

**KIRKWOOD PUBLIC LIBRARY**

Audited Financial Statements

June 30, 2006

*Michael Cummins, CPA, P.C.*

Independent Auditor's Report	1-2
Management discussion and analysis	3-5
Financial statement	
Governmental fund balance sheet/ Statement of net assets	6
Statement of governmental fund revenues, expenditures, and changes In fund balance/statement of activities	7
Notes to the financial statement	8-16
Schedule of comparison of general fund revenue and expenditures to original and final budget	18-19
Notes to budgetary comparison schedule	20

# Michael Cummins, CPA, P.C.

Three The Pines Court Suite E, St. Louis, MO 63141

314.628.9494 Fax 314.628.9495

E-Mail - Mike@MichaelCumminsCPA.com

## *Independent Auditor's Report*

Board of Trustees  
Kirkwood Public Library

We have audited the accompanying financial statements of the governmental activities, and only fund of the Kirkwood Public Library, as of and for the year ended June 30, 2006, which collectively comprise the basic financial statements of the Library's primary government as listed in the table of contents. These financial statements are the responsibility of the Kirkwood Public Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as noted below, 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements referred to above include only the primary government of the Kirkwood Public Library, which consists of all funds that comprise the Kirkwood Public Library's legal entity. The financial statements do not include financial data for the Kirkwood Public Library's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the Library's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the Kirkwood Public Library, as of June 30, 2006, the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. We were unable to determine the omitted amounts.

**WWW.SMALLBUSINESSCPA.COM**

*Serving Individuals, Businesses, Nonprofit Organizations, Employee Benefit Plans and Local Governments Since 1985*

*Member AICPA Center for Public Company Audit Firms, Employee Benefit Plan Audit Quality Center,*

*and Government Audit Quality Center*

*Michael Cummins, CPA, President – Kathryn Trimarke, Principal*

*Michael Cummins, CPA, P.C. (Continued)*

Fixed assets presented in the Governmental Activities including library materials were based on estimates. Management did not maintain records of the dates purchased and retirements of library materials. Therefore we were unable to satisfy ourselves that these estimates do not have material errors.

In our opinion, except for the effects of adjustments if any had we been able to satisfy ourselves regarding fixed asset estimates discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities for the primary government of the Kirkwood Public Library, as of June 30, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the only fund of the Kirkwood Public Library, as of June 30, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 2, 2006 on our consideration of the Kirkwood Public Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 and should be considered in assessing the results of our audit.

The accompanying required supplementary information, management's discussion and analysis and budgetary comparison information on pages 3 through 5 and 18 through 20 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Michael Cummins, CPA, P.C.

November 2, 2006

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### Overview of the Financial Statements

Our discussion and analysis of the Kirkwood Public Library's financial performance provides an overview of the Library's financial activities for the fiscal year ended June 30, 2006. Please read it in conjunction with the Library's financial statements, which begin on page 6.

### Using This Annual Report

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

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

The fund financial statements are presented in the first column of Statement of Net Assets and Governmental Fund Balance Sheet. The middle column shows the adjustments from modified accrual to accrual and the final column represents the Library's net assets on an accrual basis. The same format is used for the Statement of Activities and Governmental Fund Revenues, Expenditures, and changes in Fund Balances.

The Kirkwood Public Library is in a better financial position at the end of the year compared to last year. The fund balance last year was \$594,734. The fund balance at the end of the fiscal year '06 (June 30, 2006) was \$705,830.

## CONDENSED STATEMENT OF NET ASSETS

	June 30,		
	2006	Restated 2005	Difference
<b>Assets</b>			
Cash	\$ 775,833	\$ 623,387	\$ 152,446
Property tax receivable	35,572	31,828	3,744
Prepaid expenses	11,399	-	11,399
Capital assets	1,362,010	1,288,853	73,157
<b>Total assets</b>	<b>\$ 2,184,814</b>	<b>\$ 1,944,068</b>	<b>\$ 240,746</b>
<b>Liabilities</b>			
Accounts payable & accrued expenses	\$ 89,155	\$ 82,027	\$ 7,128
<b>Net assets</b>			
Invested in capital assets	1,362,010	1,288,853	73,157
Unrestricted	733,649	573,188	160,461
<b>Total net assets</b>	<b>\$ 2,095,659</b>	<b>\$ 1,862,041</b>	<b>\$ 233,618</b>

## CONDENSED STATEMENT OF ACTIVITIES

	Year Ended June 30,		
	2006	Restated 2005	Difference
<b>Program and service revenue</b>			
Charges for services	\$ 85,990	\$ 82,222	\$ 3,768
Operating grants and gifts	106,347	110,445	(4,098)
<b>Total programs and service</b>	<b>192,337</b>	<b>194,672</b>	<b>(2,335)</b>
<b>General revenues</b>			
Property taxes	1,174,649	1,132,461	42,188
Investment income	26,963	11,256	15,707
Other	4,967	4,089	878
<b>Total general revenues</b>	<b>1,206,579</b>	<b>1,147,806</b>	<b>58,773</b>
<b>Total revenues</b>	<b>1,398,916</b>	<b>1,342,478</b>	<b>56,438</b>
<b>Expenses</b>	<b>1,165,298</b>	<b>1,161,704</b>	<b>3,594</b>
<b>Net increase</b>	<b>233,618</b>	<b>180,774</b>	<b>52,844</b>
Beginning net assets	1,862,041	641,497	1,220,544
Prior period	-	1,039,770	(1,039,770)
<b>Restated</b>	<b>1,862,041</b>	<b>1,681,267</b>	<b>180,774</b>
<b>Ending net assets</b>	<b>\$ 2,095,659</b>	<b>\$ 1,862,041</b>	<b>\$ 233,618</b>

Accrued liabilities of \$53,749 include accrued wages and vacation.

There was a net increase of \$157,532 of revenues over expenditures. For the last several years, the Library has chosen to budget conservatively for property tax revenue and used the revenue actually received the previous year as the estimated revenue for the next year. In addition, interest rates were up last year.

Major corrections were made for inventory and the building under capital assets. There was a depreciation of \$206,389 on capital assets. Capital assets represented routine purchases of personal computers as replacements according to our technology plan and shelving.

Personnel costs were lower than anticipated due to the resignations of two professional staff members. The Library was able to recoup the nonvested contributions from one of these staff members and apply that to future pension payments by the Library.

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

There were minor amendments made to the budget by the Board of Trustees during the fiscal year.

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 Wicky Sleight at the Kirkwood Public Library, 140 E. Jefferson, Kirkwood, MO 63122

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

**KIRKWOOD PUBLIC LIBRARY**

## Governmental Fund Balance Sheet/ Statement of Net Assets

June 30, 2006

	General Fund	Adjustments Note 3	Governmental Activities
Assets			
Cash	\$ 775,833	\$ -	\$ 775,833
Accounts receivable property tax	35,572	-	35,572
Prepaid expenses	11,399	-	11,399
Art collection	-	105,050	105,050
Capital assets			
Land	-	12,600	12,600
Building	-	393,700	393,700
Library materials		1,875,000	1,875,000
Furniture and equipment	-	350,650	350,650
	-	2,631,950	2,631,950
Accumulated depreciation	-	(1,374,990)	(1,374,990)
	-	1,256,960	1,256,960
Total assets	<u>\$ 822,804</u>	1,362,010	<u>\$ 2,184,814</u>
Liabilities			
Accounts payable	\$ 35,406	-	\$ 35,406
Accrued liabilities	53,749	-	53,749
Deferred revenue	27,825	(27,825)	-
Total liabilities	<u>116,980</u>	(27,825)	<u>89,155</u>
Fund balance	<u>705,824</u>	(705,824)	-
Total liabilities and fund balances	<u>\$ 822,804</u>		
Net assets			
Invested in capital assets		1,362,010	1,362,010
Unrestricted		733,649	733,649
Total net assets		<u>2,095,659</u>	<u>2,095,659</u>
Total liabilities and net assets		<u>\$ 2,067,834</u>	<u>\$ 2,184,814</u>

See Accompanying Notes to the Financial Statements

**KIRKWOOD PUBLIC LIBRARY**

Statement of Governmental Fund Revenues, Expenditures, and Changes  
in Fund Balance/Statement of Activities  
For the Year Ended June 30, 2006

	General Fund	Adjustments Note 3	Governmental Activities
Functions Programs			
Governmental Activities			
Library			
Library books and supplies	\$ (209,196)	\$ 209,196	\$ -
Personnel	(748,428)	-	(748,428)
Building	(96,379)	-	(96,379)
Operating	(76,828)	-	(76,828)
Consortium	(35,427)		(35,427)
Capital Expenditures	(72,264)	70,417	(1,847)
Depreciation	-	(206,389)	(206,389)
	<hr/>		
Total expenditures/expenses	<u>\$ (1,238,522)</u>	73,224	<u>(1,165,298)</u>
Program revenues			
Charges for services	85,990	-	85,990
Operating grants	10,969	-	10,969
Gifts	95,378	-	95,378
	<hr/>		
Total program revenues	192,337	-	192,337
			<hr/>
Net program expenses			(972,961)
General revenues			
Property taxes	1,171,787	2,862	1,174,649
Investment Income	26,963	-	26,963
Other	4,967	-	4,967
	<hr/>		
Total general revenues	1,203,717	2,862	1,206,579
Excess of revenues over expenditures	157,532	(157,532)	
Change in net assets		233,618	233,618
Fund Balance/ Net Assets			
Beginning of the year	594,734	227,537	822,271
Prior period error correction	(46,442)	1,086,212	1,039,770
	<hr/>		
Restated	548,292	1,313,749	1,862,041
End of the year	<u>\$ 705,824</u>	<u>\$ 1,547,367</u>	<u>\$ 2,095,659</u>

See Accompanying Notes to the Financial Statements

**KIRKWOOD PUBLIC LIBRARY**  
**Notes to the Financial Statements**  
**June 30, 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

*A. Reporting Entity*

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

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

The Library's financial statements present the primary government only. The Library is required to present component units, entities for which the Library is considered to be financially accountable. These should be presented discretely in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. Because those entities have not prepared adequate financial statements the Library has not included them.

Component Units—The following component units were omitted from the financial statements .

1 The Friends of Kirkwood Public Library was created with the purpose of providing volunteers and funds to assist the Library in serving the community. The Friends' governing body consists of the Executive Board of 4 individuals elected by the membership at large, and 9 committee representatives appointed by the Executive Board. In addition, the Friends budget is subject to approval by the Friends' membership. The Friends' administrative office is located at 140 E. Jefferson, Kirkwood, Missouri.

2. The Kirkwood Public Library Foundation was established to receive and administer gifts and endowments for the benefit of the Library. The Foundation's governing body consists of 7 individuals appointed by the Foundation Board, and also the .Library Director and the President of the Library Board of Trustees. In addition, the Foundation's budget is subject to approval by the Foundation's Board. The Foundation's administrative office is located at 140 E. Jefferson, Kirkwood, Missouri.

**KIRKWOOD PUBLIC LIBRARY**  
**Notes to the Financial Statements**  
**June 30, 2006**  
**( continued)**

*B. Basis of Presentation*

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

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

The Library since it is a single program one fund government it has elected to present its Government Wide and Fund Financial statements in a simplified format permitted by the Governmental Accounting Standards Board for certain governments

The fund financial statements and the statement of net assets are presented in the separate columns with an adjustment column.

The governmental activities column financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported.

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

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

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

**KIRKWOOD PUBLIC LIBRARY**  
**Notes to the Financial Statements**  
**June 30, 2006**  
**( continued )**

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

*E. Capital Assets*

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

The costs of books, periodicals and other Library materials are capitalized. Capitalized amounts have been estimated based on records in the electronic database of the Library . In addition, the year purchased has also been estimated.

The Library does not possess any infrastructure.

Capital assets are depreciated using the straight line method over their estimated useful lives. (5-10 years for equipment, and 50 years for buildings).

*F. Revenue Recognition*

Property taxes attach as an enforceable lien on the property as of January 1. Taxes are levied by November 1 and payable by December 31. The City of Kirkwood approves the property tax rate. The County collects the property tax and remits it to the Library. The tax rates passed by the City of Kirkwood in August of 2005 are 19.3 cents for Residential Real estate, 22.8 cents for commercial real estate, and 23.5 cents for personal property per \$ 100 of assessed valuation.

The assessed valuation for January 1, 2005 and 2006 was as follows.

	2005	2006
Real estate	\$ 525,769,430	\$ 536,160,110
Personal property	74,312,357	78,006,797
Total	\$ 600,081,787	\$ 614,166,907

**KIRKWOOD PUBLIC LIBRARY**  
**Notes to the Financial Statements**  
**June 30, 2006**  
**( continued)**

*G. Compensated absences*

Employee vacations vest after six months of continuous service, and may be accrued for one year. Fulltime employees may carry over accrued vacation into the following calendar year only. The maximum carryover is one half of that year's accrued vacation. Expenditures relating to employee vacations are recorded when paid.

Sick leave is accrued at 12 hours for each full month of continuous service to a maximum accrual of 130 days for fulltime employees. It is not reported as liability since it does not vest.

*H. Art collection*

The Art collection is not depreciated it is valued based on the most recent valuation of an independent appraisal.

*I Use of Estimates*

Preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates. Actual results could differ from those estimates. Management has estimated the Library collection based on a database of Library materials in its collection. In additions, the donated value of certain fixed assets, estimated useful lives, and property taxes are also based on estimates.

**2. CASH**

The Library has not adopted a formal policy that limits the government's allowable deposits or investments and address the specific types of risk to which the government is exposed.

The Library has a repurchase agreement secured by instruments issued by Agencies of the United states government.

All of the libraries cash and deposits are secured or collateralized by securities held in the bank in the name of Library .

**KIRKWOOD PUBLIC LIBRARY**  
**Notes to the Financial Statements**  
**June 30, 2006**  
**( continued )**

**3. RECONCILING ITEMS BETWEEN FUND FINANCIAL STATEMENTS AND STATEMENT OF NET ASSETS.**

*Explanation of reconciling items between fund balance in general fund and net assets.*

Capital assets net of depreciation are recorded in statement of Net assets but not in the governmental fund.	\$ 1,256,960
Value of art collection is recorded in statement of net assets but not governmental fund.	105,050
Property taxes collected after 60 days are deferred on fund financial statements but are not deferred in statement of net assets.	27,825
Net adjustments	1,389,835
Fund balance	70,824
Net assets	\$ 2,095,659

*Explanation of reconciling items between revenues in excess of expenditures and changes in net assets*

Library materials are capitalized in statement of changes in net assets and expensed in fund financial statements.	\$ 209,196
Purchases of fixed assets are capitalized in statement of net assets and expensed in fund financial statements.	70,417
Depreciation is recorded in statement of net assets but not fund financial statement	(206,389)
Property tax revenue is adjusted for change in deferred revenues	2,862
Net adjustments	76,086
Excess of revenues over expenditures	157,532
Change in net assets	\$ 233,618

**KIRKWOOD PUBLIC LIBRARY**  
**Notes to the Financial Statements**  
**June 30, 2006**  
**( continued )**

4. CHANGES IN CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2006:

	July 1, 2005	Additions	Retirements	June 30, 2006
Cost				
Land	\$ 12,600	\$ -	\$ *	\$ 12,600
Buildings	393,700	-	*	393,700
Furniture and equipment	280,234	70,416	*	350,650
Library materials	1,665,803	209,197	*	1,875,000
Totals at historical cost	<u>2,352,337</u>	<u>279,613</u>	<u>*</u>	<u>2,631,950</u>
Less accumulated depreciation				
Buildings	9,843	7,874	*	17,717
Furniture and equipment	197,490	27,374	*	224,864
Library materials	961,268	171,141	*	1,132,409
Totals at historical cost	<u>1,168,601</u>	<u>206,389</u>	<u>*</u>	<u>1,374,990</u>
Capital assets (net)	<u>\$ 1,183,736</u>	<u>\$ 73,224</u>	<u>\$ *</u>	<u>\$ 1,256,960</u>

\* Retirements have not been determined.

Since the Library has only one function there is no requirement to allocate the depreciation.

5. EMPLOYEE RETIREMENT PLAN

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

The CERF receives contributions from the Library. in accordance with City ordinances, in an amount equal to 5% of each participating employees gross wages. Vesting of employer contributions occurs after five years of service.

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

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

**KIRKWOOD PUBLIC LIBRARY**  
**Notes to the Financial Statements**  
**June 30, 2006**  
**( continued)**

5. EMPLOYEE RETIREMENT PLAN (Continued)

Participants may choose to have funds invested on their behalf in any one of the following, or any combination thereof, types of investments of mutual funds: Actively managed; index; investment contract; model portfolio; or mutual fund series.

The CERF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing: City of Kirkwood, 139 South Kirkwood, Kirkwood, Missouri 63122.

The Library contributed \$ 6,653.

The Library also has available a cash or deferred Arrangement (CODA) under Code Section 401(a). Under this Plan, the Library contributes two percent for each eligible employee who agrees to match this amount with a contribution to their Code Section 457 account. Contributions made by the Library for employees for the fiscal year ended June 30, 2006 totaled \$ 15,746

6. MUNICIPAL LIBRARY CONSORTIUM

The Library is a member of the Municipal Library Consortium of St: Louis County, an association of independent municipal libraries. The purpose of the Consortium is to develop and maintain a shared automation system and to provide and maintain developing information technologies for the citizens of the member libraries' communities. The original members are the Brentwood, Ferguson, Kirkwood, Richmond Heights, Rock Hill, University City Library, Valley Park, Webster Groves and Kirkwood Libraries.

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

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

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

**KIRKWOOD PUBLIC LIBRARY**  
**Notes to the Financial Statements**  
**June 30, 2006**  
**( continued )**

7. RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Library participates in insurance costs with the city of Kirkwood. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

8. PRIOR PERIOD ADJUSTMENTS

Adjustments were made to prior period balances to correct errors which are summarized below:

	Fund Balance	Net Assets
Beginning	\$ 594,734	\$ 822,271
Property tax receivable	25,162	25,162
Pension credit	(6,001)	(6,001)
Consortium asset		(39,737)
Library materials	-	1,665,804
Building	-	406,300
Equipment		-
Accumulated depreciation	-	(971,118)
Deferred revenue	(24,963)	
Accounts payable	(14,965)	(14,965)
Accrued vacation	(25,787)	(25,787)
Cash	112	112
	(46,442)	1,039,770
Restated	\$ 548,292	\$ 1,862,041

Property tax receivable – Property tax receivables were understated. This affects both the governmental funds and net assets.

Pension credit – Library recorded a credit for its pension that was used and therefore there was not asset.

Consortium asset – The Library shares costs with but does not have an ownership interest in the consortium assets therefore there is no asset.

**KIRKWOOD PUBLIC LIBRARY**  
**Notes to the Financial Statements**  
**June 30, 2006**  
**( continued)**

8. PRIOR PERIOD ADJUSTMENTS ( Continued)

Library materials – Library materials were not recorded as an asset.

Building and Land – The building and land the Library occupies was donated to it March 2004 by the City of Kirkwood Missouri however it was not recorded. This affects Net assets only reported under Governmental Activities.

Equipment – The Library depreciation schedule was adjusted for unrecorded equipment. This affects Net assets only reported under Governmental Activities.

Accumulated depreciation – Accumulated depreciation was adjusted to because of depreciation on unrecorded fixed assets primarily the Building and Library Materials. This affects Net assets only reported under Governmental Activities.

Deferred revenue - Property taxes collected more than sixty days after the end of the year are required to be deferred under the modified accrual method of accounting. This adjustment affects the Fund balance only.

Accounts payable- Accounts payable was understated this affects both the governmental funds and net assets.

Accrued vacation pay – Accrued vacation pay was not recorded

Cash – Cash was understated this affects both the Fund balance and net assets.

9. RELATED PARTY TRANSACTIONS

The Library had the following transactions with related parties:

City of Kirkwood

Electric, Water, Sanitation	\$ 23,015
Insurance	24,360
Medical Insurance	88,707
Other	72
Pension	6,653
Friends of the pubic Library	60,000
Kirkwood foundation	14,918
Missouri Library Consortium of St. Louis	25,322

BUDGETARY COMPARISON SCHEDULE

**KIRKWOOD PUBLIC LIBRARY**

Schedule of Comparison of General Fund Revenue and Expenditures to Original and Final Budget

For the Year Ended June 30, 2006

	General Fund	Budget	
		Original	Final
<b>Revenues:</b>			
Property tax	\$ 1,171,787	\$ 1,133,450	\$ 1,133,450
Investment interest	26,963	8,984	8,984
State aid	10,969	10,838	10,838
Fines	45,626	39,452	39,452
Fees	40,364	41,197	41,197
Other	4,967	2,197	2,197
Gifts	95,378	70,000	70,000
	<u>1,396,054</u>	<u>1,306,118</u>	<u>1,306,118</u>
<b>Expenditures</b>			
<b>Personnel</b>			
Salaries and wages	592,010	588,409	617,809
Pension	22,400	45,708	32,106
Payroll taxes	53,219	45,013	53,683
Medical insurance	63,306	46,500	64,500
Workman's comp	3,633	5,500	5,500
Professional development	13,860	15,000	15,000
	<u>748,428</u>	<u>746,130</u>	<u>788,598</u>
<b>Total personnel</b>			
<b>Utilities and services</b>			
Electric	23,015	25,000	25,000
Gas	4,235	5,000	5,000
Telephone	13,739	15,500	15,500
Insurance	13,406	15,500	15,500
Operation services	13,758	16,000	16,000
Maintenance and repair	19,698	13,500	19,700
Janitorial supplies	8,528	7,000	8,000
	<u>96,379</u>	<u>97,500</u>	<u>104,700</u>
<b>Total utilities and services</b>			
<b>Library materials</b>			
Library books and supplies	16,031	-	-
References books	32,886	34,000	34,000
Children's books	43,849	30,000	45,000
Adult books	71,689	70,000	70,000
Children's audio visual	5,953	10,000	10,000
Adult audio visual	18,932	25,000	25,000
Subscriptions and memberships	19,856	20,000	20,000
	<u>209,196</u>	<u>189,000</u>	<u>204,000</u>
<b>Total library materials</b>			

See notes to budgetary comparison schedule

**KIRKWOOD PUBLIC LIBRARY**

Schedule of Comparison of General Fund Revenue and Expenditures to Original and Final Budget

For the Year Ended June 30, 2006

	General Fund	Budget	
		Original	Final
Administrative services			
Office supplies	7,630	7,000	7,000
Audit	5,400	2,650	2,650
Postage	4,493	6,000	6,000
Printing	2,397	3,000	3,000
Advertising	3,016	3,000	3,000
Professional services	33,485	30,000	35,000
Travel	3,730		
Public programming	14,375	18,000	18,000
Collection agency	1,208	2,700	2,700
Board expenses	244	600	600
Gifts	850	-	-
Total other expenditures	76,828	72,950	77,950
Consortium			
Contractual staff	12,165	12,292	12,292
Consortium computer	8,991	10,566	10,566
Libraries without boundaries	14,272	8,500	8,500
Total consortium	35,427	31,358	31,358
Capital expenditures			
Capital expenditures computer equipment	19,125	20,000	20,000
Capital expenditures - furniture	51,292	37,000	37,000
Capital expenditures architects and engineers	1,847	20,000	20,000
Total capital expenditures	72,264	77,000	77,000
Total expenditures	1,238,522	1,213,938	1,283,606
Excess of revenues over expenditures	157,532	92,180	22,512

See notes to budgetary comparison schedule

**KIRKWOOD PUBLIC LIBRARY**  
**Notes Budgetary Comparison Schedule**  
**June 30, 2006**

The library finance committee ( Committee) prepares a budget based on the modified accrual basis of accounting.

The by laws of the Library specify that Committee gather information from all other standing and special committees and prepare a proposed Budget for the coming fiscal year. Such proposed Budget shall be presented to the Board at the May meeting. The Committee is required to submit an annual report for the past fiscal year at the Annual Meeting of the Board in July of each year.

The bylaws also specify the Committee shall supervise all financial activities of the Library, review and recommend all expenditures over \$500 to the Board that are not included in the original Budget, and submit a revised Budget on a quarterly basis, if such a revision is necessary.

Appropriations lapse at year end.