
MAPLEWOOD PUBLIC LIBRARY

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2014

Table of Contents

	Page
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	3
BASIC FINANCIAL STATEMENTS:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position - Modified Cash Basis.....	7
Statement of Activities - Modified Cash Basis	8
<i>Fund Financial Statements:</i>	
Balance Sheet - Modified Cash Basis.....	9
Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis	10
Notes to Basic Financial Statements	11
SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual - Modified Cash Basis - General Fund - Unaudited.....	20
Notes to Budgetary Comparison Information.....	21
Missouri Local Government Employees Retirement System (LAGERS) - Schedule of Funding Progress	22
OTHER INFORMATION:	
INDEPENDENT AUDITORS' 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</i> <i>AUDITING STANDARDS</i>	23



SCHOWALTER & JABOURI, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

11878 GRAVOIS ROAD
ST. LOUIS, MISSOURI 63127
(314) 849-4999
FAX (314) 849-3486

FINANCIAL SERVICES
COMPUTER SOLUTIONS
ADMINISTRATIVE OFFICES

11777 GRAVOIS ROAD
ST. LOUIS, MISSOURI 63127
(314) 842-2929
FAX (314) 842-3483

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, 2014 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 fraud or error.

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 *Governmental 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.

MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS • MISSOURI SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
AICPA GOVERNMENTAL AUDIT QUALITY CENTER • AICPA EMPLOYEE BENEFIT PLAN AUDIT QUALITY CENTER

"SCHOWALTER & JABOURI, P.C. IS A MEMBER OF NEXIA INTERNATIONAL, A WORLDWIDE NETWORK OF INDEPENDENT ACCOUNTING AND CONSULTING FIRMS"

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 Library, as of June 30, 2014, 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 as 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.

Disclaimer of Opinion on Supplementary 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 on pages 3 - 6 and the budgetary comparison information and related notes and the schedule of funding progress on pages 20 - 22, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated September 16, 2014 on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 Library's internal control over financial reporting and compliance.


SCHOWALTER & LABOURI, P.C.

St. Louis, Missouri
September 16, 2014

MAPLEWOOD PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Management's 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, 2014. Please read it in conjunction with the Library's financial statements, which begin on page 7.

Financial Highlights

- On a government-wide basis, the assets of the Library exceeded its liabilities for the most recent fiscal year by \$600,790.
- The Library's total net position decreased \$168,608.
- At June 30, 2014, the unassigned fund balance for the general fund was \$432,017.
- There was a net increase of \$21,217 of revenues over expenditures in the general fund.
- The Library issued \$3,400,000 in General Obligation Bonds during the fiscal year 2007 to renovate the library. As of June 30, 2014, the unpaid principal balance was \$1,745,000.

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.

MAPLEWOOD PUBLIC LIBRARY

Management's Discussion and Analysis (continued)

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.

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, 2014 and 2013:

	June 30,	
	2014	2013
Assets:		
Cash and cash equivalents	\$ 605,666	\$ 775,359
Total Assets	605,666	775,359
Liabilities:		
Accrued payroll withholdings	4,876	5,961
Total Liabilities	4,876	5,961
Net Position:		
Restricted	168,773	358,598
Unrestricted	432,017	410,800
Total Net Position	\$ 600,790	\$ 769,398

Total net position of the Library as a whole decreased \$168,608 during fiscal year 2014. The decrease is primarily a result of the \$225,000 remediation settlement that was received during fiscal year 2013 and subsequently expended during fiscal year 2014.

The following is a summary of Changes in Net Position for the years ended June 30, 2014 and June 30, 2013.

MAPLEWOOD PUBLIC LIBRARY

Management's Discussion and Analysis (continued)

	<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>
Program and Service Revenue:		
Charges for services	\$ 10,374	\$ 10,173
Operating grants and contributions	7,334	4,363
Capital grants and contributions	5,182	225,000
Total Program and Service Revenue	<u>22,890</u>	<u>239,536</u>
General Revenues:		
Property taxes	732,628	765,511
Investment income	1,995	2,250
Other	2,141	1,611
Total General Revenues	<u>736,764</u>	<u>769,372</u>
Total Revenues	759,654	1,008,908
Expenses	<u>928,262</u>	<u>748,332</u>
Net increase (decrease)	(168,608)	260,576
Net position, beginning	<u>769,398</u>	<u>508,822</u>
Net position, ending	<u>\$ 600,790</u>	<u>\$ 769,398</u>

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.

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 \$21,217 of revenues over expenditures. As of June 30, 2014, the general fund unassigned fund balance totaled \$432,017.

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 completed in fiscal year 2014. The fund balance as of June 30, 2014 was \$45,010, and will be used to fund future repairs to the Library.

MAPLEWOOD PUBLIC LIBRARY

Management's Discussion and Analysis (continued)

The debt service fund was established to receive tax revenues earmarked for debt service on the above-mentioned 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 \$123,763. Outstanding indebtedness as of June 30, 2014 was \$1,745,000. Total principal payments due in 2015 are \$155,000.

General Fund Budgetary Highlights

The Library budgets on a cash basis. The difference between budgeted revenues (\$476,768) and actual revenues (\$509,894) can be attributed to conservative budgeting.

Budgeted expenditures in the general fund were estimated at \$497,529 while the Library actually spent \$488,677.

Economic Factors and Next Year's Budgets and Rates

The budget for the 2014-2015 fiscal year is balanced without resort to Unrestricted Reserves. Budgeted revenue is based on assessed valuations from December 2013, the latest date for which figures are available.

The majority of the figures for Expenditures are based on actual figures from the FY 13-14 fiscal year. The Library has applied for a State grant to replace and upgrade the public access computers and related hardware. This requires a 25% local funds match, which has been included in the budget.

Management is always looking for ways to lower the Library's expenditures, and 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 2014 tax year will be set at the maximum allowed by the State Auditor. The management does not expect to roll back rates.

The waterproofing repair project was substantially completed and paid for in the 2013-2014 fiscal year. The remaining task, installation of a new storm-water drain in the front of the Library, will be carried out in the early part of the 2014-2015 fiscal year. The Public Works Department of the City of Maplewood will do much of this work, substantially lowering the cost of the work. The Library does not expect to utilize any General Fund money in this project. Money remaining in the Construction Fund upon completion of the project will be used for repairs inside the Library caused by water leakage over time, such as carpet cleaning or replacement, and selected capital repairs or improvements, as funds permit. Any money left in the Construction Fund after this will be transferred to the Debt Service Fund.

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, 2014**

ASSETS:

Cash and investments:

Unrestricted \$ 605,666

Total Assets \$ 605,666

LIABILITIES:

Accrued payroll withholdings \$ 4,876

Total Liabilities \$ 4,876

NET POSITION:

Restricted for:

Construction \$ 45,010

Debt service 123,763

Unrestricted 432,017

Total Net Position \$ 600,790

MAPLEWOOD PUBLIC LIBRARY

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Program Expenses:

Library services:	
Personnel	\$ 300,220
Occupancy	47,941
Operating expenses	73,188
Library materials	66,418
Equipment	210,047
Debt service:	
Principal	150,000
Interest and fees	80,448
Total Program Expenses	<u>928,262</u>

Program Revenues:

Charges for services	10,374
Operating grants and contributions	7,334
Capital grants and contributions	5,182
Net Program Revenues	<u>22,890</u>
Net Program Expense	<u>(905,372)</u>

General Revenues:

Property taxes:	
Levied for general purposes	483,285
Levied for debt service	249,343
Investment earnings	1,995
Miscellaneous	2,141
Total General Revenues	<u>736,764</u>
Decrease in Net Position	(168,608)

Net Position:

Beginning of the year	<u>769,398</u>
End of the year	<u>\$ 600,790</u>

MAPLEWOOD PUBLIC LIBRARY

**BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
JUNE 30, 2014**

	General Fund	Debt Service Fund	Construction Fund	Total
ASSETS:				
Cash and investments:				
Unrestricted	\$ 436,893	\$ 123,763	\$ 45,010	\$ 605,666
Total Assets	\$ 436,893	\$ 123,763	\$ 45,010	\$ 605,666
-- LIABILITIES AND FUND BALANCES --				
LIABILITIES:				
Accrued payroll withholdings	\$ 4,876	\$ -	\$ -	\$ 4,876
Total Liabilities	4,876	-	-	4,876
FUND BALANCE:				
Restricted for:				
Construction	-	-	45,010	45,010
Debt service	-	123,763	-	123,763
Unassigned	432,017	-	-	432,017
Total Fund Balance	432,017	123,763	45,010	600,790
Total Liabilities and Fund Balances	\$ 436,893	\$ 123,763	\$ 45,010	\$ 605,666

MAPLEWOOD PUBLIC LIBRARY

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	General Fund	Debt Service Fund	Construction Fund	Total
REVENUES:				
Property tax	\$ 483,285	\$ 249,343	\$ -	\$ 732,628
Charges for services	10,374	-	-	10,374
Contributions and grants	12,516	-	-	12,516
Interest	1,578	211	206	1,995
Miscellaneous	2,141	-	-	2,141
Total Revenues	509,894	249,554	206	759,654
EXPENDITURES:				
Current:				
Personnel	300,220	-	-	300,220
Occupancy	47,941	-	-	47,941
Operating expenses	73,188	-	-	73,188
Capital outlay	67,328	-	209,137	276,465
Debt service:				
Principal	-	150,000	-	150,000
Interest and fees	-	80,448	-	80,448
Total Expenditures	488,677	230,448	209,137	928,262
Net Change in Fund Balances	21,217	19,106	(208,931)	(168,608)
Fund Balances:				
Beginning of Year	410,800	104,657	253,941	769,398
End of Year	\$ 432,017	\$ 123,763	\$ 45,010	\$ 600,790

MAPLEWOOD PUBLIC LIBRARY

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2014

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.

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.

MAPLEWOOD PUBLIC LIBRARY

Notes to Basic Financial Statements (continued)

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.

Basis of Presentation

Government-wide Financial Statements:

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.

Fund Financial Statements:

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.

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.

MAPLEWOOD PUBLIC LIBRARY

Notes to Basic Financial Statements (continued)

If the Library utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types (if any) would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Governmental Fund Balances

In the governmental fund financial statements the following classifications are used to define the governmental fund balances:

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 balance as of June 30, 2014.

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 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, 2014.

Assigned - This consists of the governmental fund balances that are intended to be used for specific purposes by a) the Board of Trustees or b) the Director. The Library has no assigned fund balance as of June 30, 2014.

Unassigned - This consists of the governmental funds that do not meet the definition of "nonspendable," "restricted," "committed," or "assigned."

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.

Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Library or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

Use of Restricted Resources

When an expenditure or expense is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available, it is the policy of the Library to generally consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the Library that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts.

MAPLEWOOD PUBLIC LIBRARY

Notes to Basic Financial Statements (continued)

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, 2014 was \$4,289.

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.

2. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are 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 years 2013 for purposes of local taxation was \$159,381,758. The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2013 was as follows:

	<u>Real Estate</u>		Personal Property
	Residential	Commercial	
General Fund	\$ 0.267	\$ 0.299	\$ 0.302
Debt Service Fund	0.175	0.175	0.175
Total	\$ 0.442	\$ 0.474	\$ 0.477

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2014, aggregated approximately 96% of the current assessment computed on the basis of the levy as shown above.

3. CASH AND INVESTMENTS

The Library is governed by the deposit and investment limitations of state law. State law authorizes the following types of investments: United States Treasury and Agency Securities, Repurchase Agreements, Collateralized Certificates of Deposit, Banker's Acceptances and Commercial Paper. As of June 30, 2014, the Library did not have any investments.

MAPLEWOOD PUBLIC LIBRARY

Notes to Basic Financial Statements (continued)

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 does not have a policy for custodial credit risk - deposits. As of June 30, 2014, the Library was not exposed to custodial credit risk.

4. LONG-TERM LIABILITIES

The following is a summary of changes in the Library's long-term liabilities for the year ended June 30, 2014:

	Original Issuance Amounts	Balance - July 1, 2013	Additions	Retirements	Balance - June 30, 2014	Amount due within one year
General obligation bonds						
Series 2006	\$ 3,400,000	\$ 1,895,000	\$ -	\$ 150,000	\$ 1,745,000	\$ 155,000

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. The bond documents have numerous other provisions as well.

General obligation bonds are supported by a pledge of the Library's full faith and credit. These bonds were originally issued to finance various capital projects. The bonds bear interest at rates ranging from 4.00% to 4.25% and mature through March 1, 2024 as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 155,000	\$ 74,013	\$ 229,013
2016	160,000	67,425	227,425
2017	170,000	60,625	230,625
2018	175,000	53,400	228,400
2019	185,000	45,963	230,963
2020-2024	900,000	105,610	1,005,610
Total	\$ 1,745,000	\$ 407,036	\$ 2,152,036

Defeased Bonds Outstanding

In a prior year, the Library defeased certain bonds by placing available monies in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Library's long term debt obligations. At June 30, 2014, \$630,000 of bonds outstanding is considered defeased. The bonds are expected to be called on March 1, 2016.

MAPLEWOOD PUBLIC LIBRARY

Notes to Basic Financial Statements (continued)

Legal Debt Margin

Under the statutes of the State of Missouri, the limit of bonded indebtedness is 5% of the most recent assessed valuation. As of June 30, 2014, the legal debt margin was calculated as follows:

Constitutional debt limit	\$ 7,969,088
General obligation bonds payable	(1,745,000)
Amount available in Debt Service Fund	<u>123,763</u>
Legal Debt Margin	<u><u>\$ 6,347,851</u></u>

5. OPERATING LEASES

In connection with the issuance of the bonds the Library has 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, 2014 are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2015	\$ 1
June 30, 2016	1
June 30, 2017	1
June 30, 2018	1
June 30, 2019	1
Five years ended:	
June 30, 2024	5
June 30, 2026	<u>2</u>
Total	<u><u>\$ 12</u></u>

6. EMPLOYEES' RETIREMENT PLAN

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.

MAPLEWOOD PUBLIC LIBRARY

Notes to Basic Financial Statements (continued)

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 7.7% (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.

Annual Pension Cost (APC) and Net Pension Obligation (NPO)

The Library's annual pension cost and net pension obligation for the current year were as follows:

Annual Required Contribution	\$ 15,316
Interest on Net Pension Obligation	-
Adjustment to Annual Required Contribution	-
Annual Pension Cost	<u>15,316</u>
Less Contributions Made	<u>15,316</u>
Increase in Net Pension Obligation	-
Net Pension Obligation Beginning of Year	<u>-</u>
Net Pension Obligation End of Year	<u><u>\$ -</u></u>

The annual required contribution (ARC) was determined as part of the initial actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2014 included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period as of the initial actuarial valuation was 30 years for the General division.

MAPLEWOOD PUBLIC LIBRARY

Notes to Basic Financial Statements (continued)

Three-Year Trend Information

Effective June 1, 2013, the Library became a separate entity with LAGERS; therefore, prior year trend information is not available. Trend information will be provided in future years.

<u>Year Ended June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2014	\$ 15,316	100%	\$ -

Funded Status and Funding Progress

As of February 28, 2014, the most recent actuarial valuation date, the plan was 77 percent funded. The actuarial accrued liability for benefits was \$711,477 and the actuarial value of assets was \$544,451 resulting in an unfunded actuarial accrued liability (UAAL) of \$167,026. The covered payroll (annual payroll of active employees covered by the plan) was \$181,322, and the ratio of the UAAL to the covered payroll was 92 percent.

The schedule of funding progress, presented as Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liability for benefits. Current year trend information is not available but will be provided in future years.

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

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

MAPLEWOOD PUBLIC LIBRARY

Notes to Basic Financial Statements (continued)

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

8. 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.

9. RELATED PARTY TRANSACTIONS

The Library had the following transactions with related parties:

City of Maplewood - Expenses	
Lease	\$ 1
Insurance	3,723
Health Insurance	23,781
Total	<u><u>\$27,505</u></u>
 Municipal Library Consortium of St. Louis County - Expenses	 <u><u>\$ 7,922</u></u>

See Note 7 regarding Municipal Library Consortium and Note 5 for lease with the City of Maplewood.

10. 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.

Supplementary Information

MAPLEWOOD PUBLIC LIBRARY

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - MODIFIED CASH BASIS - GENERAL FUND - UNAUDITED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 461,046	\$ 461,046	\$ 483,285	\$ 22,239
Charges for services	9,300	9,300	10,374	1,074
Contributions and grants	4,022	4,022	12,516	8,494
Interest	1,500	1,500	1,578	78
Miscellaneous	900	900	2,141	1,241
Total Revenues	476,768	476,768	509,894	33,126
EXPENDITURES:				
Personnel	318,371	318,371	300,220	18,151
Occupancy	44,689	44,689	47,941	(3,252)
Operating expenses	67,151	67,151	73,188	(6,037)
Capital outlay:				
Library materials	61,136	66,318	66,418	(100)
Capital expenditures	1,000	1,000	910	90
Total Expenditures	492,347	497,529	488,677	8,852
Net change in fund balance	\$ (15,579)	\$ (20,761)	\$ 21,217	\$ 41,978

MAPLEWOOD PUBLIC LIBRARY

NOTES TO BUDGETARY COMPARISON INFORMATION JUNE 30, 2014

1. Budgets and Budgetary Accounting

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

1. 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 in a separate letter dated September 16, 2014.
2. 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.
3. 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.
4. Prior to July 1, the budget is legally enacted by a vote of the Board of Trustees.
5. 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.
6. Budgets are adopted on a cash basis of accounting.
7. Appropriations lapse at year end.

MAPLEWOOD PUBLIC LIBRARY
MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
(LAGERS) - SCHEDULE OF FUNDING PROGRESS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/28/2014	\$ 544,451	\$ 711,477	\$ 167,026	77%	\$ 181,322	92%

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

Other Information



SCHOWALTER & JABOURI, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

11878 GRAVOIS ROAD
ST. LOUIS, MISSOURI 63127
(314) 849-4999
FAX (314) 849-3486

FINANCIAL SERVICES
COMPUTER SOLUTIONS
ADMINISTRATIVE OFFICES

11777 GRAVOIS ROAD
ST. LOUIS, MISSOURI 63127
(314) 842-2929
FAX (314) 842-3483

INDEPENDENT AUDITORS' 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

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 (the "Library"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated September 16, 2014. Our report of the basic financial statements disclosed that, as described in Note 1 to the financial statements, the Library prepares its financial statements 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.

Internal Control Over Financial Reporting

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

MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS • MISSOURI SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
AICPA GOVERNMENTAL AUDIT QUALITY CENTER • AICPA EMPLOYEE BENEFIT PLAN AUDIT QUALITY CENTER

"SCHOWALTER & JABOURI, P.C. IS A MEMBER OF NEXIA INTERNATIONAL, A WORLDWIDE NETWORK OF INDEPENDENT ACCOUNTING AND CONSULTING FIRMS"

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 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*.

We noted certain other matters that we reported to management of the Library in a separate letter dated September 16, 2014.

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.


SCHOWALTER & JABOURI, P.C.

St. Louis, Missouri
September 16, 2014