



September 27, 2021

Fick, Eggemeyer & Williamson, CPAs
6240 S. Lindbergh, Suite 101
St. Louis MO 63123

This representation letter is provided in connection with your audit of the financial statements of Kirkwood Public Library, which comprise the respective financial position of the governmental activities, and the major fund as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of September 27, 2021, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 25, 2021, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

140 E. Jefferson
Kirkwood, Missouri 63122
Phone: 314-821-5770
Fax: 314-822-3755
kirkwoodpubliclibrary.org

- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. We have reviewed, approved and posted your proposed journal entries.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of Board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the District and involves—
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the names of the District's related parties and all the related party relationships and transactions, including any side agreements.

Government-specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 21) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 22) The District has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 24) We have appropriately disclosed all information for conduit debt obligations in accordance with [GASBS No. 91](#).
- 25) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 26) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 27) As part of your audit, you assisted with preparation of the financial statements and. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures.
- 28) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 29) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 30) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 31) The financial statements include all fiduciary activities required by [GASBS No. 84](#).
- 32) The financial statements properly classify all funds and activities in accordance with [GASBS No. 34](#), as amended.
- 33) All funds that meet the quantitative criteria in [GASBS Nos. 34](#) and [37](#) for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 34) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 35) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.

- 36) Provisions for uncollectible receivables have been properly identified and recorded.
- 37) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 38) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 39) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 40) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 41) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 42) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 43) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 44) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Signature: Chris V. H. [Signature]

Title: Director

**Kirkwood Public
Library**

Annual Financial Statements

For The Year Ended June 30, 2021

TABLE OF CONTENTS

	<u>Pages</u>
FINANCIAL SECTION	
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3a-3d
Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Balance Sheet - Governmental Funds	6
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	9
Notes to the Financial Statements	10-21
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	22-23
Notes to Required Supplementary Information	24
FEDERAL COMPLIANCE SECTION	
Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	25-26

📍 **Saint Louis, Missouri**
6240 S. Lindbergh Blvd Ste 101
Saint Louis, MO 63123

📞 (314) 845-7999
📠 (314) 845-7770
🌐 www.afewcpas.com



📍 **Columbia, Illinois**
205 S. Main
Columbia, IL 62236

📞 (618) 281-4999
📠 (618) 281-9533
🌐 www.afewcpas.com

INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Trustees
Kirkwood Public Library
Kirkwood, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Kirkwood Public Library, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Kirkwood Public Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 the major fund of the Kirkwood Public Library, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3a-3d and 22-24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2021, on our consideration of the Kirkwood Public Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Kirkwood Public Library's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Kirkwood Public Library's internal control over financial reporting and compliance.

Fick, Eggemeyer & Williamson

Fick, Eggemeyer & Williamson, CPA's
Saint Louis, Missouri
September 27, 2021

**KIRKWOOD PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

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, 2021. Please read it in conjunction with the Library's financial statements, which begin on page 4.

FINANCIAL HIGHLIGHTS

- On a government-wide basis, the assets of the Library exceeded its liabilities for the most recent fiscal year by \$8,142,897.
- The Library's total Net Position increased by \$480,262.
- At June 30, 2021, the unassigned fund balance for the general fund was \$3,788,894.
- General fund revenues exceeded expenditures by \$445,914.
- The Library issued \$5,580,000 in Certificates of Participation during 2017 to refinance the existing Certificates. As of June 30, 2021 the principal balance of outstanding Certificates of Participation was \$4,275,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Library's basic financial statements include both government-wide (reporting the Library as a whole) and fund financial statements (reporting the Library's major funds) and a comparison of the governmental funds to budget. Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Library's only activity is governmental.

The Library has elected to present the statements in a simplified format permitted by GASB 34 for small governments.

The fund financial statements are presented in the first column of the Statement of Net Position and Governmental Funds Balance Sheet. The second column shows the adjustments from modified accrual to accrual and the third column represents the Library's Net Position on an accrual basis. The same format is used for the Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balances.

KIRKWOOD PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The Library's condensed statement of net position follows:

	June 30, 2021	June 30, 2020
Assets		
Current and other assets	\$ 6,347,411	\$ 5,896,284
Capital assets, net	6,229,297	6,455,618
Total assets	<u>12,576,708</u>	<u>12,351,902</u>
Liabilities		
Current liabilities	428,067	409,620
Long-term liabilities	4,005,744	4,279,647
Total liabilities	<u>4,433,811</u>	<u>4,689,267</u>
Net position		
Net investment in capital assets	1,689,297	1,915,618
Restricted	1,852	2,357
Unrestricted	6,451,748	5,744,660
Total net position	<u>\$ 8,142,897</u>	<u>\$ 7,662,635</u>

Total Net Position of the Library increased by \$480,262 during fiscal year 2021. Long-Term obligations decreased due to scheduled principal payments on the Certificates of Participation. Other liabilities mainly represent accrued interest on outstanding Certificates of Participation, accrued compensation and accounts payable as of June 30, 2021. The largest portion of the Library's Net Position (79%) reflects unrestricted Net Position.

**KIRKWOOD PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

The following is a summary of changes in Net Position for the years ended June 30, 2021 and 2020:

	June 30, 2021	June 30, 2020
Revenues		
Program revenues:		
Charges for services	\$ 14,621	\$ 124,679
Operating grants & contributions	87,209	64,681
Capital grants & contributions	13,500	11,000
General revenues:		
Property taxes	2,457,009	2,426,399
Unrestricted grant income	13,759	13,759
Investment earnings (loss)	334,239	32,580
Gain (loss) on sale of assets	(55,539)	(60,444)
Miscellaneous	12,546	12,867
Total revenues	<u>2,877,344</u>	<u>2,625,521</u>
Expenses		
Library services	2,257,243	2,383,150
Interest and fiscal charges	139,839	144,995
Total expenses	<u>2,397,082</u>	<u>2,528,145</u>
Change in net position	480,262	97,376
Net position, beginning of year (adjusted)	7,662,635	7,565,259
Net position, end of year	<u>\$ 8,142,897</u>	<u>\$ 7,662,635</u>

Government-wide revenues increased from the prior year, while expenditures decreased. By far, the largest revenue source is the property tax levy. In 2007, the voters approved a \$0.12 increase in the tax levy for the purpose of removing, improving, operating and maintaining the Kirkwood Public Library. After 25 years the tax rate will reduce automatically to \$0.04.

Fund Financial Statement Analysis

The fund financial statements provide more detailed information about the Library's most significant funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library's only governmental fund is the general fund.

**KIRKWOOD PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

The general fund houses the Library's operational activities and saw an increase of \$445,914 in its fund. As of June 30, 2021, the general fund unassigned fund balance totaled \$3,788,894.

The Library strives to control operating expenses in order to maintain stability in charges for service rates. Staff members of the Library are diligent about purchasing. Every effort is made to find the lowest, and best, price for an item. If possible and feasible, bids are sought for services from more than one company. We feel that it is also important that we support our taxpaying Kirkwood businesses when possible.

Capital Assets

The Library has invested \$6,229,297 in capital assets net of accumulated depreciation. This investment in capital assets includes land, an art collection, construction in progress, buildings, furniture and equipment and library materials. This amount represents a net decrease from the fiscal year June 30, 2021 of \$226,321. Additional information on capital assets can be found in Note 7 to the basic financial statements.

Long-Term Debt

The Library currently has no general obligation bonds outstanding. As of June 30, 2021, the Library has \$4,275,000 in Certificates of Participation outstanding. The Certificates bear interest at rates ranging from 2.00% to 3.50% and mature on various dates through 2033.

Further information regarding long-term debt may be found in Note 10 to the basic financial statements.

Financial Contacts

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. If anyone has any questions about this report or needs additional information, contact the Kirkwood Public Library, 140 E. Jefferson, Kirkwood, Missouri 63122.

KIRKWOOD PUBLIC LIBRARY DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	\$ 3,993,086
Investments	2,303,595
Property taxes receivable	31,884
Prepaid expenses	18,846
Total current assets	<u>6,347,411</u>
Noncurrent assets	
Land	12,600
Art collection	40,050
Capital assets, net of depreciation	6,176,647
Total noncurrent assets	<u>6,229,297</u>
TOTAL ASSETS	<u>\$ 12,576,708</u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 21,326
Accrued liabilities	51,876
Accrued interest payable	28,166
Long-term liabilities, current maturities	326,699
Total current liabilities	<u>428,067</u>
Noncurrent liabilities	
Compensated absences	5,744
Certificates of participation	4,000,000
Total noncurrent liabilities	<u>4,005,744</u>
TOTAL LIABILITIES	<u>\$ 4,433,811</u>
NET POSITION	
Net investment in capital assets	\$ 1,689,297
Restricted	1,852
Unrestricted	6,451,748
TOTAL NET POSITION	<u>\$ 8,142,897</u>

The notes to the financial statements are an integral part of this statement

KIRKWOOD PUBLIC LIBRARY DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

FUNCTIONS/PROGRAMS	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Library services	\$ 2,257,243	\$ 14,621	\$ 87,209	\$ 13,500	\$ (2,141,913)
Interest and fiscal charges	139,839	-	-	-	(139,839)
Total governmental activities	<u>\$ 2,397,082</u>	<u>\$ 14,621</u>	<u>\$ 87,209</u>	<u>\$ 13,500</u>	<u>(2,281,752)</u>
General revenues:					
Property taxes					2,457,009
Unrestricted grant income					13,759
Gain (loss) on sale of assets					(55,539)
Investment earnings (loss)					334,239
Miscellaneous					12,546
Total general revenues					<u>2,762,014</u>
Changes in net position					480,262
Net position - beginning					<u>7,662,635</u>
Net position - ending					<u>\$ 8,142,897</u>

The notes to the financial statements are an integral part of this statement

KIRKWOOD PUBLIC LIBRARY DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 3,993,086
Investments	2,303,595
Property taxes receivable	31,884
Prepaid expenses	18,846
TOTAL ASSETS	<u>\$ 6,347,411</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
Liabilities	
Accounts payable	\$ 21,326
Accrued liabilities	51,876
Total liabilities	<u>73,202</u>
Deferred inflows of resources	
Unavailable revenue	<u>28,422</u>
Fund balance	
Nonspendable	18,846
Restricted	
Jill Raiser Memorial	1,849
Debt service	3
Committed	1,820,627
Assigned	
Capital and extraordinary maintenance projects	615,568
Unassigned	3,788,894
Total fund balance	<u>6,245,787</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 6,347,411</u>

The notes to the financial statements are an integral part of this statement

KIRKWOOD PUBLIC LIBRARY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Total fund balance - governmental funds		\$ 6,245,787
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		6,229,297
Property taxes not collected in the current period are not available to pay current expenditures and, therefore, are not reported as revenues in the governmental funds		28,422
Interest payable recorded in the statement of net position does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.		(28,166)
Long-term liabilities, including certificates of participation, are not due and payable in the current period and therefore are not reported in the governmental funds. All liabilities both current and long-term are reported in the Statement of Net Position.		
Compensated absences	(57,443)	
Certificates of participation	<u>(4,275,000)</u>	<u>(4,332,443)</u>
Net position of governmental activities		<u>\$ 8,142,897</u>

The notes to the financial statements are an integral part of this statement

KIRKWOOD PUBLIC LIBRARY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>General Fund</u>
Revenues	
Property taxes	\$ 2,451,465
Fees, fines and sales	14,611
Grants and gifts	114,468
Investment income (loss)	334,239
Other income	13,497
Total revenues	<u>2,928,280</u>
Expenditures	
Current	
Library services	1,928,275
Capital outlay	148,151
Debt service	
Principal	265,000
Interest and fiscal charges	140,940
Total expenditures	<u>2,482,366</u>
Net change in fund balance	445,914
Fund balances - beginning	<u>5,799,873</u>
Fund balances - ending	<u>\$ 6,245,787</u>

The notes to the financial statements are an integral part of this statement

KIRKWOOD PUBLIC LIBRARY DISTRICT
RECONCILIATION OF THE REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Net change in fund balances - governmental funds	\$	445,914
--	----	---------

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	345,796	
Depreciation expense	<u>(515,637)</u>	(169,841)

Disposal of capital assets		
Disposals	<u>(56,480)</u>	(56,480)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds	<u>5,544</u>	5,544
--	--------------	-------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in fund statements.

Compensated absences	(10,976)	
Interest payable	<u>1,101</u>	(9,875)

The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. These amounts are the net effect of these differences in the treatment of long-term debt and related items:

Repayments:

Certificate of participation	<u>265,000</u>	<u>265,000</u>
------------------------------	----------------	----------------

Change in net position of governmental activities	\$	<u><u>480,262</u></u>
---	----	-----------------------

The notes to the financial statements are an integral part of this statement

KIRKWOOD PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Council of the City of Kirkwood is responsible for appointing the governing members of the Library's board. The City of Kirkwood (the "City") can remove a Library board member with cause. The City approves the tax rate for the Library and Library employees participate in the City's pension plan and medical insurance plan. The City has determined that the Library is not a component unit of the City.

The accounting and financial reporting policies of the Library conform to U.S. generally accepted accounting principles (GAAP) as applied to government entities. The following is a summary of the more significant policies.

Reporting Entity

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable or closely related.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Library. 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.

The fund financial statements emphasize major governmental funds, each displayed in a separate column. Governmental fund financial statements are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current deferred outflows of resources, current liabilities, and current deferred inflows of resources, generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on 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. Since the governmental fund financial statements and government-wide financial statements are combined, an adjustment column is provided to show the reconciliation between the two sets of financial statements. The notes to the financial statements further describe the adjustments by providing brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available. The term "available" is defined as collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For the Library, available means expected to be received within sixty days of year-end.

KIRKWOOD PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

The Library follows GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions* (GASB 33), which establishes accounting and financial reporting standards for nonexchange transactions involving financial or capital resources.

GASB 33 groups nonexchange transactions into the following four classes, based upon their principal characteristics: derived tax revenues, imposed nonexchange revenues, governmental mandated nonexchange transactions, and voluntary nonexchange transactions.

The Library recognizes assets from imposed nonexchange revenue transactions in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Revenues are recognized in the period when the resources are required to be used or the first period that use is permitted. The Board recognizes revenues from property taxes, net of estimated refunds and estimated uncollectible amounts, in the period for which the taxes are levied.

Intergovernmental revenues, representing grants, entitlements, donations and assistance received from other governmental units, are generally recognized as revenues in the period when all eligibility requirements, as defined by GASB 33, have been met. Any resources received before eligibility requirements are met are reported as unearned revenues. Charges for services in the governmental funds, which are exchange transactions and are, therefore, not subject to the provisions of GASB 33, are recognized as revenues when received in cash because they are generally not measurable until actually received.

Fund Accounting

The accounts of the Library are organized on the basis of legally established funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures. Library resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund type is used by the Library:

Governmental Funds

Governmental Funds are those through which most functions of the Library are financed. The Library's expendable financial resources are accounted for through Governmental Funds. The measurement focus is upon determination of changes in the financial position rather than upon net income determination. Governmental Funds focus 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.

Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets, deferred outflows of resources, liabilities, and deferred inflows of resources is reported as fund balance. The Library uses the following governmental fund type, which is considered a major fund:

KIRKWOOD PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

General Fund

This fund is the general operating fund of the Library and accounts for all financial resources, except those required to be accounted for in another fund.

Cash and Cash Equivalents

The Library considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Investments

The Library is governed by the deposit and investment limitations of state law. The Library's policy and state law authorize the following types of investments: United States Treasury and Agency Securities, Repurchase Agreements, Collateralized Certificates of Deposit (CD's), Banker's Acceptances and Commercial Paper. The Library's endowment assets may be invested in money market funds, short-term CD's, treasuries and federal agencies, fixed income, equity and alternatives. Investments are reported at market value.

Allowance for Doubtful Accounts

Management believes there are no significant uncollectible receivables, therefore, no allowance for doubtful accounts has been recorded.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenues, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from various sources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts have become available.

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date of donation. The Library defines capital assets as assets with an initial, individual cost exceeding capitalization thresholds delineated below, and an estimated useful life in excess of one year.

Capital assets used in operations are depreciated using the straight-line method, using asset lives and capitalization limits as follows:

KIRKWOOD PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

	Years	Capitalization Limit
Exhaustible land improvements	10-25	\$ 5,000
Buildings	60	\$ 5,000
Building improvements	39-60	\$ 5,000
Furniture and equipment	4-20	\$ 5,000
Library materials	5-7	\$ 5,000

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. The Library does not possess any infrastructures.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. Bond premiums or discounts, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using the straight-line method and the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current financial resources. However, special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, liabilities that mature or come due for payment during the fiscal year are considered to have been made with current available financial resources. Bonds, capital leases and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Compensated Absences

Employee vacations vest after six months of continuous service and may be accrued for one year. Full-time 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. Vacation time earned but unused at year-end has been recorded as a liability in the government-wide financial statements. A liability is reported in the governmental funds only if the amount is due at year end and payable with current resources.

Use of Estimates

The preparation of basic financial statements in conformity with GAAP requires the Library to make estimates and assumptions that affect the reported amounts in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

Governmental Fund Balances

Fund balance is the difference between assets and liabilities in a Governmental Fund. In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Government Fund Type Definitions, the following types of fund balances are presented in the Governmental Funds Balance Sheet:

KIRKWOOD PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Nonspendable - This consists of the governmental fund balances that are not in spendable form or legally or contractually required to be maintained intact. The Library's nonspendable fund balance consists of prepaid insurance.

Restricted - This consists of the governmental fund balances that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. The Library's restricted funds consist of the Jill Raiser Memorial and debt service.

Committed - This consists of the governmental fund balances that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Board of Trustees, the Library's highest level of decision-making authority. The Library's committed fund balance consists of monies received from the dissolution of the Kirkwood Public Library Foundation and other gifts designed to benefit the Library in the long term.

Assigned - This consists of the governmental fund balances that are intended to be used for specific purposes by a) Board of Trustees or b) Executive Director. The Library's assigned fund balance includes amounts budgeted in the subsequent year.

Unassigned - available expendable financial resources in a governmental fund that are not designated for a specific purpose.

The Library uses restricted amounts first when both restricted and unrestricted fund balances are available, unless there are legal contracts that prohibit doing this.

Net Position

Net Position represents the difference between assets and liabilities. Net investment in capital assets represents the cost of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted.

The Library utilizes restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Note 2 - PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. The county collects the property tax and remits it to the Library. The county's fee for this service is 1.5% of the taxes collected. Revenue recognition of delinquent property taxes not collected within sixty (60) days of fiscal year end is deferred. An allowance for uncollectable taxes has been considered for delinquent taxes.

KIRKWOOD PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 2 - PROPERTY TAXES (continued)

The assessed valuation of the tangible taxable property for the calendar years 2020 and 2019 for purposes of local taxation was \$953,035,294 and \$945,044,069, respectively. The City of Kirkwood approves the property tax rate. The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar years 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Residential Real Estate	\$ 0.245	\$ 0.245
Commercial Real Estate	0.290	0.284
Personal Property	0.355	0.355
	<u>\$ 0.890</u>	<u>\$ 0.884</u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2021, aggregated approximately 99.2% of the current assessment computed on the basis of the levy as shown above.

Note 3 - CASH AND INVESTMENTS

Missouri Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of the collateral pledged must equal 100% of the deposits not covered by insurance or corporate surety bonds.

Custodial Credit Risk Deposits - For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Library has a custodial credit risk policy for deposits which requires these funds in excess of amounts federally insured to be collateralized and shall be granted safekeeping receipts specifying the type of collateral as allowed by law. At year-end, the carrying amount of the Library's deposits totaled \$4,483,086 and bank balances totaled \$4,492,585. The carrying amount also includes \$490,000 of certificates of deposit, which are listed as investments due to their original maturity of more than three months. Of the bank balances (including demand deposits and certificates of deposit), \$507,036 was insured by the Federal Deposit Insurance Corporation (FDIC), and \$3,985,549 was covered by pledged collateral, which was held in the City's name.

Custodial Credit Risk Investments - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Library's policy is to require Securities Investor Protection Corporation coverage to secure its investments. As of June 30, 2020, the Library's investments were not subject to custodial credit risk.

Investment Interest Rate Risk - The Library's policy is to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and to invest operating funds primarily in shorter-term securities. Maturities of investments held at June 30, 2021 are less than one year.

KIRKWOOD PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 3 - CASH AND INVESTMENTS (continued)

Investment Credit Risk - Investment credit risk is the risk of loss due to the failure of the security issuer. The Library's policy to minimize credit risk is to pre-qualify the financial institutions, brokers, dealers, intermediaries, and advisor with whom the Kirkwood Public Library will do business. In addition, the Library's policy recommends diversifying the portfolio so that potential losses on individual securities will be minimized.

Concentration of Investment Credit Risk - Concentration of credit risk is required to be disclosed for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the US Government and certificates of deposit). The Library's policy is to diversify its investments to reduce the risk of loss and periodically review its diversification strategies. As of June 30, 2021, those concentrations are as follows:

First Eagle Global I	\$ 519,482
Thornburn Limited-Trm Inc	251,252
Alger Sepectra Z	183,711
AQR Long-short Equity	177,793
Invesco Small Cap Value Y	141,417
Hartford Core Equity I	124,261
EV Rbern All Asset Strat I	108,272

Note 4 - FAIR VALUE MEASUREMENTS

The Financial Accounting Standards Board establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Library has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during the fiscal year ended June 30, 2021.

Mutual Funds and ETFs: Valued at the net asset value ("NAV") or closing price of shares held by the plan at year end.

KIRKWOOD PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 4 - FAIR VALUE MEASUREMENTS (continued)

Certificates of deposit: valued at cost, which approximates fair value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Library believes its valuation methods are appropriate and consistent, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurements at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Library's assets at fair value as of June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds and ETFs	\$ 1,813,595	\$ -	\$ -	\$ 1,813,595
Certificates of deposit	-	490,000	-	490,000
Total at fair value	<u>\$ 1,813,595</u>	<u>\$ 490,000</u>	<u>\$ -</u>	<u>\$ 2,303,595</u>

Note 5 - 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 members are the Brentwood, Ferguson, Kirkwood, Richmond Heights, Rock Hill, University City, Valley Park, Webster Groves and Maplewood Libraries.

The Consortium has full ownership of all system hardware, software, peripherals and other property relating to the central site automated system, which is located at the Kirkwood Public Library. Each member purchases or leases and maintains its own terminals, data transmission devices, bar codes, printers and other peripheral equipment.

Each member pays its 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 will act for profit. Net position, if any, will be distributed to members in the event of termination. The consortium's fiscal year runs from July 1 to June 30.

Note 6 - RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Library obtains commercial insurance to transfer these risks. Settled claims have not exceeded coverage in any of the past three fiscal years.

KIRKWOOD PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 7 - CAPITAL ASSETS

The following is a summary of changes in capital assets - governmental activities:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Land	\$ 12,600	\$ -	\$ -	\$ 12,600
Art collection	40,050	-	-	40,050
Total capital assets not being depreciated	<u>52,650</u>	<u>-</u>	<u>-</u>	<u>52,650</u>
<i>Capital assets being depreciated:</i>				
Buildings and other improvements	5,599,980	24,334	-	5,624,314
Furniture and equipment	989,996	47,004	52,878	984,122
Library materials	2,340,741	274,458	299,635	2,315,564
Total capital assets being depreciated	<u>8,930,717</u>	<u>345,796</u>	<u>352,513</u>	<u>8,924,000</u>
<i>Less accumulated depreciation for:</i>				
Buildings and other improvements	845,686	98,132	-	943,818
Furniture and equipment	589,163	81,809	35,437	635,535
Library materials	1,092,900	335,696	260,596	1,168,000
Total accumulated depreciation	<u>2,527,749</u>	<u>515,637</u>	<u>296,033</u>	<u>2,747,353</u>
Total net capital assets being depreciated	<u>6,402,968</u>	<u>(169,841)</u>	<u>56,480</u>	<u>6,176,647</u>
Governmental activity capital assets, net	<u>\$6,455,618</u>	<u>\$(169,841)</u>	<u>\$ 56,480</u>	<u>\$ 6,229,297</u>

Depreciation expense of \$515,637 was charged to the function library services.

Note 8 - OPERATING LEASE

During fiscal 2018, the Library entered into an operating lease agreement for a postage machine with FP Mailing Solutions. The agreement calls for quarterly payments of \$129 and the lease ends in August 2022.

During fiscal 2018, the Library entered into an operating lease agreement for office equipment with GFI Digital. The agreement calls for monthly payments of \$434 and the lease ends in September 2022.

Rental payments were \$5,728 for the year ended June 30, 2021.

Future minimum lease payments as of June 30, 2021 are as follows:

KIRKWOOD PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 8 - OPERATING LEASE (continued)

<u>Year Ending June 30,</u>	<u>Total</u>
2022	\$ 5,728
2023	1,737
	<u>\$ 7,465</u>

Note 9 - RELATED PARTY TRANSACTIONS

During fiscal year 2021, the Library was involved in the following transactions with related parties:

City of Kirkwood - expenses	
Electric, water, sanitation	\$ 47,669
Medical insurance	100,424
Pension	36,097
Municipal Library Consortium of St. Louis County - expenses	100,897

Note 10 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term commitments:

	Balance			Balance	Due Within
	June 30, 2020	Additions	Reductions	June 30, 2021	One Year
Accrued compensated absences *	\$ 46,467	\$ 10,976	\$ -	\$ 57,443	\$ 51,699
Certificate of Participation - 2017	4,540,000	-	(265,000)	4,275,000	275,000
	<u>\$ 4,586,467</u>	<u>\$ 10,976</u>	<u>\$ (265,000)</u>	<u>\$ 4,332,443</u>	<u>\$ 326,699</u>

* Due to limitations, gross amounts for additions and reductions are not readily available. Net changes are shown above.

Certificates of Participation 2017

In February 2017, Certificates of Participation Series 2017 ("COPS") in the amount of \$5,580,000 were issued evidencing interest in the right to receive rental payments to be paid by the City of Kirkwood Municipal Library pursuant to an annually renewable Lease-Purchase Agreement dated February 1, 2009 (the "Original Lease"), as amended and supplemented by the First Supplemental Lease Purchase Agreement dated February 1, 2017 (the "First Supplemental Lease"), between UMB Bank, as lessor, and the Library, as lessee. Proceeds from the sale of the Series 2017 Certificates will be used to advance refund all the outstanding Series 2009 Certificates maturing in the years 2017 and thereafter and pay the costs of delivering the Series 2017 Certificates.

KIRKWOOD PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 10 - LONG-TERM LIABILITIES (continued)

Pursuant to a Base Lease dated as of February 1, 2009 (the "Base Lease"), the Library is leasing to the Trustee the land on which the Kirkwood Public Library (the "Library") is located (the "Leased Property"). Under the Lease, the Trustee leases its interest in the Leased Property to the Library for a series of one-year terms, with a final renewal term commencing July 1, 2032 and ending April 16, 2033. Each Renewal Term is subject to annual appropriation by the Board of Trustees of the Library. The Library may terminate its obligations under the Lease on an annual basis. The Library will have the option to purchase the Trustee's interest in the Leased Property at the times and upon conditions described in the lease

The Certificates bear interest at rates ranging from 2.00% to 3.50% and mature through 2033 as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 275,000	\$ 135,644	\$ 410,644
2023	285,000	127,394	412,394
2024	305,000	118,844	423,844
2025	315,000	109,694	424,694
2026	335,000	100,244	435,244
2027-2031	1,875,000	341,354	2,216,354
2032-2033	885,000	46,725	931,725
	<u>\$ 4,275,000</u>	<u>\$ 979,899</u>	<u>\$ 5,254,899</u>

Legal Debt Margin

Under the statutes of the State of Missouri, the limit of bonded indebtedness is 5% of the most recent assessed valuation. The legal debt limit based on the 2020 assessed valuation is \$47,651,765. The Library currently has no general obligation bonds outstanding; therefore, the legal debt margin is \$47,651,765.

Note 11 - EMPLOYEES' RETIREMENT PLANS

The Library participates in the City of Kirkwood's defined contribution multiple employer Civilian Employees Retirement Fund (CERF) which covers all nonuniformed employees of the City of Kirkwood, the Kirkwood Public Library, and the Kirkwood Housing Authority. Employees are eligible for participation in the CERF upon completing 500 hours of service in a consecutive six-month period.

The CERF receives contributions from the Library in accordance with City ordinances, in an amount equal to 6.5% of each participating employees' gross wages. Vesting of employer contributions occurs after five years of service.

Nonvested participant accounts are forfeited to the CERF upon termination of employment. The forfeited amounts reduce the City's required contribution in the year of termination.

KIRKWOOD PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 11 - EMPLOYEES' RETIREMENT PLANS (continued)

Benefits are paid upon retirement in the form of a lump-sum series of substantially equal installments or an annuity with optional surviving spouse benefits. The CERF purchases annuities for retirees who choose the annuity form of retirement payment. These annuities are not reflected in the assets of the CERF.

Participants may choose to have funds invested on their behalf in any one of the following, or any combination thereof, types of investments of open-end mutual funds: Short-term reserves, bond funds, balanced funds (stocks and bonds), domestic stock funds and international stock funds.

The amount contributed to the Kirkwood pension plan was \$36,097 for the year ended June 30, 2021. The CERF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing: City of Kirkwood, 139 South Kirkwood, Kirkwood, Missouri 63122.

The Library also has available a cash or deferred arrangement (CODA) under Code Section 401(a). Under this Plan, the Library contributes 3% of 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, 2021 totaled \$14,573.

Note 12 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 27, 2021, the date which the financial statements were available for issue, and noted no reportable events.

Required Supplemental Information
(Other than Management's Discussion & Analysis)

KIRKWOOD PUBLIC LIBRARY DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Positive (Negative)
	Original	Final	Actual	
Revenues				
Property taxes	\$ 2,283,800	\$ 2,283,800	\$ 2,451,465	\$ 167,665
State aid	-	13,759	13,759	-
Fines	17,900	5,100	4,743	(357)
Fees	86,050	500	1,236	736
Sales	40,000	8,500	8,632	132
Grants	35,000	52,095	65,283	13,188
Gifts	27,000	32,300	35,426	3,126
Investment income (loss)	10,000	10,000	334,239	324,239
Other income	6,800	12,493	13,497	1,004
Total revenues	2,506,550	2,418,547	2,928,280	509,733
Expenditures				
Library services				
Personnel				
Salaries and wages	1,063,884	1,063,884	1,014,974	48,910
Pension	46,863	46,863	44,709	2,154
Payroll taxes	81,387	81,387	76,871	4,516
Medical insurance	122,133	122,133	100,423	21,710
Workman's compensation	3,000	3,091	3,091	-
Professional development	15,000	15,000	8,277	6,723
Total personnel	1,332,267	1,332,358	1,248,345	84,013
Library materials				
Reference books	30,000	16,863	15,588	1,275
Children's books	61,000	61,000	61,591	(591)
Adult books	95,000	145,000	138,641	6,359
Children's audio visual	15,450	7,000	8,275	(1,275)
Adult audio visual	104,511	110,000	116,368	(6,368)
Subscriptions and members	26,400	22,121	19,601	2,520
Book store	14,000	1,000	490	510
Total library materials	346,361	362,984	360,554	2,430
Administrative services				
Office supplies	9,000	8,000	4,100	3,900
Professional services	39,800	39,800	37,253	2,547
Postage	7,500	4,000	3,227	773
Printing	11,000	11,000	9,015	1,985
Advertising	10,000	8,000	2,565	5,435
Public programming	33,400	33,400	23,184	10,216
Collection agency	2,000	500	-	500
Board Expenses	1,000	1,000	243	757
Total administrative services	113,700	105,700	79,587	26,113

(continued on next page)

KIRKWOOD PUBLIC LIBRARY DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Positive (Negative)
	Original	Final		
Utilities and services				
Electric, water and sanitation	46,000	46,000	37,565	8,435
Gas	3,000	5,000	4,038	962
Telephone	38,471	18,700	18,657	43
Insurance	23,000	23,000	17,053	5,947
Operation Services	54,900	54,900	56,844	(1,944)
Maintenance and repair	45,900	25,000	49,939	(24,939)
Janitorial supplies	7,845	7,845	4,641	3,204
Total utilities and services	<u>219,116</u>	<u>180,445</u>	<u>188,737</u>	<u>(8,292)</u>
Consortium				
Contractual staff	26,780	25,571	24,075	1,496
Consortium computer and other	30,000	30,000	26,887	3,113
Libraries without boundries	6,000	6,000	90	5,910
Total consortium	<u>62,780</u>	<u>61,571</u>	<u>51,052</u>	<u>10,519</u>
Total library services	<u>2,074,224</u>	<u>2,043,058</u>	<u>1,928,275</u>	<u>114,783</u>
Capital outlay				
Computer equipment	30,071	5,500	5,096	404
Furniture and equipment	25,000	6,500	21,161	(14,661)
Capital improvement reserve	-	-	121,894	(121,894)
Total capital outlay	<u>55,071</u>	<u>12,000</u>	<u>148,151</u>	<u>(136,151)</u>
Debt service				
Principal	265,000	265,000	265,000	-
Interest and fiscal charges	140,944	140,944	140,940	4
Total debt service	<u>405,944</u>	<u>405,944</u>	<u>405,940</u>	<u>4</u>
Total expenditures	<u>2,535,239</u>	<u>2,461,002</u>	<u>2,482,366</u>	<u>(21,364)</u>
Net change in fund balance	<u>\$ (28,689)</u>	<u>\$ (42,455)</u>	445,914	<u>\$ 488,369</u>
Fund balance, beginning of year			<u>5,799,873</u>	
Fund balance, end of year			<u>\$ 6,245,787</u>	

KIRKWOOD PUBLIC LIBRARY
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2021

Note 1 - BUDGETS AND BUDGETARY ACCOUNTING

The Library follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Library adopts a budget for the general fund. The budget document contains the minimum information required by Chapter 67, RSMo.
- b. In May, the Finance Committee submits to the Board of Trustees a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues and proposed expenditures for all Library governmental funds. Budgeted expenditures can not exceed beginning available monies plus estimated revenues for the year.
- c. A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Trustees, the budget document is available for public inspection.
- d. Prior to July 1, the budget is legally enacted by a vote of the Board of Trustees.
- e. Subsequent to its formal approval of the budget, the Board of Trustees has the authority to make necessary adjustments to the budget by formal vote of the board. Adjustments made during the year are reflected in the budget information included in the financial statements.
- f. Budgets are adopted on the accrual basis of accounting.
- g. All annual appropriations lapse at fiscal year-end.

📍 **Saint Louis, Missouri**
6240 S. Lindbergh Blvd Ste 101
Saint Louis, MO 63123

📞 (314) 845-7999
☎ (314) 845-7770
🌐 www.afewcpas.com



📍 **Columbia, Illinois**
205 S. Main
Columbia, IL 62236

📞 (618) 281-4999
☎ (618) 281-9533
🌐 www.afewcpas.com

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees
Kirkwood Public Library

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Kirkwood Public Library, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Kirkwood Public Library's basic financial statements, and have issued our report thereon dated September 27, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Kirkwood Public Library's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Kirkwood Public Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Kirkwood Public Library's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Kirkwood Public Library's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fick, Eggemeyer & Williamson

Fick, Eggemeyer, & Williamson, CPA's
Saint Louis, Missouri
September 27, 2021