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1-1-2006

## Financial Statements, 2005

Kirkwood Public Library

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**KIRKWOOD PUBLIC LIBRARY**

**Financial Statements**

**For The Year Ended  
June 30, 2005**

*Bernhard W. Marti*

*Certified Public Accountant, PC*





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### Overview of the Financial Statements

Our discussion and analysis of the Kirkwood Public Library's financial performance provides an overview of the Library's financial activities for the fiscal year ended June 30, 2005. Please read it in conjunction with the Library's financial statements, which begin on page 5.

### Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 5-6) provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances. Fund financial statements start on page 7. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Library's operations in more detail than the government-wide statements by providing information about the Library's most significant funds. An additional part of the basic financial statements are the notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

### Reporting The Library As A Whole- The Statement of Net Assets and the Statement of Activities

Our analysis of the Library as a whole begins on page 5. One of the most important questions asked about the Library's finances is, "Is The Kirkwood Public Library in a better financial position at the end of this fiscal year, compared to last year?" The Statement of Net Assets and the Statement of Activities report information about the Library as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid, except that tax revenue not actually received within 60 days of the close of the fiscal year are not treated as a receivable until actually received. These two statements report the Library's net assets and changes in them. You can think of the net assets, which is the difference between assets and liabilities, as one way to measure the Library's financial health, or financial position. Over time, increases or decreases in the Library's net assets are one indicator of whether its financial health is improving or deteriorating. A person will need to consider other non-financial factors, however, such as changes in the Library's property tax base, to assess the overall health of the Library. In the Statement of Net Assets and the Statement of Activities, we have reported the Library's governmental activities - All of the Library's basic services are reported here, including the cost of library materials, personnel costs, building costs and operating expense.

### Reporting of the Library's Most Significant Funds- Fund Financial Statements

Our analysis of the Library's major funds begins on page 7. The Library has only one fund, the general fund. All of the Library's basic services general fund, not the Library as a whole, are reported in governmental funds, which focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the "modified accrual basis" of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Library's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance Library programs. We describe the relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in the reconciliation on page 10.



**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11-16 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning budgetary information beginning on page 17.

**Financial Overview**

The following is a condensed financial overview for the year ended June 30, 2005:

Current assets	\$ 660,194	Revenues	\$ 1,342,524
Capital assets	<u>227,537</u>	Expenditures	<u>1,161,750</u>
Total Assets	887,731	Change in Net Assets	180,774
Current liabilities	( <u>65,460</u> )	Beginning net assets	<u>641,497</u>
Net Assets	\$ 822,271	Ending Net Assets	\$ 822,271

This summary reflects an increase of 28% for governmental activities. This is the first year to report all activities on the accrual basis of accounting. Additionally, starting July 1, 2004, the Library changed its accounting year from a twelve month period ending April 30 to a twelve month period ending June 30. This change in accounting periods means that the previous two accounting periods consist of a twelve month period that began on May 1, 2003 and ended on April 30, 2004 and a two month period that began on May 1, 2004 and ended on June 30, 2004. For those reasons, a comparison to the prior year is not possible. However, in future years, this section will explain the differences between the current and prior year assets, liabilities, and changes in net assets.

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. Please note that the expenses are listed first followed by revenues. The result is a Net (Expense) Revenue calculation. This format highlights the respective financial burden that each of the functions place on the taxpayers.

**Financial Analysis of the Government's Funds**

As noted earlier, the Kirkwood Public Library uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**Governmental funds**

The focus of the Kirkwood Public Library governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Kirkwood Public Library financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

With the implementation of two new accounting standards and the recent change in accounting period, an analysis of current and prior year governmental funds (in particular the General Fund) balance sheet is difficult to do. In subsequent years, this section will discuss and analyze significant differences. The General Fund is the chief operating fund of the Kirkwood Public Library. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$ 594,734.



**General Fund Budgetary Highlights**

During the fiscal year ended June 30, 2005, because of the failure of the votes of the Kirkwood Public Library District to pass the proposed tax increase that was put to the voters in the election held August 4, 2004, it was necessary to revise the operating budget for the Kirkwood Public Library to reduce the proposed operating costs of the Library to reflect a reduction in the amount of anticipated tax revenue for the fiscal year which ended June 30, 2005. The reduction in operating expenses was principally accomplished by a reduction in the hours of operation and by not filling certain staff vacancies that existed at the beginning or occurred during the fiscal year which ended June 30, 2005.

**Economic Factors and the Next Years Budgets and Rates**

The Library has no plans for major purchases or changes in the Library program in the coming year. The Library Board is in the process of developing a plan for the possible renovation and rehabilitation of the existing library building. If and when approved, such a plan will entail the expenditure of funds in the General Fund and may entail dedicating all or a portion of the presently unreserved fund balance toward the undertaking and completion of such renovation or rehabilitation plan. As of the preparation of this statement, the development of such a plan has not been completed nor has the Board set any deadline for the completion of any such plan.

Except as noted above, at the present time, there are no out of the ordinary equipment purchases planned for this year. Ordinary equipment repairs and replacement are budgeted for as part of normal operating expenses.

All factors known at the time the budget was approved were considered in preparing the Kirkwood Public Library budget for the fiscal year ending June 30, 2006. As additional factors or circumstances become known, the approved budget is subject to and may be changed. As of the preparation of this summary, the Kirkwood Public Library budget for the fiscal year ending June 30, 2006 has been amended to include the cost of adding an additional position to the staff of the Library.

**Contacting the Library's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Library's finances and to show the Library's accountability for the money it receives. The Kirkwood Public Library plans on placing my letter, the Management's Discussion and Analysis, along with the basic financial statements and required supplementary information on our web page (<http://kpl.lib.mo.us>). If anyone has any questions about this report or needs additional information, contact Wicky Sleight at the Kirkwood Public Library, 140 E. Jefferson, Kirkwood, MO 63122.

Respectively submitted,  
Wicky Sleight  
Director  
(314) 821-5770 Ext. 32  
E-mail: [wsleight@real.more.net](mailto:wsleight@real.more.net)



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To the Board of Trustees  
Kirkwood Public Library

**Independent Auditors' Report**

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Kirkwood Public Library, as of and for the year ended June 30, 2005, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Kirkwood Public Library management. Our responsibility is to express opinions on these financial statements based on our audit.

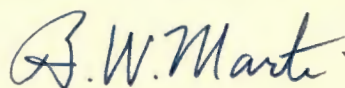
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, 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 and each major fund of the Kirkwood Public Library, as of and for the year then ended June 30, 2005, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Library has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as of June 30, 2005

The management's discussion and analysis and budgetary comparison information on pages 1 through 3 and 17 through 18, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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 Kirkwood Public Library basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Bernhard W. Marti,  
Certified Public Accountant, PC

October 11, 2005

**KIRKWOOD PUBLIC LIBRARY**

**Statement of Net Assets  
As of June 30, 2005**

	<u>Governmental Activities</u>	<u>Component Units</u>
<b><u>ASSETS</u></b>		
Cash	\$ 600	\$ 35,149
Investments	651,040	288,162
Taxes receivable	6,666	-
Prepaid expense	1,888	-
Municipal Library Consortium	39,737	-
Property & equipment, net of accumulated depreciation	<u>187,800</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 887,731</u></b>	<b><u>\$ 323,311</u></b>
 <b><u>LIABILITIES</u></b>		
Accounts payable-cash overdraft	\$ 28,253	
Accounts payable	13,580	
Accrued wages	<u>23,627</u>	
<b>TOTAL LIABILITIES</b>	<b>\$ 65,460</b>	<b>\$ -</b>
 <b><u>NET ASSETS</u></b>		
Restricted	0	222,253
Unrestricted	<u>822,271</u>	<u>101,058</u>
<b>TOTAL NET ASSETS</b>	<b><u>\$ 822,271</u></b>	<b><u>\$ 323,311</u></b>

See the accompanying notes to financial statements



**KIRKWOOD PUBLIC LIBRARY**

**Statement Of Activities  
For The Year Ended June 30, 2005**

<b><u>FUNCTIONS/PROGRAMS: LIBRARY SERVICES</u></b>	<b>Total Governmental Activities</b>	<b>Component Units</b>
<b><u>EXPENDITURES</u></b>		
Books, periodicals, audiovisual	\$ 206,818	-
Wages, personnel expenses	710,243	-
Building expenses	81,642	-
Operating expenses	<u>163,047</u>	<u>86,824</u>
<b>TOTAL EXPENDITURES</b>	<b>\$ <u>1,161,750</u></b>	<b>\$ <u>86,824</u></b>
<b><u>REVENUES</u></b>		
Tax revenue	\$ 1,134,512	\$ -
Charges for services	82,222	-
Investment interest	11,256	-
State aid	14,540	-
Gifts	95,905	-
Miscellaneous	<u>4,089</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<b>\$ <u>1,342,524</u></b>	<b>-</b>
<b><u>COMPONENT UNITS:</u></b>		
Friends Of Kirkwood Public Library		\$ 100,425
Kirkwood Public Library Foundation		<u>21,661</u>
<b>TOTAL COMPONENT UNITS</b>		<b><u>122,086</u></b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 180,774</b>	<b>\$ 35,262</b>
<b>NET ASSETS, BEGINNING</b>	<b><u>641,497</u></b>	<b><u>288,049</u></b>
<b>NET ASSETS, ENDING</b>	<b><u>\$ 822,271</u></b>	<b><u>\$ 323,311</u></b>

See the accompanying notes to financial statements

**KIRKWOOD PUBLIC LIBRARY**

**Balance Sheet  
Governmental Funds  
June 30, 2005**

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>		
Cash	\$ 600	\$ 600
Investments	651,040	651,040
Taxes receivable	6,666	6,666
Prepaid expense	1,888	1,888
<b>TOTAL ASSETS</b>	<b><u>\$ 660,194</u></b>	<b><u>\$ 660,194</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>		
<b>LIABILITIES</b>		
Accounts payable-cash overdraft	\$ 28,253	\$ 28,253
Accounts payable	13,580	13,580
Accrued wages	23,627	23,627
<b>TOTAL LIABILITIES</b>	<b><u>\$ 65,460</u></b>	<b><u>\$ 65,460</u></b>
<b>FUND BALANCE</b>		
Unreserved, General Fund	<u>594,734</u>	<u>594,734</u>
<b>TOTAL FUND BALANCE</b>	<b><u>\$ 594,734</u></b>	<b><u>\$ 594,734</u></b>

**Amounts reported for governmental activities in the statement of net assets are different because:**

Municipal Library Consortium and capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.

	<u>227,537</u>
<b>Net assets of governmental activities</b>	<b><u>\$ 822,271</u></b>

See the accompanying notes to financial statements



**KIRKWOOD PUBLIC LIBRARY****Statement Of Revenues, Expenditures And  
Changes In Fund Balance  
Governmental Funds  
For The Year Ended June 30, 2005**

	<u>General Fund</u>
<b><u>REVENUES</u></b>	
Tax revenue	\$ 1,134,512
Charges for services	82,222
Investment interest	11,256
State aid	14,540
Gifts	95,905
Miscellaneous	4,089
<b>TOTAL REVENUES</b>	<b><u>\$ 1,342,524</u></b>
<b><u>EXPENDITURES</u></b>	
<b>LIBRARY MATERIALS</b>	
Reference books	25,202
Children's books	15,823
Adult books	52,764
Children's audio visual	8,992
Adult audio visual	22,976
Subscriptions & memberships	18,531
Gifts used	62,530
<b>TOTAL LIBRARY MATERIALS</b>	<b><u>\$ 206,818</u></b>
<b>PERSONNEL EXPENSE</b>	
Salaries	572,824
Pension (note 2)	25,570
Payroll taxes	43,862
Insurance-medical	52,018
Insurance-workmens comp.	4,893
Professional development	11,076
<b>TOTAL PERSONNEL EXPENSE</b>	<b><u>\$ 710,243</u></b>
<b>BUILDING EXPENSE</b>	
Electric, water, sanitation	21,133
Gas	3,988
Telephone	10,531
Insurance-general	12,972
Operational services	12,533
Maintenance & repair	12,920
Janitorial supplies	7,565
<b>TOTAL BUILDING EXPENSE</b>	<b><u>\$ 81,642</u></b>

See the accompanying notes to financial statements

**KIRKWOOD PUBLIC LIBRARY****Statement Of Revenues, Expenditures And  
Changes In Fund Balance  
Governmental Funds  
For The Year Ended June 30, 2005**

	<u>General Fund</u>
<b>OPERATING EXPENSE</b>	
Office supplies	\$ 6,265
Audit	2,650
Postage	3,715
Printing	1,984
Advertising	1,870
Professional services	42,854
Public programming	5,264
Collection agency	1,148
Pioneer Wireless	18,275
Computer equipment	5,729
Architect & engineers	25,196
Board expenses	703
Staff training	10
Salaries-contractual	12,045
Consortium computer & other	4,590
Libraries Without Bounds	16,327
Passport expenses	8,852
<b>TOTAL OPERATING EXPENSES</b>	<u>\$ 157,477</u>
 <b>TOTAL EXPENDITURES</b>	 <u>\$ 1,156,180</u>
 <b>EXCESS OF REVENUES OVER EXPENDITURES</b>	  \$ 186,344
 <b>FUND BALANCE, BEGINNING</b>	  <u>408,390</u>
 <b>FUND BALANCE, ENDING</b>	  <u>\$ 594,734</u>

See the accompanying notes to financial statements



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**Reconciliation Of The Statement Of Revenues,  
Expenditures, And Changes In Fund Balances Of  
Governmental Funds To The Statement Of Activities  
For The Year Ended June 30, 2005**

**Amounts reported for governmental activities in the  
statement of net assets are different because:**

Net Change In Fund Balance	\$ 186,344
----------------------------	------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current year.

(5,570)

**Change In Net Assets Of Governmental Activities**

**\$ 180,774**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Library conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant of such policies:

**A. Reporting Entity**

The Kirkwood Public Library (the Library) was incorporated on December 11, 1926, under the provisions of the State of Missouri and is operated under a board of trustees and librarian form of management.

The City Council of the City of Kirkwood is responsible for appointing 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.

The Library's financial statements present the Library and its component units, entities for which the Library is considered to be financially accountable. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

**Discretely Presented Component Units**—The following component units are reported within the component unit column in the combined financial statements. They are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Library.

1. The Friends of Kirkwood Public Library was created with the purpose of providing volunteers and funds to assist the Library in serving the community. The Friends' governing body consists of the Executive Board of 4 individuals elected by the membership at large, and 9 committee representatives appointed by the Executive Board. In addition, the Friends budget is subject to approval by the Friends' membership. The Friends' administrative office is located at 140 E. Jefferson, Kirkwood, Missouri.
2. The Kirkwood Public Library Foundation was established to receive and administer gifts and endowments for the benefit of the Library. The Foundation's governing body consists of 7 individuals appointed by the Foundation Board, and also the Library Director and the President of the Library Board of Trustees. In addition, the Foundation's budget is subject to approval by the Foundation's Board. The Foundation's administrative office is located at 140 E. Jefferson, Kirkwood, Missouri.

**B. Basis of Presentation**

The accompanying basic financial statements of the Kirkwood Public Library have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999.



**C. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported. Business-type activities, which rely to a significant extent on fees and charges for support, would be reported separately from the government activities but the Library does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The Library's only fund is the general fund.

**D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and replacement taxes associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Library reports the following major governmental fund:

The general fund is the Library's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. All revenues are attributable to the providing of library services.



**E. Capital Assets**

Capital assets, which include furniture and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$100 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Library's policy is that the costs of books, periodicals and other library materials are not capitalized. Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Type of Asset</u>	<u>Life in Years</u>
Furniture	10
Equipment	5

**F. Cash and Cash Equivalents**

Cash and cash equivalents consist of checking account deposits, stated at cost at June 30, 2005. The carrying amount of these deposits and the bank balance were \$600 at June 30, 2005.

**G. 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.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end.

The assessed valuation of the tangible taxable property for the calendar years 2004 and 2003 for purposes of local taxation was:

	December 31,			
	<u>2004</u>		<u>2003</u>	
	<u>Valuation</u>	<u>Rate</u>	<u>Valuation</u>	<u>Rate</u>
Real Estate-Residential	\$ 369,570,300	.219	\$ 362,159,975	.214
Real Estate-Commercial	69,827,101	.234	69,530,293	.205
Personal Property	<u>70,417,025</u>	.235	<u>73,166,900</u>	.237
Total	\$ 509,814,426		\$ 504,857,168	

**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 (continued)**

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.

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 June 30, 2005, Investments categorized by risk, are:

<u>Type of investment</u>	<u>Risk Category</u>	<u>Amount</u>
U.S. government securities	Category 1	\$ 651,040

**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 one year. Fulltime employees may carry over accrued vacation into the following calendar year only. The maximum carryover is one half of that year's accrued vacation. 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 for fulltime employees.

**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. Employee's are fully vested after five years of service. Contributions made by the Library for employees for the fiscal year ended June 30, 2005 totaled \$20,614. 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 June 30, 2005 totaled \$4,956.

**3. CHANGES IN CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended June 30, 2005:

	<u>July 1, 2004</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2005</u>
Capital assets not being depreciated:				
Art Collection	\$ <u>105,050</u>	\$ _____	\$ _____	\$ <u>105,050</u>
Other Capital Assets:				
Furniture & Equipment	256,672	23,562	-	280,234
Less: accumulated depreciation	<u>(192,702)</u>	<u>( 4,782)</u>	_____	<u>(197,484)</u>
Other Capital Assets, net	<u>63,970</u>	<u>18,780</u>	_____	<u>82,750</u>
Total Capital Assets, net	\$ <u>169,020</u>	\$ <u>18,780</u>	\$ _____	\$ <u>187,800</u>

Depreciation expense of \$ 29,574 was charged to governmental activities.

**4. 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 Library, Valley Park, Webster Groves and Kirkwood Libraries.

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.



**4. MUNICIPAL LIBRARY CONSORTIUM (continued)**

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.

The net value of the Library's share of the Consortium's net assets is \$39,737 as of June 30, 2005. This amount represents the Library's 19.68% share of the net assets, based on a recent transfer of a 16.15% share to Webster Groves Municipal Library for \$ 23,982. Prior to the transfer the Library's percentage of the net assets was 26.76%.

**5. 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.

**6. COMPONENT UNITS CONDENSED FINANCIAL STATEMENTS**

The following presents condensed financial information for the Library's component units:

	<b>Friends of Kirkwood Public Library</b>	<b>Kirkwood Public Library Foundation</b>	<b>Total</b>
Cash	\$ 15,558	\$ 19,591	\$ 35,149
Investments	<u>65,909</u>	<u>222,253</u>	<u>288,162</u>
Total Assets	81,467	241,844	323,311
Unrestricted Net Assets	81,467	19,591	101,058
Restricted Net Assets	-	<u>222,253</u>	<u>222,253</u>
Total Net Assets	81,467	241,844	323,311
Expenses	85,278	1,546	86,824
Revenues	<u>100,425</u>	<u>21,661</u>	<u>122,086</u>
Change In Net Assets	15,147	20,115	35,262
Net Assets, Beginning	<u>66,320</u>	<u>221,729</u>	<u>288,049</u>
Net Assets, Ending	\$ 81,467	\$ 241,729	\$ 323,311

**KIRKWOOD PUBLIC LIBRARY**

**Statement Of Revenues, Expenditures And  
Changes In Fund Balance  
Budget And Actual - General Fund  
For The Year Ended June 30. 2005**

	<u>Budget</u>	<u>Actual</u>
<b><u>REVENUES</u></b>		
Tax revenue	\$ 1,075,470	\$ 1,134,512
Charges for services	100,421	82,222
Investment interest	2,235	11,256
State aid	14,540	14,540
Gifts	0	95,905
Miscellaneous	4,070	4,089
<b>TOTAL REVENUES</b>	<u>\$ 1,196,736</u>	<u>\$ 1,342,524</u>
<b><u>EXPENDITURES</u></b>		
<b>LIBRARY MATERIALS</b>		
Reference books	26,000	25,202
Children's books	19,000	15,823
Adult books	52,750	52,764
Children's audio visual	10,000	8,992
Adult audio visual	23,000	22,976
Subscriptions & memberships	20,000	18,531
Gifts used	0	62,530
<b>TOTAL LIBRARY MATERIALS</b>	<u>\$ 150,750</u>	<u>\$ 206,818</u>
<b>PERSONNEL EXPENSE</b>		
Salaries	583,000	572,824
Pension (note 2)	29,150	25,570
Payroll taxes	46,640	43,862
Insurance-medical	54,000	52,018
Insurance-workmens comp.	5,000	4,893
Professional development	15,000	11,076
<b>TOTAL PERSONNEL EXPENSE</b>	<u>\$ 732,790</u>	<u>\$ 710,243</u>
<b>BUILDING EXPENSE</b>		
Electric, water, sanitation	23,000	21,133
Gas	3,500	3,988
Telephone	13,400	10,531
Insurance-general	15,500	12,972
Operational services	16,000	12,533
Maintenance & repair	26,000	12,920
Janitorial supplies	7,600	7,565
<b>TOTAL BUILDING EXPENSE</b>	<u>\$ 105,000</u>	<u>\$ 81,642</u>

See the accompanying notes to financial statements



**KIRKWOOD PUBLIC LIBRARY**

**Statement Of Revenues, Expenditures And  
Changes In Fund Balance  
Budget And Actual - General Fund  
For The Year Ended June 30, 2005**

	<u>Budget</u>	<u>Actual</u>
<b>OPERATING EXPENSE</b>		
Office supplies	\$ 7,000	\$ 6,265
Audit	2,750	2,650
Postage	5,920	3,715
Printing	5,000	1,984
Advertising	5,000	1,870
Professional services	24,625	42,854
Public programming	6,700	5,264
Collection agency	2,700	1,148
Pioneer Wireless	18,000	18,275
Computer equipment	10,000	5,729
Architect & engineers	10,000	25,196
Board expenses	1,000	703
Interest expense	400	0
Staff training	0	10
Salaries-contractual	17,000	12,045
Consortium computer & other	9,000	4,590
Libraries Without Bounds	16,000	16,327
Passport expenses	0	8,852
<b>TOTAL OPERATING EXPENSE</b>	<u>\$ 141,095</u>	<u>\$ 157,477</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,129,635</u>	<u>\$ 1,156,180</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>\$ 67,101</u>	\$ 186,344
<b>FUND BALANCE, BEGINNING</b>		<u>408,390</u>
<b>FUND BALANCE, ENDING</b>		<u>\$ 594,734</u>

See the accompanying notes to financial statements