

**Kirkwood Public
Library**

Annual Financial Statements

For The Year Ended June 30, 2023

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📍 **Saint Louis, Missouri**
6240 S. Lindbergh Blvd Ste 101
Saint Louis, MO 63123

📞 (314) 845-7999
📠 (314) 845-7770
🌐 www.afewcpas.com



📍 **Columbia, Illinois**
205 S. Main
Columbia, IL 62236

📞 (618) 281-4999
📠 (618) 281-9533
🌐 www.afewcpas.com

INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Trustees
Kirkwood Public Library
Kirkwood, Missouri

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Kirkwood Public Library, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Kirkwood Public Library's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Kirkwood Public Library, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Kirkwood Public Library and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Kirkwood Public Library's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Kirkwood Public Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Kirkwood Public Library's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information on pages 4A-4D and 22-24 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2023, 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 solely 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 effectiveness of the Kirkwood Public Library’s 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 Kirkwood Public Library’s internal control over financial reporting and compliance.

Fick, Eggemeyer & Williamson

Fick, Eggemeyer & Williamson, CPAs
Saint Louis, Missouri
October 4, 2023

**KIRKWOOD PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

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, 2023. Please read it in conjunction with the Library's financial statements, which begin on page 5.

FINANCIAL HIGHLIGHTS

- On a government-wide basis, the assets of the Library exceeded its liabilities for the most recent fiscal year by \$8,477,804.
- The Library's total Net Position increased by \$341,212.
- At June 30, 2023, the unassigned fund balance for the general fund was \$4,069,996.
- General fund expenditures exceeded revenues by \$292,620.
- The Library issued \$5,580,000 in Certificates of Participation during 2017 to refinance the existing Certificates. As of June 30, 2023 the principal balance of outstanding Certificates of Participation was \$3,715,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances, in a manner similar to a private-sector business. There are two government-wide statements: the statement of net position and the statement of activities.

The statement of net position presents information on all of the Library's assets and deferred outflows of resources, and liabilities and deferred inflows of resources with the difference between them presented as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

Fund Financial Statements. 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Library's only activity is governmental.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

**KIRKWOOD PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE

The Library's condensed statement of net position follows:

	June 30, 2023	June 30, 2022
Assets		
Current and other assets	\$ 6,485,755	\$ 6,266,430
Capital assets, net	5,833,291	6,053,064
Total assets	12,319,046	12,319,494
Liabilities		
Current liabilities	425,804	462,290
Long-term liabilities	3,415,438	3,720,612
Total liabilities	3,841,242	4,182,902
Net position		
Net investment in		
capital assets	2,118,291	2,053,064
Restricted	3,086	2,798
Unrestricted	6,356,427	6,080,730
Total net position	\$ 8,477,804	\$ 8,136,592

Total Net Position of the Library increased by \$341,212 during fiscal year 2023. Long-Term obligations decreased due to scheduled principal payments on the Certificates of Participation. Other liabilities mainly represent accrued interest on outstanding Certificates of Participation, accrued compensation and accounts payable as of June 30, 2023. The largest portion of the Library's Net Position (75%) reflects unrestricted Net Position.

**KIRKWOOD PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

The following is a summary of changes in Net Position for the years ended June 30, 2023 and 2022:

	June 30, 2023	June 30, 2022
Revenues		
Program revenues:		
Charges for services	\$ 156,464	\$ 113,378
Operating grants & contributions	145,637	134,474
Capital grants & contributions	13,816	23,500
General revenues:		
Property taxes	2,593,103	2,504,200
Unrestricted grant income	20,824	13,759
Investment earnings (loss)	132,663	(68,524)
Gain (loss) on sale of assets	(46,118)	(251,559)
Miscellaneous	24,384	12,306
Total revenues	3,040,773	2,481,534
Expenses		
Library services	2,573,943	2,353,910
Interest and fiscal charges	125,618	133,929
Total expenses	2,699,561	2,487,839
Change in net position	341,212	(6,305)
Net position, beginning of year	8,136,592	8,142,897
Net position, end of year	\$ 8,477,804	\$ 8,136,592

Government-wide revenues decreased from the prior year, while expenditures increased. By far, the largest revenue source is the property tax levy. In 2007, the voters approved a \$0.12 increase in the tax levy for the purpose of removing, improving, operating and maintaining the Kirkwood Public Library. After 25 years the tax rate will reduce automatically to \$0.04.

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 only governmental fund is the general fund.

**KIRKWOOD PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

The general fund houses the Library's operational activities and realized an increase of \$292,620 in its fund. As of June 30, 2023, the general fund unassigned fund balance totaled \$4,069,996.

The Library strives to control operating expenses in order to maintain stability in charges for service rates. 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 that it is also important that we support our taxpaying Kirkwood businesses when possible.

Capital Assets

The Library has invested \$5,833,291 in capital assets net of accumulated depreciation. This investment in capital assets includes land, an art collection, construction in progress, buildings, furniture and equipment and library materials. This amount represents a net decrease from the fiscal year June 30, 2022 of \$219,773. Additional information on capital assets can be found in the notes to the basic financial statements.

Long-Term Debt

The Library currently has no general obligation bonds outstanding. As of June 30, 2023, the Library has \$3,715,000 in Certificates of Participation outstanding. The Certificates bear interest at rates ranging from 2.00% to 3.50% and mature on various dates through 2033.

Further information regarding long-term debt may be found in the notes to the basic financial statements.

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 the Kirkwood Public Library, 140 E. Jefferson, Kirkwood, Missouri 63122.

KIRKWOOD PUBLIC LIBRARY DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	\$ 4,379,939
Investments	2,056,061
Property taxes receivable	15,762
Due from related party	19,006
Prepaid expenses	14,987
Total current assets	6,485,755
Noncurrent assets	
Land	12,600
Art collection	40,050
Capital assets, net of depreciation	5,780,641
Total noncurrent assets	5,833,291
TOTAL ASSETS	\$ 12,319,046
LIABILITIES	
Current liabilities	
Accounts payable	\$ 23,992
Accrued liabilities	23,189
Accrued interest payable	24,678
Long-term liabilities, current maturities	353,945
Total current liabilities	425,804
Noncurrent liabilities	
Compensated absences	5,438
Certificates of participation	3,410,000
Total noncurrent liabilities	3,415,438
TOTAL LIABILITIES	\$ 3,841,242
NET POSITION	
Net investment in capital assets	\$ 2,118,291
Restricted	3,086
Unrestricted	6,356,427
TOTAL NET POSITION	\$ 8,477,804

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

KIRKWOOD PUBLIC LIBRARY DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

FUNCTIONS/PROGRAMS	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Library services	\$ 2,573,943	\$ 156,464	\$ 145,637	\$ 13,816	\$ (2,258,026)
Interest and fiscal charges	125,618	-	-	-	(125,618)
Total governmental activities	\$ 2,699,561	\$ 156,464	\$ 145,637	\$ 13,816	(2,383,644)
General revenues:					
Property taxes					2,593,103
Unrestricted grant income					20,824
Gain (loss) on sale of assets					(46,118)
Investment earnings (loss)					132,663
Miscellaneous					24,384
Total general revenues					2,724,856
Changes in net position					341,212
Net position - beginning					8,136,592
Net position - ending					\$ 8,477,804

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

KIRKWOOD PUBLIC LIBRARY DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

		General Fund
ASSETS		
Cash and cash equivalents	\$	4,379,939
Investments		2,056,061
Property taxes receivable		15,762
Due from related party		19,006
Prepaid expenses		14,987
TOTAL ASSETS	\$	6,485,755
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$	23,992
Accrued liabilities		23,189
Total liabilities		47,181
Fund balances		
Nonspendable		14,987
Restricted		
Jill Raiser Memorial		2,086
Debt service		1,000
Committed		1,577,916
Assigned		
Capital and extraordinary maintenance projects		772,589
Unassigned		4,069,996
Total fund balances		6,438,574
TOTAL LIABILITIES AND FUND BALANCES	\$	6,485,755

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

KIRKWOOD PUBLIC LIBRARY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total fund balance - governmental funds		\$ 6,438,574
Capital assets used in governmental activities are not financial resources, and, therefore are not reported in the funds.		5,833,291
Interest payable recorded in the statement of net position does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.		(24,678)
Long-term liabilities, including certificates of participation, are not due and payable in the current period, and, therefore are not reported in the governmental funds. All liabilities both current and long-term are reported in the Statement of Net Position.		
Compensated absences	(54,383)	
Certificates of participation	<u>(3,715,000)</u>	<u>(3,769,383)</u>
Net position of governmental activities		<u><u>\$ 8,477,804</u></u>

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

KIRKWOOD PUBLIC LIBRARY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund
Revenues	
Property taxes	\$ 2,613,253
Fees, fines and sales	156,110
Grants and gifts	180,278
Investment income (loss)	132,663
Other income	30,199
Total revenues	3,112,503
Expenditures	
Current	
Library services	2,234,462
Capital outlay	173,027
Debt service	
Principal	285,000
Interest and fiscal charges	127,394
Total expenditures	2,819,883
Net change in fund balance	292,620
Fund balances - beginning	6,145,954
Fund balances - ending	\$ 6,438,574

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

KIRKWOOD PUBLIC LIBRARY DISTRICT
RECONCILIATION OF THE REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net change in fund balances - governmental funds		\$ 292,620
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	294,158	
Depreciation expense	(462,352)	(168,194)
Disposal of capital assets		
Disposals		(51,579)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds		(20,150)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in fund statements.</p>		
Compensated absences	1,740	
Interest payable	1,775	3,515
<p>The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. These amounts are the net effect of these differences in the treatment of long-term debt and related items:</p>		
Repayments:		
Certificate of participation		285,000
Change in net position of governmental activities		\$ 341,212

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

KIRKWOOD PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 (the "City") can remove a Library board member with cause. The City approves the tax rate for the Library and Library employees participate in the City's pension plan and medical insurance plan. The City has determined that the Library is not a component unit of the City.

The accounting and financial reporting policies of the Library conform to U.S. generally accepted accounting principles (GAAP) as applied to government entities. The following is a summary of the more significant policies.

Reporting Entity

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable or closely related.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Library. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned 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.

The fund financial statements emphasize major governmental funds, each displayed in a separate column. Governmental fund financial statements are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current deferred outflows of resources, current liabilities, and current deferred inflows of resources, generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Since the governmental fund financial statements and government-wide financial statements are combined, an adjustment column is provided to show the reconciliation between the two sets of financial statements. The notes to the financial statements further describe the adjustments by providing brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available. The term "available" is defined as collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For the Library, available means expected to be received within sixty days of year-end.

KIRKWOOD PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

The Library follows GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions* (GASB 33), which establishes accounting and financial reporting standards for nonexchange transactions involving financial or capital resources.

GASB 33 groups nonexchange transactions into the following four classes, based upon their principal characteristics: derived tax revenues, imposed nonexchange revenues, governmental mandated nonexchange transactions, and voluntary nonexchange transactions.

The Library recognizes assets from imposed nonexchange revenue transactions in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Revenues are recognized in the period when the resources are required to be used or the first period that use is permitted. The Board recognizes revenues from property taxes, net of estimated refunds and estimated uncollectible amounts, in the period for which the taxes are levied.

Intergovernmental revenues, representing grants, entitlements, donations and assistance received from other governmental units, are generally recognized as revenues in the period when all eligibility requirements, as defined by GASB 33, have been met. Any resources received before eligibility requirements are met are reported as unearned revenues. Charges for services in the governmental funds, which are exchange transactions and are, therefore, not subject to the provisions of GASB 33, are recognized as revenues when received in cash because they are generally not measurable until actually received.

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, deferred outflows of resources, liabilities, deferred inflows of resources, 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 most 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. Expendable assets are assigned to the various governmental funds according to the purposes for which they mainly or must be used.

Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets, deferred outflows of resources, liabilities, and deferred inflows of resources is reported as fund balance. The Library uses the following governmental fund type, which is considered a major fund:

KIRKWOOD PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Cash and Cash Equivalents

The Library considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Investments

The Library is governed by the deposit and investment limitations of state law. The Library's policy and state law authorize the following types of investments: United States Treasury and Agency Securities, Repurchase Agreements, Collateralized Certificates of Deposit (CD's), Banker's Acceptances and Commercial Paper. The Library's endowment assets may be invested in money market funds, short-term CD's, treasuries and federal agencies, fixed income, equity and alternatives. Investments are reported at market value.

Allowance for Doubtful Accounts

Management believes there are no significant uncollectible receivables, therefore, no allowance for doubtful accounts has been recorded.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenues, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from various sources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts have become available.

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date of donation. The Library defines capital assets as assets with an initial, individual cost exceeding capitalization thresholds delineated below, and an estimated useful life in excess of one year.

Capital assets used in operations are depreciated using the straight-line method, using asset lives and capitalization limits as follows:

KIRKWOOD PUBLIC LIBRARY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

	Years	Capitalization Limit
Exhaustible land improvements	10-25	\$ 5,000
Buildings	60	\$ 5,000
Building improvements	39-60	\$ 5,000
Furniture and equipment	4-20	\$ 5,000
Library materials	5-7	\$ 5,000

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. The Library does not possess any infrastructures.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. Bond premiums or discounts, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using the straight-line method and the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current financial resources. However, special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, liabilities that mature or come due for payment during the fiscal year are considered to have been made with current available financial resources. Bonds, capital leases and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Compensated Absences

Employee vacations vest after six months of continuous service and may be accrued for one year. Full-time 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. Vacation time earned but unused at year-end has been recorded as a liability in the government-wide financial statements. A liability is reported in the governmental funds only if the amount is due at year end and payable with current resources.

Use of Estimates

The preparation of basic financial statements in conformity with GAAP requires the Library to make estimates and assumptions that affect the reported amounts in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

Governmental Fund Balances

Fund balance is the difference between assets and liabilities in a Governmental Fund. In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Government Fund Type Definitions, the following types of fund balances are presented in the Governmental Funds Balance Sheet:

KIRKWOOD PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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's nonspendable fund balance consists of prepaid insurance.

Restricted - This consists of the governmental fund balances that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. The Library's restricted funds consist of the Jill Raiser Memorial and debt service.

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's committed fund balance consists of monies received from the dissolution of the Kirkwood Public Library Foundation and other gifts designed to benefit the Library in the long term.

Assigned - This consists of the governmental fund balances that are intended to be used for specific purposes by a) Board of Trustees or b) Executive Director. The Library's assigned fund balance includes amounts budgeted in the subsequent year.

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

The Library uses restricted amounts first when both restricted and unassigned fund balances are available, unless there are legal contracts that prohibit doing this.

Net Position

Net Position represents the difference between assets and liabilities. Net investment in capital assets represents the cost of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted.

The Library utilizes restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Note 2 - PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. The county collects the property tax and remits it to the Library. The county's fee for this service is 1.5% of the taxes collected. Revenue recognition of delinquent property taxes not collected within sixty (60) days of fiscal year end is deferred. An allowance for uncollectable taxes has been considered for delinquent taxes.

KIRKWOOD PUBLIC LIBRARY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

Note 2 - PROPERTY TAXES (continued)

The assessed valuation of the tangible taxable property for the calendar years 2022 and 2021 for purposes of local taxation was \$1,066,167,527 and \$1,028,175,314, respectively. The City of Kirkwood approves the property tax rate. The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar years 2022 and 2021 were as follows:

	2022	2021
Residential Real Estate	\$ 0.227	\$ 0.229
Commercial Real Estate	0.286	0.272
Personal Property	0.355	0.355
	\$ 0.868	\$ 0.856

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2023, aggregated approximately 98.5% of the current assessment computed on the basis of the levy as shown above.

Note 3 - CASH AND INVESTMENTS

Missouri Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of the collateral pledged must equal 100% of the deposits not covered by insurance or corporate surety bonds.

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 has a custodial credit risk policy for deposits which requires these funds in excess of amounts federally insured to be collateralized and shall be granted safekeeping receipts specifying the type of collateral as allowed by law. At year-end, the carrying amount of the Library's deposits totaled \$4,869,939 and bank balances totaled \$4,883,853. The carrying amount also includes \$490,000 of certificates of deposit, which are listed as investments due to their original maturity of more than three months. Of the bank balances (including demand deposits and certificates of deposit), \$512,855 was insured by the Federal Deposit Insurance Corporation (FDIC), and \$4,370,998 was covered by pledged collateral, which was held in the Library's name.

Custodial Credit Risk Investments - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Library's policy is to require Securities Investor Protection Corporation coverage to secure its investments. As of June 30, 2023, the Library's investments were not subject to custodial credit risk.

Investment Interest Rate Risk - The Library's policy is to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and to invest operating funds primarily in shorter-term securities. Maturities of investments held at June 30, 2023 are less than one year.

KIRKWOOD PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 3 - CASH AND INVESTMENTS (continued)

Investment Credit Risk - Investment credit risk is the risk of loss due to the failure of the security issuer. The Library's policy to minimize credit risk is to pre-qualify the financial institutions, brokers, dealers, intermediaries, and advisor with whom the Kirkwood Public Library will do business. In addition, the Library's policy recommends diversifying the portfolio so that potential losses on individual securities will be minimized.

Concentration of Investment Credit Risk - Concentration of credit risk is required to be disclosed for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the US Government and certificates of deposit). The Library's policy is to diversify its investments to reduce the risk of loss and periodically review its diversification strategies. As of June 30, 2023, those concentrations are as follows:

First Eagle Global I	\$ 537,834
Thornburn Limited-Trm Inc	227,522
Hartford Core Equity I	125,816
Blackrock Systemc Multi Strat	123,198
Victoryshares US 500 Enhance	109,111
EV Rbern All Asset Strat I	98,408

Note 4 - FAIR VALUE MEASUREMENTS

The Financial Accounting Standards Board establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Library has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during the fiscal year ended June 30, 2023.

Mutual Funds and ETFs: Valued at the net asset value ("NAV") or closing price of shares held by the plan at year end.

KIRKWOOD PUBLIC LIBRARY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

Note 4 - FAIR VALUE MEASUREMENTS (continued)

Certificates of deposit: valued at cost, which approximates fair value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Library believes its valuation methods are appropriate and consistent, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurements at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Library’s assets at fair value as of June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds and ETFs	\$ 1,566,061	\$ -	\$ -	\$ 1,566,061
Certificates of deposit	-	490,000	-	490,000
Total at fair value	\$ 1,566,061	\$ 490,000	\$ -	\$ 2,056,061

Note 5 - 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 has full ownership of all system hardware, software, peripherals and other property relating to the central site automated system, which is located at the Kirkwood Public Library. Each member purchases or leases and maintains its own terminals, data transmission devices, bar codes, printers and other peripheral equipment.

Each member pays its proportionate share of the automated system’s costs according to its percentage of ports in the total system, its percentage of bibliographic records, and its percentage of all members prior year’s circulation.

It is not intended that the Consortium will act for profit. Net position, if any, will be distributed to members in the event of termination. The consortium’s fiscal year runs from July 1 to June 30.

Note 6 - 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. The Library obtains commercial insurance to transfer these risks. Settled claims have not exceeded coverage in any of the past three fiscal years.

KIRKWOOD PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 7 - CAPITAL ASSETS

The following is a summary of changes in capital assets - governmental activities:

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
Governmental activities:				
Land	\$ 12,600	\$ -	\$ -	\$ 12,600
Art collection	40,050	-	-	40,050
Total capital assets not being depreciated	<u>52,650</u>	<u>-</u>	<u>-</u>	<u>52,650</u>
<i>Capital assets being depreciated:</i>				
Buildings and other improvements	5,694,303	-	-	5,694,303
Furniture and equipment	982,155	24,958	8,785	998,328
Library materials	2,208,947	269,200	381,680	2,096,467
Total capital assets being depreciated	<u>8,885,405</u>	<u>294,158</u>	<u>390,465</u>	<u>8,789,098</u>
<i>Less accumulated depreciation for:</i>				
Buildings and other improvements	1,043,151	100,224	-	1,143,375
Furniture and equipment	685,574	69,680	7,616	747,638
Library materials	1,156,266	292,448	331,270	1,117,444
Total accumulated depreciation	<u>2,884,991</u>	<u>462,352</u>	<u>338,886</u>	<u>3,008,457</u>
Total net capital assets being depreciated	<u>6,000,414</u>	<u>(168,194)</u>	<u>51,579</u>	<u>5,780,641</u>
Governmental activity capital assets, net	<u>\$6,053,064</u>	<u>\$(168,194)</u>	<u>\$ 51,579</u>	<u>\$ 5,833,291</u>

Depreciation expense of \$462,352 was charged to the function library services.

Note 8 - RELATED PARTY TRANSACTIONS

During fiscal year 2023, the Library was involved in the following transactions with related parties:

City of Kirkwood - expenses	
Electric, water, sanitation	\$ 39,805
Medical insurance	119,622
Pension	35,431
Municipal Library Consortium of St. Louis County - expenses	68,536
Due from Municipal Library Consortium of St. Louis County	19,006

KIRKWOOD PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 9 - LONG-TERM LIABILITIES

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

	Balance			Balance June 30, 2023	Due Within One Year
	June 30, 2022	Additions	Reductions		
Accrued compensated absences *	\$ 56,123	\$ -	\$ (1,740)	\$ 54,383	\$ 48,945
Certificate of Participation - 2017	4,000,000	-	(285,000)	3,715,000	305,000
	<u>\$ 4,056,123</u>	<u>\$ -</u>	<u>\$ (286,740)</u>	<u>\$ 3,769,383</u>	<u>\$ 353,945</u>

* Due to limitations, gross amounts for additions and reductions are not readily available. Net changes are shown above.

Certificates of Participation 2017

In February 2017, Certificates of Participation Series 2017 (“COPS”) in the amount of \$5,580,000 were issued evidencing interest in the right to receive rental payments to be paid by the City of Kirkwood Municipal Library pursuant to an annually renewable Lease-Purchase Agreement dated February 1, 2009 (the “Original Lease”), as amended and supplemented by the First Supplemental Lease Purchase Agreement dated February 1, 2017 (the “First Supplemental Lease”), between UMB Bank, as lessor, and the Library, as lessee. Proceeds from the sale of the Series 2017 Certificates will be used to advance refund all the outstanding Series 2009 Certificates maturing in the years 2017 and thereafter and pay the costs of delivering the Series 2017 Certificates.

Pursuant to a Base Lease dated as of February 1, 2009 (the “Base Lease”), the Library is leasing to the Trustee the land on which the Kirkwood Public Library (the “Library”) is located (the “Leased Property”). Under the Lease, the Trustee leases its interest in the Leased Property to the Library for a series of one-year terms, with a final renewal term commencing July 1, 2032 and ending April 16, 2033. Each Renewal Term is subject to annual appropriation by the Board of Trustees of the Library. The Library may terminate its obligations under the Lease on an annual basis. The Library will have the option to purchase the Trustee’s interest in the Leased Property at the times and upon conditions described in the lease

The Certificates bear interest at rates ranging from 2.00% to 3.50% and mature through 2033 as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 305,000	\$ 118,844	\$ 423,844
2025	315,000	109,694	424,694
2026	335,000	100,244	435,244
2027	340,000	90,194	430,194
2028	365,000	79,994	444,994
2029-2033	2,055,000	217,891	2,272,891
	<u>\$ 3,715,000</u>	<u>\$ 716,861</u>	<u>\$ 4,431,861</u>

KIRKWOOD PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 9 - LONG-TERM LIABILITIES (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. The legal debt limit based on the 2022 assessed valuation is \$53,308,376. The Library currently has no general obligation bonds outstanding; therefore, the legal debt margin is \$53,308,376.

Note 10 - EMPLOYEES' RETIREMENT PLANS

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 6.5% 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 series of substantially equal installments 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 open-end mutual funds: Short-term reserves, bond funds, balanced funds (stocks and bonds), domestic stock funds and international stock funds.

The amount contributed to the Kirkwood pension plan was \$35,431 for the year ended June 30, 2023. 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 3% of 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, 2023 totaled \$19,016.

Note 11 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 4, 2023, the date which the financial statements were available for issue, and noted no reportable events.

**Required Supplementary Information
(Other than Management's Discussion & Analysis)**

KIRKWOOD PUBLIC LIBRARY DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Positive (Negative)
	Original	Final	Actual	
Revenues				
Property taxes	\$ 2,165,563	\$ 2,609,457	\$ 2,613,253	\$ 3,796
State aid	-	-	20,824	20,824
Fines	15,400	15,000	18,955	3,955
Fees	72,550	86,550	89,308	2,758
Sales	27,500	44,724	47,847	3,123
Grants	99,130	183,361	107,491	(75,870)
Gifts	2,000	41,541	51,963	10,422
Investment income (loss)	3,500	21,865	132,663	110,798
Other income	5,500	29,400	30,199	799
Total revenues	2,391,143	3,031,898	3,112,503	80,605
Expenditures				
Library services				
Personnel				
Salaries and wages	1,259,108	1,259,108	1,144,606	114,502
Pension	62,694	62,694	48,671	14,023
Payroll taxes	94,521	94,521	87,446	7,075
Medical insurance	156,556	156,556	119,622	36,934
Workman's compensation	3,800	3,134	3,134	-
Professional development	15,000	11,000	8,566	2,434
Total personnel	1,591,679	1,587,013	1,412,045	174,968
Library materials				
Reference books	16,349	16,349	13,119	3,230
Children's books	62,200	62,000	59,279	2,721
Adult books	103,000	143,000	152,068	(9,068)
Children's audio visual	15,350	12,000	11,727	273
Adult audio visual	151,500	120,000	120,321	(321)
Subscriptions and members	20,015	16,000	13,692	2,308
Book store	8,000	15,000	14,114	886
Total library materials	376,414	384,349	384,320	29
Administrative services				
Office supplies	8,000	7,000	6,460	540
Professional services	44,800	68,000	60,663	7,337
Postage	8,000	8,000	8,323	(323)
Printing	11,000	10,000	8,290	1,710
Advertising	10,000	3,000	1,815	1,185
Public programming	33,700	33,700	29,531	4,169
Collection agency	1,600	1,000	915	85
Board expenses	750	-	-	-
Memorial expenses	1,849	1,849	-	1,849
Total administrative services	119,699	132,549	115,997	16,552

(continued on next page)

KIRKWOOD PUBLIC LIBRARY DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Positive (Negative)
	Original	Final		
Utilities and services				
Electric, water and sanitation	46,000	43,000	42,173	827
Gas	3,000	3,000	2,375	625
Telephone	15,333	15,333	14,355	978
Insurance	24,000	35,000	24,765	10,235
Operation Services	55,000	55,000	97,102	(42,102)
Maintenance and repair	161,767	161,767	78,086	83,681
Janitorial supplies	6,500	7,053	7,286	(233)
Total utilities and services	<u>311,600</u>	<u>320,153</u>	<u>266,142</u>	<u>54,011</u>
Consortium				
Contractual staff	28,623	28,623	28,816	(193)
Consortium computer and other	35,744	31,000	27,083	3,917
Libraries without boundaries	6,300	6,300	59	6,241
Total consortium	<u>70,667</u>	<u>65,923</u>	<u>55,958</u>	<u>9,965</u>
Total library services	<u>2,470,059</u>	<u>2,489,987</u>	<u>2,234,462</u>	<u>255,525</u>
Capital outlay				
Computer equipment	30,000	30,000	38,541	(8,541)
Furniture and equipment	8,800	14,000	19,935	(5,935)
Capital improvement reserve	516,309	516,309	114,551	401,758
Total capital outlay	<u>555,109</u>	<u>560,309</u>	<u>173,027</u>	<u>387,282</u>
Debt service				
Principal	285,000	285,000	285,000	-
Interest and fiscal charges	127,394	127,394	127,394	-
Total debt service	<u>412,394</u>	<u>412,394</u>	<u>412,394</u>	<u>-</u>
Total expenditures	<u>3,437,562</u>	<u>3,462,690</u>	<u>2,819,883</u>	<u>642,807</u>
Net change in fund balance	<u>\$ (1,046,419)</u>	<u>\$ (430,792)</u>	292,620	<u>\$ 723,412</u>
Fund balance, beginning of year			<u>6,145,954</u>	
Fund balance, end of year			<u>\$ 6,438,574</u>	

KIRKWOOD PUBLIC LIBRARY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

Note 1 - BUDGETS AND BUDGETARY ACCOUNTING

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

- a. The Library adopts a budget for the general fund. The budget document contains the minimum information required by Chapter 67, RSMo.
- b. In May, the Finance Committee 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 can not exceed beginning available monies plus estimated revenues for the year.
- c. A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Trustees, the budget document is available for public inspection.
- d. Prior to July 1, the budget is legally enacted by a vote of the Board of Trustees.
- e. Subsequent to its formal approval of the budget, the Board of Trustees has the authority to make necessary adjustments to the budget by formal vote of the board. Adjustments made during the year are reflected in the budget information included in the financial statements.
- f. Budgets are adopted on the accrual basis of accounting.
- g. All annual appropriations lapse at fiscal year-end.

📍 **Saint Louis, Missouri**
6240 S. Lindbergh Blvd Ste 101
Saint Louis, MO 63123

📞 (314) 845-7999
📠 (314) 845-7770
🌐 www.afewcpas.com



📍 **Columbia, Illinois**
205 S. Main
Columbia, IL 62236

📞 (618) 281-4999
📠 (618) 281-9533
🌐 www.afewcpas.com

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 Board of Trustees
Kirkwood 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 the major fund of the Kirkwood Public Library, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Kirkwood Public Library's basic financial statements, and have issued our report thereon dated October 4, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Kirkwood Public Library's internal control over financial reporting (internal control) as a basis for designing 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 Kirkwood Public Library's internal control. Accordingly, we do not express an opinion on the effectiveness of Kirkwood Public Library's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Kirkwood Public Library's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fick, Eggemeyer & Williamson

Fick, Eggemeyer, & Williamson, CPA's
Saint Louis, Missouri
October 4, 2023