types**  
**For The Year Ended April 30, 2004**

	<u>Operating Fund</u>
<b>ADMINISTRATIVE EXPENSES</b>	
Office supplies	\$ 6,973
Audit	2,500
Postage	14,279
Printing	12,098
Advertising	1,355
Contractual services	21,303
Collection agency	2,153
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<u>\$ 60,661</u>
 <b>COMPUTER</b>	
Salaries-contractual	15,605
Contractual services	20,004
Libraries W/O Bounds	7,489
<b>TOTAL COMPUTER</b>	<u>\$ 43,098</u>
 <b>CAPITAL AND OTHER</b>	
Computer equipment	9,850
Furniture & equipment	4,080
Architect & engineers	66,904
Development & communications	4,705
Board expenses	1,315
Passport expenses	9,494
Annual campaign expenses	11,233
Gifts used	77,415
<b>TOTAL CAPITAL AND OTHER</b>	<u>\$ 184,996</u>
 <b>TOTAL EXPENDITURES</b>	<u>\$ 1,336,186</u>
 <b>EXCESS OF EXPENDITURES OVER REVENUES</b>	 \$ (54,013)
 <b>FUND BALANCE, BEGINNING</b>	 <u>634,781</u>
 <b>FUND BALANCE, ENDING</b>	 <u>\$ 580,768</u>

See the accompanying notes to financial statements



**KIRKWOOD PUBLIC LIBRARY**  
**Statement Of Revenues Collected,**  
**Expenditures Paid, And Changes In Fund Balance**  
**Budget And Actual - Operating Fund**  
**For The Year Ended April 30, 2004**

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under)</u> <u>Budget</u>
<b>REVENUES</b>			
Property taxes	\$ 1,126,213	\$ 1,075,215	\$ (50,998)
Fines	42,355	39,870	(2,485)
Photocopies	8,826	8,908	82
Rental fees	1,903	1,936	33
Investment interest	6,260	3,050	(3,210)
State aid	14,540	14,540	0
Federal grants	0	1,440	1,440
Private grants	0	2,500	2,500
Gifts	0	116,465	116,465
Miscellaneous	4,701	18,249	13,548
<b>TOTAL REVENUES</b>	<u>\$ 1,204,798</u>	<u>\$ 1,282,173</u>	<u>\$ 77,375</u>
 <b>EXPENDITURES</b>			
<b>PERSONNEL EXPENSES</b>			
Salaries	637,287	666,521	29,234
Pension (note 2)	0	27,978	27,978
Pension-City of Kirkwood	28,886	0	(28,886)
Payroll taxes	48,606	52,878	4,272
Insurance-medical	48,500	56,691	8,191
Insurance-workmens comp.	3,700	6,077	2,377
Professional development	15,000	13,196	(1,804)
<b>TOTAL PERSONNEL EXPENSES</b>	<u>\$ 781,979</u>	<u>\$ 823,341</u>	<u>\$ 41,362</u>
 <b>UTILITIES AND SERVICES</b>			
Electric, water, sanitation	26,000	19,329	(6,671)
Gas	3,000	3,611	611
Telephone	12,000	10,276	(1,724)
Insurance-general	12,200	13,765	1,565
Contractual services	13,100	11,993	(1,107)
Maintenance & repair	17,000	18,288	1,288
Janitorial supplies	5,200	5,080	(120)
<b>TOTAL UTILITIES AND SERVICES</b>	<u>\$ 88,500</u>	<u>\$ 82,342</u>	<u>\$ (6,158)</u>
 <b>LIBRARY MATERIALS</b>			
Reference books	\$ 14,000	\$ 14,000	\$ 0
Children's books	19,000	20,896	1,896
Adult books	62,750	60,346	(2,404)
Children's audio visual	10,000	8,528	(1,472)
Adult audio visual	20,000	19,602	(398)
Subscriptions & memberships	20,000	18,376	(1,624)
<b>TOTAL LIBRARY MATERIALS</b>	<u>\$ 145,750</u>	<u>\$ 141,748</u>	<u>\$ (4,002)</u>

See the accompanying notes to financial statements

**KIRKWOOD PUBLIC LIBRARY**  
**Statement Of Revenues Collected,**  
**Expenditures Paid, And Changes In Fund Balance**  
**Budget And Actual - Operating Fund**  
**For The Year Ended April 30, 2004**

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under)</u> <u>Budget</u>
<b>ADMINISTRATIVE EXPENSES</b>			
Office supplies	\$ 7,000	\$ 6,973	\$ (27)
Audit	2,750	2,500	(250)
Postage	12,500	14,279	1,779
Printing	17,500	12,098	(5,402)
Advertising	2,000	1,355	(645)
Contractual services	20,000	21,303	1,303
Collection agency	2,700	2,153	(547)
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<u>\$ 64,450</u>	<u>\$ 60,661</u>	<u>\$ (3,789)</u>
<b>COMPUTER</b>			
Salaries-contractual	16,000	15,605	(395)
Contractual services	9,000	20,004	11,004
Libraries W/O Bounds	15,100	7,489	(7,611)
<b>TOTAL COMPUTER</b>	<u>\$ 40,100</u>	<u>\$ 43,098</u>	<u>\$ 2,998</u>
<b>CAPITAL AND OTHER</b>			
Computer equipment	9,850	9,850	0
HVAC	6,000	0	(6,000)
Furniture & equipment	3,000	4,080	1,080
Architect & engineers	86,000	66,904	(19,096)
Development & communications	50,677	4,705	(45,972)
Board expenses	600	1,315	715
Passport expenses	0	9,494	9,494
Annual campaign expenses	0	11,233	11,233
Gifts used	0	77,415	77,415
<b>TOTAL CAPITAL AND OTHER</b>	<u>\$ 156,127</u>	<u>\$ 184,996</u>	<u>\$ 28,869</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,276,906</u>	<u>\$ 1,336,186</u>	<u>\$ 59,280</u>
<b>EXCESS OF EXPENDITURES OVER REVENUES</b>	<u>\$ (72,108)</u>	<u>\$ (54,013)</u>	<u>\$ 18,095</u>
<b>FUND BALANCE, BEGINNING</b>		<u>634,781</u>	
<b>FUND BALANCE, ENDING</b>		<u>\$ 580,768</u>	

See the accompanying notes to financial statements



**KIRKWOOD PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Fund Accounting**

The accounts of the Kirkwood Public Library are organized on the basis of fund types and account groups, each of which is considered a separate entity with self-balancing accounts. The following fund types and account groups are used by the Library:

**Operating Fund** - The operating fund type is used to account for all financial resources except those required to be accounted for in another fund.

**General Fixed Assets Account Group** - All fixed assets of the Library are recorded and accounted for in the account group.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and recorded in the financial statements. The financial statements are prepared on the cash basis of accounting. Therefore, revenues and expenditures are recognized only when collected or paid, and receivables and accrued liabilities are not reflected in the financial statements.

**Budgets**

Each year the Library Director submits to the Board of Trustees a proposed operating budget for the general fund type for the year commencing the following May 1. The operating budget includes proposed expenditures and the means of financing them. Public notices are posted prior to the open Board meeting in which the annual budget will be discussed and approved. The budget was approved by the Board on April 15, 2003 and revised May 19, 2003.

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of funds are recorded, is employed by the governmental fund types. Since appropriations and outstanding encumbrances lapse at year-end, outstanding encumbrances are reappropriated in the subsequent fiscal year's budget to provide for the liquidation of the prior commitments.

**KIRKWOOD PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2004**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Revenue Recognition**

Property taxes attach as an enforceable lien on the property as of January 1. Taxes are levied by November 1 and payable by December 31. The County collects the property tax and remits it to the Library.

The assessed valuation of the tangible taxable property and the tax rates per \$100 of assessed value for the calendar years 2003 and 2002 for purposes of local taxation was:

	<b>December 31, 2003</b>		<b>December 31, 2002</b>	
	<u>Amount</u>	<u>Rate</u>	<u>Amount</u>	<u>Rate</u>
Real Estate & Agricultural	\$362,159,975	\$.214	\$339,151,220	\$ .223
Commercial	69,530,293	.205	62,551,140	.223
Personal Property	<u>73,166,900</u>	.237	<u>75,893,153</u>	.223
Total	\$504,857,168		\$477,595,513	

**Reporting Entity**

The Library defines its financial reporting entity in Accordance with Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity (GASB 14).

The Library's financial reporting entity consists of the Library only, and has no component units. The Mayor or City Council of the City of Kirkwood is responsible for appointing a majority of the governing members of the Library's board, but the City's accountability does not extend beyond this. The City of Kirkwood does not include the Library as a component unit within the City's financial reporting entity.

**Investments**

The Library maintains an investment account at Pioneer Bank. Investments are carried at cost, which is not materially different from market value. Investments are governed by Section 182.800 R.S.MO, which includes open time deposits, certificates of deposit, bonds of the State of Missouri, U.S, and any wholly owned corporation of the U.S. and other short-term obligations of the United States.

Investments are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Amounts exceeding the FDIC limit are insured by bank owned government securities.



**KIRKWOOD PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2004**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Investments** (continued)

The Library's investments are categorized to give an indication of the level of risk assumed by the City at fiscal year-end. The categories are described as follows:

**Category 1** - Insured or registered, or securities held by the Library or its agent in the Library's name.

**Category 2** - Uninsured and unregistered, with securities held by the counter party's trust department or agent in the Library's name.

**Category 3** - Uninsured and unregistered, with securities held by the counter party, or its trust department or agent, but not in the Library's name.

As of April 30, 2004, Investments categorized by risk, are:

<b><u>Type of investment</u></b>	<b><u>Risk Category</u></b>	<b><u>Amount</u></b>
U.S. government securities	Category 1	\$ 598,370

**Fixed Assets and Depreciation**

General fixed assets purchased are recorded as expenditures at the time of acquisition in the general fund type and are capitalized in the General Fixed Assets Account Group. In accordance with industry practices, books, periodicals, films, and records are not capitalized, but are recorded as expenditures in the period acquired. Depreciation is not recorded in the General Fixed Assets Account Group.

**Total Column On Combined Statements**

The "Total (Memo Only)" column is presented only to facilitate financial analysis and does not present financial position or results of operations in conformity with generally accepted accounting principles.

**KIRKWOOD PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2004**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Vacation and Sick Leave**

Under the terms of the Library's employee policies and procedures, the employees are granted vacation based on continuous service as follows:

<u>Years of Service</u>	<u>Weeks of Vacation</u>
Less than 1	5/6 day per month
1 through 4	3 weeks per year
5 through 9	4 weeks per year
10 through 16	5 weeks per year
17 and over	6 weeks per year

Employee vacations vest after six months of continuous service, and may be accrued for two years, and then must be used during the next year. Expenditures relating to employee vacations are recorded when paid.

Sick leave is accrued at 12 hours for each full month of continuous service to a maximum accrual of 130 days.

**2. EMPLOYEE RETIREMENT PLAN**

The Library covers substantially all of their full-time employees, who have met certain service requirements, under the City of Kirkwood Defined Contribution Pension Plan. The Library contributes five percent of each covered employee's annual salary to their individual pension plan account. Contributions made by the Library for employees for the fiscal year ended April 30, 2004 totaled \$22,210. There are no unfunded liabilities of this Plan at the end of the year as all contributions are remitted to the City of Kirkwood as they become due. The assets of the Plan are owned by the employees and are not reflected on the statements of the Library.

The Library also has available a cash or deferred Arrangement (CODA) under Code Section 401(a). Under this Plan, the Library contributes two percent for each eligible employee who agrees to match this amount with a contribution to their Code Section 457 account. Contributions made by the Library for employees for the fiscal year ended April 30, 2004 totaled \$5,768.



**KIRKWOOD PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2004**

**3. CHANGES IN GENERAL FIXED ASSETS**

The Library records the purchase of property and equipment as an expense in the year of the expenditure. A corresponding entry, reflecting the cost of the capital outlay, is made to the statement of assets and liabilities arising from cash transactions to maintain a historical record of the cost of property and equipment. The organization's records were not adequate to satisfy ourselves as to the historical cost reflected in the property and equipment account.

A schedule of changes in property and equipment for the year ended April 30, 2004 is as follows:

<b>Balance, May 1, 2003</b>	<b>\$ 1,416,057</b>
<b>Capital Additions</b>	
<b><u>Computer</u></b>	
Computer equipment	9,352
Printers/copier	498
<b><u>Furniture &amp; Equipment</u></b>	
5 storage cabinets	1,421
Staff room furniture	2,011
Trays, lamp, stand	648
<b><u>Building Improvements &amp; Development</u></b>	
Architect fees	59,340
Legal services	3,870
Asbestos survey	3,075
Miscellaneous expenses	<u>619</u>
Total Additions	<b>\$ 80,834</b>
<b>Capital Retirements</b>	<b><u>-</u></b>
<b>Balance, April 30, 2004</b>	<b>\$ 1,496,891</b>

**KIRKWOOD PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2004**

**4. ACCRUED ITEMS**

As discussed in Note 1, the Library operates on the cash basis of accounting, which does not reflect accrued items (receivables and payables) on the financial statement. At April 30, 2004, the following receivables were owed to the Library but not collected:

Property Taxes	\$ 10,948
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At April 30, 2004, the following approximate liabilities were owed by the Library but unpaid:

Accounts payable	\$ 8,429
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**5. DEFERRED COMPENSATION PLAN**

The Library has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by independent plan administrators through administrative service agreements. The plan is available to all employees. Employees defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death or financial hardship.

**6. MUNICIPAL LIBRARY CONSORTIUM**

The Library is a member of the Municipal Library Consortium of St. Louis County, an association of independent municipal libraries.

The purpose of the Consortium is to develop and maintain a shared automation system and to provide and maintain developing information technologies for the citizens of the member libraries' communities. The original members are the Brentwood, Ferguson, Kirkwood, Richmond Heights, Rock Hill, University City, Valley Park, Webster Groves and Maplewood Libraries.



**KIRKWOOD PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2004**

**MUNICIPAL LIBRARY CONSORTIUM** (continued)

The Consortium will have full ownership of all system hardware, software, peripherals and other property relating to the central site automated system, which will be located at University City Library. Each member will purchase or lease and maintain its own terminals, data transmission devices, barcodes, printers and other peripheral equipment.

Initially, each member will pay their proportionate share of the automated system's costs according to its percentage of ports in the total system, its percentage of bibliographic records and its percentage of all members prior year's circulation.

It is not intended that the Consortium shall act for profit. Net assets, if any, will be distributed to members in the event of termination. The Consortium's fiscal year will run from July 1 to June 30. Financial statements are not available.

**7. RISK MANAGEMENT**

The Library is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Library carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.