

Overview of the Financial Statements

MANAGEMENT DISCUSSION AND ANALYSIS

Our discussion and analysis of the Maplewood 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 6.

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 6 - 7) 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 8. 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 6. One of the most important questions asked about the Library's finances is, "Is the Maplewood 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 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. 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 8. The Library has only one fund, the general fund. Fund financial statements provide detailed information about the general fund, not the Library as a whole. All of the Library's basic services 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.

MAPLEWOOD PUBLIC LIBRARY

Management's Discussion and Analysis

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 11.

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 12 - 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 current and prior year:

	2005	2004
Current assets	\$ 263,007	\$ 266,248
Capital assets	<u>21,401</u>	<u>22,078</u>
Total Assets	284,408	288,326
Current liabilities	(<u>11,620</u>)	(<u>8,664</u>)
Net Assets	\$ <u>272,788</u>	\$ <u>279,662</u>
Revenues	\$ 288,169	288,860
Expenditures	<u>295,043</u>	<u>280,494</u>
Change in Net Assets	(6,874)	8,366
Beginning net assets	<u>279,662</u>	<u>271,296</u>
Net Assets, Ending	\$ <u>272,788</u>	\$ <u>279,662</u>

The net assets did not change much in total, only a 2.46% decrease. These changes are small and balances are relatively consistent with last year.

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.

MAPLEWOOD PUBLIC LIBRARY

Management's Discussion and Analysis

Financial Analysis of the Government's Funds

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

Governmental funds

The focus of the Maplewood 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 Maplewood 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.

The General Fund is the chief operating fund of the Maplewood Public Library. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$248,827 (compared to \$253,457 at the end of the prior year). For the fiscal year ended June 30, 2005, expenditures exceeded revenues by \$2,517 (compared to \$7,228 in the preceding year).

General Fund Budgetary Highlights

It was never necessary to revise the budget for anticipated revenue shortfalls.

Capital Assets

The Maplewood Public Library investment in capital assets for its governmental activities as of June 30, 2005, amounted to \$11,971 (net of depreciation). This investment in capital assets includes furniture and equipment. The total increase in the Maplewood Public Library investment in capital assets for the current fiscal year was \$3,741.

Economic Factors and the Next Years Budgets and Rates

The Library has for many years pursued a plan for renovating the Maplewood Community Center for use as a new home for the Library. To this end, the Library engaged an architect in the current fiscal, and will attempt to begin actual renovation next year. This will require an increase in the Library's operating tax levy and/or a bond levy. The issue will be placed on the ballot in April, 2006, although the exact type of levy (bond or general revenue) or amount of increase to be sought are undecided at this time. If the ballot proposals are approved, renovation construction will begin in the fall of 2006, and continue for the rest of that fiscal year.

The Library doesn't anticipate any major purchases of equipment until moving to the renovated building sometime in 2007. Ordinary equipment repairs and replacement are budgeted for as part of normal operating expenses.

All of the factors were considered in preparing the Maplewood Public Library budget for the 2005 fiscal year.

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 Maplewood 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 (www.maplewood.lib.mo.us). If anyone has any questions about this report or needs additional information, contact Terrence Donnelly at the Maplewood Public Library, 7601 Manchester Avenue, Maplewood, MO 63143.

Respectfully submitted,
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