

MAPLEWOOD PUBLIC LIBRARY
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

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Fick, Eggemeyer & Williamson

Certified Public Accountants, PC



INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Trustees
Maplewood Public Library

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of the Maplewood Public Library (the "Library"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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 error or fraud.

Auditors' 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 modified cash basis financial position of the governmental activities and each major fund of the Maplewood Public Library, as of June 30, 2017, and the respective changes in modified cash basis financial position, thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The management's discussion and analysis, budgetary comparison schedules and related notes are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedule and related notes are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements of to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules and related notes are fairly stated in all material respects in relation to the basic financial statements as a whole.

The management's discussion and analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2017, on our consideration of the Maplewood 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 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 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 Maplewood Public Library's internal control over financial reporting and compliance.



Fick, Eggemeyer, Williamson, CPA's
St. Louis, Missouri
September 14, 2017

**MAPLEWOOD PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017. 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 \$753,826.
- The Library's total Net Position increased by \$20,570.
- At June 30, 2017, the unassigned fund balance for the general fund was \$562,511.
- There was a net increase of \$26,379 of revenues over expenditures in the general fund.
- The Library issued \$1,285,000 in General Obligation Bonds during fiscal 2017 to refinance the Series 2006 Bonds that were used to renovate the library. As of June 30, 2017, the unpaid principal balance was \$1,285,000.

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.

Government-wide financial statements provide information about the Library as a whole and measure the overall financial status. The government-wide statements include the Statement of Net Position and Statement of Activities.

The government-wide statements report information about the Library's net position and how they have changed. Net position (the difference between the Library's assets and liabilities) is one way to measure the Library's financial health or position.

Over time, increases or decreases in the Library's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

To assess the Library's overall health, additional non-financial factors such as changes in the Library's property tax base must also be considered.

The fund financial statements provide more detailed information about the Library's funds, focusing on its most significant or "major" funds-not the Library as a whole. Funds are accounting devices used to keep track of specific sources of funding and spending on particular programs. The Library has three funds: the General Fund, the Construction Fund, and the Debt Service Fund.

**MAPLEWOOD PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

Government-Wide Financial Statement Analysis

The following is a summary of the Statement of Net Position on the modified cash basis of accounting as of June 30, 2017 and 2016:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Assets		
Cash and cash equivalents	\$ 757,766	\$ 735,346
Total assets	<u>757,766</u>	<u>735,346</u>
Liabilities		
Accrued payroll withholdings	3,940	2,090
Total liabilities	<u>3,940</u>	<u>2,090</u>
Net position		
Restricted	191,315	197,124
Unrestricted	562,511	536,132
Total net position	<u>\$ 753,826</u>	<u>\$ 733,256</u>

Total net position of the Library as a whole increased \$20,570 during fiscal year 2017. The increase is primarily a result of the Library's concerted effort to closely monitor expenditures.

The following is a summary of changes in Net Position for the years ended June 30, 2017 and 2016:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Revenues		
Program revenues:		
Charges for services	\$ 9,229	\$ 10,274
Operating grants & contributions	5,270	14,330
General revenues:		
Property taxes	748,463	777,659
Investment income	2,744	2,057
Miscellaneous	3,845	1,547
Bond proceeds	1,285,000	-
Total revenues	<u>2,054,551</u>	<u>805,867</u>
Expenses		
Library services	519,666	485,501
Debt service	1,514,315	227,497
Total expenses	<u>2,033,981</u>	<u>712,998</u>
Change in net position	20,570	92,869
Net position, beginning of year	733,256	640,387
Net position, end of year	<u>\$ 753,826</u>	<u>\$ 733,256</u>

**MAPLEWOOD PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

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 Revenue (Expense) calculation.

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 governmental funds are the general fund, construction fund, and debt service fund.

The general fund houses the Library's operational activities and saw an increase of \$26,379 of revenues over expenditures. The increase was primarily a result of management's conservative spending approach. As of June 30, 2017, the general fund unassigned fund balance totaled \$562,511.

The construction fund was established to receive the proceeds of the sale in August 2006 of the construction bonds used to renovate the Maplewood Municipal Pool as the new Maplewood Public Library, and to pay the expenses related to the project. This fund received \$225,000 in proceeds from the remediation settlement during fiscal year 2013. These monies were used for the waterproofing project that began in June 2013 and was substantially completed in fiscal year 2014. The fund balance as of June 30, 2017 was \$1,205, and will be used to fund future repairs to the Library.

The debt service fund was established to receive tax revenues earmarked for debt service on the abovementioned construction bonds and to pay the annual bond premiums on the remaining debt. Its fund balance at the end of the current fiscal year was \$190,110. Outstanding indebtedness as of June 30, 2017 was \$1,285,000. Total principal payments due in 2018 are \$190,000.

General Fund Budgetary Highlights

The Library budgets on a cash basis. The difference between budgeted revenues (\$523,237) and actual revenues (\$532,850) can be attributed to conservative budgeting.

Budgeted expenditures in the general fund were estimated at \$523,184 while the Library actually spent \$506,471.

Economic Factors and Next Year's Budgets and Rates

The budget for the 2017-2018 fiscal year is balanced without resort to Unrestricted Reserves. Budgeted revenue is based on assessed valuations from December 2016, the latest date for which figures are available. The majority of the numbers for expenditures are based on actual amounts from the 2016-2017 fiscal year.

**MAPLEWOOD PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

Management is always looking for ways to lower the Library's expenditures, and it closely monitors the cost of utilities and third-party service charges (delivery service, library automation system hardware, and software, reciprocal lending) for significant changes.

Tax rates for the 2017 tax year will be set at the maximum allowed by the State Auditor. The management does not expect to roll back rates.

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 Terrence Donnelly at the Maplewood Public Library, 7550 Lohmeyer Avenue, Maplewood, Missouri 63143.

MAPLEWOOD PUBLIC LIBRARY
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2017

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 757,766
TOTAL ASSETS	\$ 757,766
 LIABILITIES	
Accrued payroll withholding	\$ 3,940
TOTAL LIABILITIES	\$ 3,940
 NET POSITION	
Net investment in capital assets	\$ -
Restricted for construction	1,205
Restricted for debt service	190,110
Unrestricted	562,511
TOTAL NET POSITION	\$ 753,826

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

MAPLEWOOD PUBLIC LIBRARY
 STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
 FOR THE YEAR ENDED JUNE 30, 2017

FUNCTIONS/PROGRAMS	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Library services	\$ 444,039	\$ 9,229	\$ 5,270	\$ -	\$ (429,540)
Capital outlay	75,627	-	-	-	(75,627)
Debt service:					
Principal	1,430,000	-	-	-	(1,430,000)
Interest and fiscal charges	84,315	-	-	-	(84,315)
Total governmental activities	<u>\$ 2,033,981</u>	<u>\$ 9,229</u>	<u>\$ 5,270</u>	<u>\$ -</u>	<u>\$ (2,019,482)</u>
General revenues:					
Property taxes					748,463
Interest and investment earnings					2,744
Other income					3,845
Bond proceeds					1,285,000
Total general revenues					<u>2,040,052</u>
Changes in net position					20,570
Net position - beginning					733,256
Net position - ending					<u>\$ 753,826</u>

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

MAPLEWOOD PUBLIC LIBRARY
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Debt Service Fund	Construction Fund	Total
ASSETS				
Cash and cash equivalents	\$ 566,451	\$ 190,110	\$ 1,205	\$ 757,766
TOTAL ASSETS	\$ 566,451	\$ 190,110	\$ 1,205	\$ 757,766
LIABILITIES AND FUND BALANCE				
Liabilities				
Accrued payroll withholding	\$ 3,940	\$ -	\$ -	\$ 3,940
Total liabilities	3,940	-	-	3,940
Fund balance				
Restricted for:				
Construction	-	-	1,205	1,205
Debt service	-	190,110	-	190,110
Unassigned	562,511	-	-	562,511
Total fund balance (deficit)	562,511	190,110	1,205	753,826
TOTAL LIABILITIES AND FUND BALANCE	\$ 566,451	\$ 190,110	\$ 1,205	\$ 757,766

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

MAPLEWOOD PUBLIC LIBRARY
RECONCILIATION OF THE BALANCE SHEET
- MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2017

Total fund balance - governmental funds	\$ 753,826
Amounts reported for governmental activities in the statement of net position are different because:	
None	<u>-</u>
Total net position of governmental activities	<u><u>\$ 753,826</u></u>

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

MAPLEWOOD PUBLIC LIBRARY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Debt Service Fund	Construction Fund	Total
Revenues				
Property taxes	\$ 512,559	\$ 235,904	\$ -	\$ 748,463
Charges for services	9,229	-	-	9,229
Contributions and grants	5,270	-	-	5,270
Interest	1,947	789	8	2,744
Miscellaneous	3,845	-	-	3,845
Total revenues	<u>532,850</u>	<u>236,693</u>	<u>8</u>	<u>769,551</u>
Expenditures				
Current				
Personnel	327,082	-	-	327,082
Occupancy	48,506	-	-	48,506
Operating expenses	68,451	-	-	68,451
Capital outlay	62,432	-	13,195	75,627
Debt service				
Principal	-	1,430,000	-	1,430,000
Interest and fees	-	65,800	-	65,800
Total expenditures	<u>506,471</u>	<u>1,495,800</u>	<u>13,195</u>	<u>2,015,466</u>
Net change in fund balances	26,379	(1,259,107)	(13,187)	(1,245,915)
Other financing sources (uses)				
Bond issuance fees	-	-	(18,515)	(18,515)
Bond proceeds	-	1,263,910	21,090	1,285,000
Transfers	-	2,575	(2,575)	-
Excess (deficiency) of revenues over expenditures and other sources (uses)	26,379	7,378	(13,187)	20,570
Fund balance, beginning of year	<u>536,132</u>	<u>182,732</u>	<u>14,392</u>	<u>733,256</u>
Fund balance, end of year	<u>\$ 562,511</u>	<u>\$ 190,110</u>	<u>\$ 1,205</u>	<u>\$ 753,826</u>

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

MAPLEWOOD PUBLIC LIBRARY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds	\$ 20,570
Amounts reported for governmental activities in the statement of activities are different because:	
None	<u>-</u>
Change in net position of governmental activities	<u><u>\$ 20,570</u></u>

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

MAPLEWOOD PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Maplewood Public Library (the "Library") was incorporated in 1935, 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 Maplewood 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 Maplewood does not include the Library as a component unit within the City's financial reporting entity. Library employees participate in the City's medical insurance plan.

As discussed further in Note 1, these financial statements are presented on the modified cash basis of accounting. This modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Government Accounting Standards Board (GASB) pronouncements.

Reporting Entity

The financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the primary government is financially accountable or closely related. The Library has determined that no outside agency meets the criteria and therefore, no other agency has been included as a component unit in the library's financial statements.

Financial Statement Presentation

The Statement of Net Position and the Statement of Activities present financial information about the Library as a whole. These statements include the financial activities of the primary government. The effect of interfund activity has been eliminated for these statements. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Net Position presents the financial condition of the governmental activities of the Library at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Library's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Amounts reported as *program revenues* include (a) charges paid by patrons for fees or goods and services offered by the Library and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as *program revenues* are presented as general revenues and include all property taxes. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Library.

The fund financial statements provide information about the Library's funds. A balance sheet modified cash basis and statement of revenues, expenditures, and changes in fund balances modified cash basis are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The Library considers each of its funds to be major.

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.

MAPLEWOOD PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and fund financial statements are prepared using the modified cash basis of accounting. This basis of accounting recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions except that the purchase of investments are recorded as assets and payroll withholdings are reported as liabilities. This is a basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, general revenue bonds and obligations under capital leases) and certain expenses (such as expenses for goods or services received but not yet paid) are not recorded in these financial statements.

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, liabilities, 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 all 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. The Library uses the following governmental fund types, each of which are considered to be a major fund:

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.

Debt Service Fund - This fund is used to account for the accumulation of resources for and the payment of, principal, interest, and fiscal charges on long-term debt.

Construction Fund - This capital projects fund is used to account for the proceeds of long-term debt, taxes, and other revenues restricted for acquisition or construction of major capital assets.

MAPLEWOOD PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. As of June 30, 2017, the Library did not have any investments.

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:

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 has no nonspendable fund balances as of June 30, 2017.

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 bond proceeds restricted for capital projects and taxes approved by voters for debt obligations.

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 has no committed fund balance as of June 30, 2017.

Assigned - This consists of the governmental fund balances that are intended to be used for specific purposes by the Board of Trustees. The Library has no assigned fund balance as of June 30, 2017.

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

The Library's policy is to maintain fund balance reserves in the General Fund equal to at least one half of the average annual operating budget.

MAPLEWOOD PUBLIC LIBRARY
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Josephine Alban Memorial Account

This account was established by relatives of Mrs. Josephine Alban, first Director of the Maplewood Public Library. This fund is intended to receive all sizable donations, and the earned interest used to supplement the materials budget. Since its inception, there have been no sizable donations or enough earned interest to make a significant contribution towards materials purchases, and the fund is essentially dormant. Its fund balance as of June 30, 2017 was \$4,371.

Interfund Activity

Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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 assessed valuation of the tangible taxable property for the calendar year 2016 for purposes of local taxation was \$174,356,283. The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2016 was as follows:

	General Fund	Debt Service Fund	Total
Residential Real Estate	\$ 0.256	\$ 0.151	\$ 0.407
Commercial Real Estate	0.288	0.151	0.439
Personal Property	0.302	0.151	0.453

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2017, aggregated approximately 99.1% of the current assessment computed on the basis of the levy as shown above.

MAPLEWOOD PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

Note 3 - CASH AND CASH EQUIVALENTS

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. At year-end, the carrying amount of the Library's deposits totaled \$757,766 and bank balances totaled \$772,981. As of June 30, 2017, the bank balance was covered by \$250,000 of FDIC insurance and \$526,981 of pledged collateral.

Note 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 members are the Brentwood, Ferguson, Kirkwood, Maplewood, Richmond Heights, Rock Hill, University City, Valley Park and Webster Groves 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 will purchase or lease and maintain its own terminals, data transmission devices, bar codes, printers and other peripheral equipment.

Initially, each member will pay 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 will run from July 1 to June 30. Financial statements are not available.

Note 5 - 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 for which the Library participates in insurance costs with the City of Maplewood, Missouri. There have been no significant reductions in coverage and settled claims have not exceeded coverage in any of the past three fiscal years.

Note 6 - COMMITMENTS

Full time employees earn vacation and sick leave which are considered expenditures in the year paid. Accumulated sick leave is not payable upon termination or retirement. Accumulated and unused vacation time is payable upon termination or retirement, but the amount has not been calculated and is not included in the accompanying financial statements.

MAPLEWOOD PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

Note 7 - LONG-TERM LIABILITIES

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

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
General obligation bonds					
Series 2006	\$ 1,430,000	\$ -	\$ (1,430,000)	\$ -	\$ -
Series 2017	-	1,285,000	-	1,285,000	190,000
Total	\$ 1,590,000	\$ -	\$ (160,000)	\$ 1,430,000	\$ 170,000

Payments on the general obligation bonds are made by the debt service fund. The terms of the bond issue include requirements to maintain a separate construction and debt service fund. All amounts in the construction fund are to be used for the construction of the leasehold improvements. Any surplus is to be transferred to the debt service fund to be used for the payment of debt. If there is any surplus after all of the bonds are retired, then the balance may be transferred to the general fund.

Series 2006 - General obligation bonds are supported by a pledge of the library's full faith and credit. These bonds were originally issued to finance capital projects. The bonds bear interest at rates ranging from 4.00% to 4.25% and mature through March 1, 2024. During the current year the Series 2006 bonds were refinanced and paid in full. The balance as of June 30, 2017 was \$0.

Series 2017 - General obligation bonds are supported by a pledge of the library's full faith and credit. These bonds were issued to refinance the Series 2006 bonds, which were originally issued to finance capital projects. The bonds bear interest at rate of 2.50% and mature through March 1, 2024 as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 190,000	\$ 32,125	\$ 222,125
2019	195,000	27,375	222,375
2020	195,000	22,500	217,500
2021	205,000	17,625	222,625
2022	210,000	12,500	222,500
2023-2024	290,000	9,125	299,125
	\$ 1,285,000	\$ 121,250	\$ 1,406,250

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 2016 assessed valuation is \$8,717,814. The Library currently has \$1,285,000 of general obligation bonds outstanding; therefore, the legal debt margin is \$7,432,814.

MAPLEWOOD PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

Note 8 - OPERATING LEASE

In connection with the issuance of the bonds, the Library entered into a lease agreement on July 1, 2006 effective October 1, 2006 with the City of Maplewood, Missouri, a related party. The initial term of the lease is 20 years with options to renew for two consecutive five-year terms each.

The lease requires the Library to construct improvements at its cost. In addition, the Library is required to pay all maintenance and insurance costs. Further, the Library is required to maintain workmen's compensation coverage throughout the term of the lease.

The fair value of the lease has not been determined. Future minimum lease payments as of June 30, 2017 are as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2018	\$ 1
2019	1
2020	1
2021	1
2022	1
2023-2026	4
	<u>\$ 9</u>

Rental expense for the year ended June 30, 2017 was \$1.

Note 9 - RELATED PARTY TRANSACTIONS

The Library engaged in the following transactions with related parties during the fiscal year ended June 30, 2017:

City of Maplewood - payments remitted	
Lease	\$ 1
Trash bags and tags	5,100
Flexible spending plan	5,839
Municipal Library Consortium of St. Louis County - expenses	16,705

Note 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 14, 2017, the date which the financial statements were available for issue, and noted no reportable events.

MAPLEWOOD PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

Note 11 - EMPLOYEES' RETIREMENT PLANS

Plan Description

Maplewood Public Library participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries.

LAGERS was created and is governed by state statute, Section RSMo 70.600-70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401 (a) and it is tax exempt.

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

Funding Policy

Full-time employees contribute 4% of their gross pay to the pension plan. The June 30th statutorily required contribution rate is 9.7% (general) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the Library. The contribution provisions of the Library are established by state statute. For the year ended June 30, 2017, the Library contributed \$18,752, as required.

Note 12 - FUND BALANCE TRANSFERS

The Construction Fund made transfers to the Debt Service fund in the amount of \$2,575. The purpose of this transfer was to transfer excess bond refinance proceeds to the Debt Service fund to make future debt payments.

Supplementary Information

MAPLEWOOD PUBLIC LIBRARY
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			Positive (Negative)
	Original	Final	Actual	
Revenues				
Property taxes	\$ 510,000	\$ 510,000	\$ 512,559	\$ 2,559
Charges for services	9,175	9,175	9,229	54
Contributions and grants	1,062	1,062	5,270	4,208
Interest	1,500	1,500	1,947	447
Miscellaneous	1,500	1,500	3,845	2,345
Total revenues	<u>523,237</u>	<u>523,237</u>	<u>532,850</u>	<u>9,613</u>
Expenditures				
Personnel	339,044	339,044	327,082	11,962
Occupancy	48,869	48,869	48,506	363
Operating expenses	70,716	70,716	68,451	2,265
Capital outlay:				
Library materials	65,755	64,555	62,253	2,302
Capital expenditures	-	-	179	(179)
Total expenditures	<u>524,384</u>	<u>523,184</u>	<u>506,471</u>	<u>16,713</u>
Net change in fund balance	<u>\$ (1,147)</u>	<u>\$ 53</u>	26,379	<u>\$ 26,326</u>
Fund balance, beginning of year			<u>536,132</u>	
Fund balance, end of year			<u>\$ 562,511</u>	

MAPLEWOOD PUBLIC LIBRARY
NOTES TO SUPPLEMENTAL INFORMATION
JUNE 30, 2017

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, except as otherwise noted.
- b. The Director 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 cannot 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 modified cash basis of accounting.
- g. Appropriations lapse at year end.



**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 Members of the Board of Trustees
Maplewood Public Library
Maplewood, Missouri

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 and each major fund of the Maplewood Public Library, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Maplewood Public Library's basic financial statements, and have issued our report thereon dated September 14, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Maplewood 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 Maplewood Public Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Maplewood 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 Maplewood 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 14, 2017