

KIRKWOOD PUBLIC LIBRARY
Audited Financial Statements

As of and for the year ended

June 30, 2008

Michael Cummins, CPA, P.C.

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Independent Auditor's Report

Board of Trustees
Kirkwood Public Library

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units and general fund (the only fund of the Library) of the Kirkwood Public Library (The Library), as of and for the year ended June 30, 2008, which collectively comprise the Library's basic financial statements as listed in the index. 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.

We were not engaged to perform any audit procedures on the component units of the Library.

Capital assets presented in the Governmental Activities regarding Library materials, the art collection, land and building are based on estimates. We were unable to satisfy ourselves the estimates are accurate.

In our opinion, except for the effects of adjustments, if any, had we audited the component units and had we been able to satisfy ourselves regarding capital 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, and the aggregate discretely presented component units of the Kirkwood Public Library, as of June 30, 2008, 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.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of general fund (the only fund of the Library) of the Kirkwood Public Library, as of June 30, 2008, 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 December 18, 2008 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 7 and 20 through 22 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.

Michael Cummins, CPA, P.C.

December 18, 2008

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, 2008. Please read it in conjunction with the Library's financial statements, which begin on page .

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 \$872,321. The fund balance at the end of the current fiscal year was \$1,052,565, or 6.7% of the 2008 total budget. This percentage is within recommended guidelines of 5-15%.

There was a net increase of \$180,243 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.

Because of impressive fieldwork on the part of staff, the Library received \$58,481 in federal grant funds. The Library also received \$84,009 from the Friends of the Kirkwood Public Library and another \$21,719 in gifts and \$27,371 from the annual appeal, restricted for new shelving.

The capital assets for library materials increased \$81,090. Even though the library performs aggressive deaccessioning (weeding) annually, the Library did add \$221,708 in new library materials as well as adding a large number of donated materials. The difference of \$31,393 in furniture and equipment capital assets includes the addition of

\$21,567 in new furniture (much of which was for the new teen space and was covered by a grant) and \$75,148 in new computer equipment (much of which was covered by the teen space grant, a videoconferencing grant, much of which will be awarded in FY 09, and a gift from the Friends to cover new toddler computers). According to the library's technology plan, on file with the Missouri State Library, a portion of the computer equipment is deaccessioned and replaced annually.

Property tax revenue increased by \$46,604 due to an increase in assessed valuation and new construction. Investment income decreased \$10,104 due a decreasing interest rate environment.

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.

The following is a summary of Statements assets as of June 30, 2008 and 2007

	June 30,		Difference
	2008	2007	
Assets			
Cash	\$ 1,135,099	\$ 949,610	\$ 185,489
Property tax receivable	45,114	42,054	3,060
Prepaid expenses	-	-	-
Capital assets net	1,455,277	1,415,248	40,029
Total assets	\$ 2,635,490	\$ 2,406,912	\$ 228,578
Liabilities			
Accounts payable & accrued expenses	\$ 98,044	\$ 91,175	\$ 6,869
Net assets			
Invested in capital assets	1,455,277	1,415,248	40,029
Restricted	42,943	26,645	16,298
Unrestricted	1,039,226	900,490	138,736
Total net assets	\$ 2,537,446	\$ 2,315,738	\$ 221,708

The following is a summary of changes in net assets for the years ended June 30, 2008 and 2007.

	<u>Year Ended June 30,</u>		
	<u>2008</u>	<u>2007</u>	<u>Difference</u>
Program and service revenue			
Charges for services	\$ 97,292	\$ 99,398	\$ (2,106)
Operating grants and gifts	212,747	171,968	40,779
Total programs and service	310,039	271,366	38,673
General revenues			
Property taxes	1,270,067	1,223,463	46,604
Investment income	31,365	41,406	(10,041)
Gain (loss) capital assets	(6,154)	(12,496)	6,342
Other	10,555	(1,072)	11,627
Total general revenues	1,305,833	1,251,301	54,532
Total revenues	1,615,872	1,522,667	93,205
Expenses	1,394,164	1,302,588	91,576
Net increase	221,708	220,079	1,629
Beginning net assets	2,315,738	2,095,659	220,079
Ending net assets	\$ 2,537,446	\$ 2,315,738	\$ 221,708

Changes in fixed assets are as follows

	June 30,		Difference
	2008	2007	
Non depreciable capital Assets			
Land	\$ 12,600	\$ 12,600	\$ -
Art Collection	105,633	105,633	-
Total non depreciable assets	118,233	118,233	-
Depreciable capital assets			
Buildings	393,700	393,700	
Furniture and equipment	445,768	414,375	31,393
Library materials	2,145,831	2,064,741	81,090
Totals at historical cost	2,985,299	2,872,816	112,483
Accumulated depreciation	(1,648,255)	(1,575,801)	(72,454)
Net depreciable capital assets	1,337,044	1,297,015	40,029
Capital assets (net)	\$ 1,455,277	\$ 1,415,248	\$ 40,029
June 30,			
	2008	2007	Difference
Non depreciable capital Assets			
Land	\$ 12,600	\$ 12,600	\$ -
Art Collection	105,633	105,633	-
Total non depreciable assets	118,233	118,233	-
Depreciable capital assets			
Buildings	393,700	393,700	
Furniture and equipment	445,768	414,375	31,393
Library materials	2,145,831	2,064,741	81,090
Totals at historical cost	2,985,299	2,872,816	112,483
Accumulated depreciation	(1,648,255)	(1,575,801)	(72,454)
Net depreciable capital assets	1,337,044	1,297,015	40,029
Capital assets (net)	\$ 1,455,277	\$ 1,415,248	\$ 40,029

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
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KIRKWOOD PUBLIC LIBRARY

Governmental Fund Balance Sheet/ Statement of Net Assets

June 30, 2008

	General Fund	Adjustments (Note 4)	Governmental Activities	(Unaudited) Component Units
Assets				
Cash	\$ 1,135,099	\$ -	\$ 1,135,099	\$ 20,142
Accounts receivable property tax	45,114	-	45,114	-
Investments				423,197
Capital assets				
Non depreciable capital assets				
Art collection	-	105,633	105,633	-
Land	-	12,600	12,600	-
Total non depreciable capital assets		118,233	118,233	
Depreciable capital assets				
Building	-	393,700	393,700	-
Library materials	-	2,145,831	2,145,831	-
Furniture and equipment	-	445,768	445,768	-
Total depreciable capital assets	-	2,985,299	2,985,299	-
Accumulated depreciation	-	(1,648,255)	(1,648,255)	-
Net depreciable capital assets	-	1,337,044	1,337,044	
Net capital assets	-	1,455,277	1,455,277	-
Total assets	<u>\$ 1,180,213</u>		<u>\$ 2,635,490</u>	<u>\$ 443,339</u>
Liabilities				
Accounts payable	\$ 39,897	-	\$ 39,897	\$ -
Accrued liabilities	58,147	-	58,147	-
Deferred revenue	29,604	(29,604)	-	-
Total liabilities	127,648	(29,604)	98,044	-
Fund balance				
Restricted	42,943	(42,943)		
Unrestricted	1,009,622	(1,009,622)	-	-
Total fund balance	1,052,565	(1,052,565)		
Total liabilities and fund balances	<u>\$ 1,180,213</u>			
Net assets				
Invested in capital assets		1,455,277	1,455,277	-
Restricted		42,943	42,943	313,654
Unrestricted		1,039,226	1,039,226	129,685
Total net assets		2,537,446	2,537,446	443,339
Total liabilities and net assets			<u>\$ 2,635,490</u>	<u>\$ 443,339</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, 2008

	General Fund	Adjustments (Note 4)	Governmental Activities	(Unaudited) Component Units
Functions programs				
Governmental activities				
Library				
Library books and supplies	\$ (226,506)	\$ 226,506	\$ -	\$ -
Personnel	(866,719)	-	(866,719)	-
Utilities and services	(102,384)	-	(102,384)	-
Administrative services	(117,338)	-	(117,338)	-
Consortium	(52,162)	-	(52,162)	-
Capital expenditures	(79,828)	79,828	-	-
Non-capitalized expenditures		(31,673)	(31,673)	-
Depreciation	-	(223,888)	(223,888)	-
Component units				-
Foundation	-	-	-	(20,766)
Friends of the library	-	-	-	(101,716)
				-
Total expenditures/expenses	(1,444,937)	50,773	(1,394,164)	(122,482)
				-
Program revenues				-
Charges for services	97,292	-	97,292	-
Operating grants	14,540	-	14,540	-
Gifts	198,207	-	198,207	49,038
				-
Total program revenues	310,039	-	310,039	49,038
				-
Net program expenses			(1,084,125)	(73,444)
				-
General revenues				
Property taxes	1,268,631	1,436	1,270,067	-
Investment income	31,365	-	31,365	36,928
Dues and assessments	-	-	-	18,340
Special events	-	-	-	39,108
Gain (loss) investments	-	-	-	1,662
Gain (loss) capital assets	4,590	(10,744)	(6,154)	-
Other	10,555	-	10,555	-
				-
Total general revenues	1,315,141	(9,308)	1,305,833	96,038
				-
Excess of revenues over expenditures	180,243	(180,243)		
Change in net assets		221,708	221,708	22,594
				-
Fund balance/ net assets				
Beginning of the year	872,322	1,443,416	2,315,738	420,745
End of the year	\$ 1,052,565	\$ 1,665,124	\$ 2,537,446	\$ 443,339

See accompanying notes to the financial statements

KIRKWOOD PUBLIC LIBRARY
Notes to the Financial Statements
June 30, 2008

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. 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 medical insurance plan. The City has determined that the Library is not a component unit of the City.

The Library's financial statements present the primary government and component units, entities for which the Library is considered to be financially accountable. The component units have not been audited.

Component Units—The following component units are included in 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. The foundation has a calendar year end as opposed to a June 30 year end for the Library. The Foundation's fiscal year differs from the Library's fiscal year. As of June 30, 2008, the Foundation had \$317,097 in assets (unaudited). There is insufficient information to reconcile to the Library's financial statements to the Foundations information.

KIRKWOOD PUBLIC LIBRARY
Notes to the Financial Statements
June 30, 2008
(continued)

A. Reporting entity (continued)

Unaudited condensed financial statements component units:

Statement of net assets

	Foundation		Friends	
	December 31, 2007	June 30, 2008	Total	
Assets				
Cash	\$ 8,206	\$ 11,936	\$ 20,142	
Investments	325,283	97,914	423,197	
Total assets	\$ 333,489	\$ 109,850	\$ 443,339	
Net assets				
Permanently restricted	\$ 313,654	\$ -	\$ 313,654	
Unrestricted	19,835	109,850	129,685	
Total net assets	\$ 333,489	\$ 109,850	\$ 443,339	

Changes in net assets

	Year Ended		
	December 31, 2007	June 30, 2008	Total
Revenue			
Contributions	\$ 9,961	\$ 39,077	\$ 49,038
Investment income	32,077	4,851	36,928
Gain (loss) investments	-	1,662	1,662
Dues and assessments	-	18,340	18,340
Special events - net	-	39,108	39,108
Total revenues	42,038	103,038	145,076
Expenses	(20,766)	(101,716)	(122,482)
Net increase in net assets	21,272	1,322	22,594
Net assets - beginning	312,217	108,528	420,745
Net assets - ending	\$ 333,489	\$ 109,850	\$ 443,339

The information above was derived from unaudited information on the respective organizations 990 forms.

KIRKWOOD PUBLIC LIBRARY
Notes to the Financial Statements
June 30, 2008
(continued)

B. Basis of presentation and basis of accounting

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 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 government-wide financial statements are presented in separate columns with an adjustment column reconciling the differences between the two.

The first column in each statement represents the only fund of the Library the general fund which is presented on the modified accrual basis. A fund is defined as a fiscal and accounting entity with self-balancing accounts. Governmental 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 Library has one fund the general fund which is always considered to be a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

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.

The third column in each statement represents the government-wide statements the statement of net assets and statement of activities which are presented on the accrual basis.

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.

KIRKWOOD PUBLIC LIBRARY

Notes to the Financial Statements

June 30, 2008

(continued)

B. Basis of presentation and basis of accounting (continued)

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.

C. Capital Assets

Capital assets, which include land buildings, furniture and equipment, library collections, and art are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial 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).

D. 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.

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 a liability, since it does not vest.

E. Art collection

The Art collection is not depreciated. It is valued based on the original value at the date of donation.

KIRKWOOD PUBLIC LIBRARY
Notes to the Financial Statements
June 30, 2008
(continued)

F. 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 addition, the donated value of certain fixed assets, estimated useful lives, and property taxes are also based on estimates.

2. CASH

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the bank, the Library will not be able to recover the value of its collateral securities that are in the possession of a bank. Of the Library's \$ 1,137,527 Cash balance, \$1,037,527 of underlying securities are held by the bank, not in the name of the Library. The Library policy for custodial credit risk requires that the deposits be collateralized. The Library does not have a written agreement with the bank about collateral.

Concentration of Credit Risk. The Library policy is to diversify, however, all of its cash is concentrated in a single bank.

Interest rate risk Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Policy of Kirkwood is to pool cash accounts to maximize earnings.

3. PROPERTY TAXES

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 2007 are 16.7 cents for Residential Real estate, 17.80 cents for commercial real estate, and 23.5 cents for personal property per \$ 100 of assessed valuation.

The assessed valuation for January 1, 2008 and 2007 was as follows:

	2008	2007
Real estate	\$ 662,638,872	\$ 657,018,292
Personal property	73,462,960	73,069,710
Total	\$ 736,101,832	\$ 730,088,002

KIRKWOOD PUBLIC LIBRARY

Notes to the Financial Statements

June 30, 2008

(continued)

4. RECONCILING ITEMS BETWEEN FUND FINANCIAL STATEMENTS AND GOVERNMENT WIDE FINANCIAL STATEMENTS

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.	\$ 1,455,277
Property taxes collected after 60 days are deferred on fund financial statements but are not deferred in statement of net assets.	29,604
Net adjustments	<u>1,484,881</u>
Fund balance	1,052,565
Net assets	<u><u>\$ 2,537,446</u></u>

Explanation of reconciling items between excess of revenues over expenditures in general fund and changes in net assets.

Library materials are capitalized in statement of changes in net assets and expensed in fund financial statements.	\$ 226,506
Purchases of fixed assets are capitalized in statement of net assets and expensed in fund financial statements.	48,155
Depreciation is recorded in statement of net assets but not in the fund financial statement.	(223,888)
Cost of capital assets retired or sold net of related depreciation	(10,744)
Property tax revenue is adjusted for change in deferred revenues	1,436
Net adjustments	<u>41,465</u>
Excess of revenues over expenditures	180,243
Change in net assets	<u><u>\$ 221,708</u></u>

KIRKWOOD PUBLIC LIBRARY
Notes to the Financial Statements
June 30, 2008
(continued)

5. CHANGES IN CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2008

	July 1, 2007	Additions	Retirements	June 30, 2008
Non depreciable assets				
Land	\$ 12,600	\$ -	\$ -	\$ 12,600
Art collection	105,633	-	-	105,633
Total non-depreciable capital assets	118,233	-	-	118,233
Depreciable capital assets				
Buildings	393,700	-	-	393,700
Furniture and equipment	414,375	48,156	16,763	445,768
Library materials	2,064,741	226,505	145,415	2,145,831
Total depreciable capital assets	2,872,816	274,661	162,178	2,985,299
Less accumulated depreciation				
Buildings	25,591	7,874	-	33,465
Furniture and equipment	247,025	43,024	6,019	284,030
Library materials	1,303,185	172,990	145,415	1,330,760
Total accumulated depreciation	1,575,801	223,888	151,434	1,648,255
Net depreciable capital assets	1,297,015	50,773	10,744	1,337,044
Capital assets (net)	\$ 1,415,248	\$ 50,773	\$ 10,744	\$ 1,455,277

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

KIRKWOOD PUBLIC LIBRARY
Notes to the Financial Statements
June 30, 2008
(continued)

6. 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 Plan if they work more than 20 hours per week.

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.

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 amount contributed the Kirkwood pension plan was \$ 20,432 for the year ended June 30, 2008.

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

The Library also has available a cash or deferred Arrangement (CODA) under Code Section 401(a). Under this Plan, the Library contributes 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, 2008 totaled \$ 19,606.

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 Library, Valley Park, Webster Groves and Maplewood Libraries.

KIRKWOOD PUBLIC LIBRARY
Notes to the Financial Statements
June 30, 2008
(continued)

7. MUNICIPAL LIBRARY CONSORTIUM (Continued)

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.

8. 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.

9. RELATED PARTY TRANSACTIONS

The Library had the following transactions with related parties:

City of Kirkwood -expenses		
Electric, Water, Sanitation	\$	21,791
Insurance		9,069
Medical Insurance		103,596
Pension		20,432
Contributions from:		
The Friends of Kirkwood Public Library		63,088
The Kirkwood Public Library Foundation		187
Missouri Library Consortium		
of St. Louis County - expenses		52,162

KIRKWOOD PUBLIC LIBRARY
Notes to the Financial Statements
June 30, 2008
(continued)

10. RESTRICTED NET ASSETS AND FUND BALANCES

The restriction of net assets and fund balance is related to restricted contributions, which were not yet expended. The Library's policy to first apply expenses to restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

11. DISCLOSURES REQUIRED FOR COMPONENT UNITS

Separate disclosures required for component units required by generally accepted accounting principles have not been made in the financial statements such as for investments, deposits and other issues

12. COMMITMENTS

The Library has been authorized to levy property taxes to finance the bonds for the renovation of its building. The amount of the bond issue will be determined when the construction costs are finalized. The Library will be required to establish a debt service and capital project fund to account for the repayment of the debt and construction costs.

13. SUBSEQUENT EVENTS

Subsequent to the end of the year the FDIC changed the insurance level for deposit accounts.

KIRKWOOD PUBLIC LIBRARY
 Budgetary Comparison Schedule - General Fund
 For the Year Ended June 30, 2008

	General Fund	Budget	
		Original	Final
Revenues:			
Property tax	\$ 1,268,631	\$ 1,213,778	\$ 1,216,981
Investment interest	31,365	39,735	39,735
Athlete and entertainer tax	10,553	-	4,831
Federal grant passed through state	14,540	10,968	14,850
Fines	52,641	43,268	43,268
Fees	44,651	52,943	52,943
Sale of library assets	-	1,962	1,962
Grant funds to be received	-	-	38,442
Collection income	-	590	590
Other	4,592	-	-
Rollover reserve	-	25,000	-
Gifts	198,207	90,000	90,000
Total revenues	1,625,180	1,478,244	1,503,602
Expenditures			
Personnel			
Salaries and wages	675,630	698,200	719,084
Pension	40,573	46,462	47,325
Payroll taxes	49,665	55,471	55,471
Medical insurance	84,317	84,544	84,544
Workman's comp	30	5,400	5,400
Professional development	16,504	15,000	15,000
Total personnel	866,719	905,077	926,824
Utilities and services			
Electric	21,826	27,500	25,675
Gas	5,402	6,600	6,600
Telephone	14,955	18,000	18,000
Insurance	9,513	13,000	13,000
Operation services	28,122	15,000	15,000
Maintenance and repair	18,631	30,000	30,000
Janitorial supplies	3,935	11,556	11,556
Total utilities and services	102,384	121,656	119,831

See notes to budgetary comparison schedule

KIRKWOOD PUBLIC LIBRARY
 Budgetary Comparison Schedule - General Fund
 For the Year Ended June 30, 2008
 (continued)

	General Fund	Budget	
		Original	Final
Library materials			
Reference books	25,642	34,000	34,000
Children's books	47,037	45,000	45,000
Adult books	71,735	70,000	70,000
Children's audio visual	9,519	10,000	10,000
Adult audio visual	51,435	35,000	35,000
Subscriptions and memberships	21,138	20,000	20,000
Total library materials	226,506	214,000	214,000
Administrative services			
Office supplies	9,155	7,700	7,700
Audit	5,000	5,000	5,000
Postage	7,421	6,500	6,500
Printing	2,884	5,000	5,000
Advertising	4,702	6,000	6,000
Professional services	23,493	22,760	22,760
Election expense	25,570	30,000	30,000
Travel	920	-	-
Public programming	22,628	18,000	18,000
Collection agency	1,164	1,400	1,400
Board expenses	500	-	-
Foundation expense	304	-	-
Annual appeal	13,597	-	-
Total other expenditures	117,338	102,360	102,360
Consortium			
Contractual staff	14,096	15,000	15,000
Consortium computer	33,202	11,000	11,000
Libraries without boundaries	4,864	8,200	8,200
Total consortium	52,162	34,200	34,200
Capital expenditures			
Capital expenditures computer equipment	53,217	27,000	27,000
Capital expenditures - furniture	26,611	30,000	30,000
Capital expenditures architects and engineers	-	20,000	20,000
Total capital expenditures	79,828	77,000	77,000
Total expenditures	1,444,937	1,454,293	1,474,215
Excess of revenues over expenditures	180,243	23,951	29,387

See notes to budgetary comparison schedule

KIRKWOOD PUBLIC LIBRARY
Notes Budgetary Comparison Schedule
June 30, 2008

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 by-laws 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.