

MUNICIPAL LIBRARY DISTRICT
OF THE CITY OF CAPE GIRARDEAU
Cape Girardeau, Missouri

June 30, 2017

ANNUAL FINANCIAL REPORT

BEUSSINK, HEY, ROE & STRODER, L.L.C.

Certified Public Accountants

MUNICIPAL LIBRARY DISTRICT
OF THE CITY OF CAPE GIRARDEAU

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BEUSSINK, HEY, ROE & STRODER, L.L.C.

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INDEPENDENT AUDITORS' REPORT

To The Board of Trustees
Municipal Library District of the City of Cape Girardeau
Cape Girardeau, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Municipal Library District of the City of Cape Girardeau, Missouri, a component unit of the City of Cape Girardeau, Missouri as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also

includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinions

The financial statements referred to above do not include financial data for the District's legally separate component unit. Accounting principles generally accepted in the United States of America require financial data for the Library's legally separate component unit to be reported with the financial data of the Library's primary government. The amount by which this departure would affect the assets, liabilities, net position, revenue, and expenses of the government-wide financial statements has not been determined.

Adverse Opinions

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinions" paragraph, the financial statements referred to above do not present fairly the financial position of the component unit of the reporting entity of the Municipal Library District of the City of Cape Girardeau, Missouri, as of June 30, 2017, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

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 general fund of the Municipal Library District of the City of Cape Girardeau, Missouri, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 6 through 9 and 20 through 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 November 29, 2017, on our consideration of the Municipal Library District of the City of Cape Girardeau, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Municipal Library District of the City of Cape Girardeau's internal control over financial reporting and compliance.

BEUSSINK, HEY, ROE & STRODER, L.L.C.

Beussink, Hey, Roe & Stroder, L.L.C.

Cape Girardeau, Missouri
November 29, 2017

BEUSSINK, HEY, ROE & STRODER, L.L.C.

Certified Public Accountants

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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
Municipal Library District of the City of Cape Girardeau
Cape Girardeau, Missouri

We have audited, 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, the financial statements of the governmental activities and the General Fund of the Municipal Library District of the City of Cape Girardeau, Missouri, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Municipal Library District of the City of Cape Girardeau, Missouri's basic financial statements, and have issued our report thereon dated November 29, 2017. In our report, our opinion was adverse because the financial statements do not include the financial data for the District's legally separate component unit.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Municipal Library District of the City of Cape Girardeau, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Municipal Library District of the City of Cape Girardeau, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipal Library District of the City of Cape Girardeau, Missouri'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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BEUSSINK, HEY, ROE & STRODER, L.L.C.

Beussink, Hey, Roe & Stroder, L.L.C.

Cape Girardeau, Missouri
November 29, 2017

REQUIRED SUPPLEMENTARY INFORMATION

Municipal Library District
Of Cape Girardeau

Management's Discussion and Analysis
(Unaudited)

June 30, 2017

As management of the Municipal Library District of Cape Girardeau, this narrative overview and analysis is provided of the District's financial activities for the fiscal year ending June 30, 2017. We recommend readers consider this information in conjunction with the financial statements as a whole.

Financial Highlights

Activity of the General Fund focuses on current activity and includes such things as asset acquisition and debt retirement as expenditures when they are paid. The Statement of Activities focuses on the longer term. Payments for fixed assets are capitalized and depreciated over time. Debt retirements are presented as reductions of a liability rather than as expenditures.

Revenues of the general fund were greater than expenditures by \$182,811 during the year ended June 30, 2017. Contributing factors include conservative budgeting, additional grant funds and the addition of passport application services. The District made two debt service payments totaling \$445,000 in principal and \$200,375 in interest. The District collected \$53,702 more in tax revenues in 2016-2017 compared to the previous year. Interest income decreased \$10,906 from the prior year. In addition, grant income was \$40,438 during 2016-2017.

In the Statement of Activities revenues exceeded expenses by \$410,884. The Statement of Activities also presents depreciation expense of \$198,927.

Required Financial Statements

Fund and government-wide financial statements follow.

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the District's assets and liabilities.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year.

Fund financial statements tell how library services were paid for as well as what remains for future spending.

Notes to the financial statements provide additional information that is essential for a full understanding of the information provided in the basic financial statements.

Fund Balance Comparison

The following is a summary of changes in fund balance for the year ended June 30, 2017:

<u>Governmental Fund</u>	<u>Fund Balance</u> <u>June 30, 2016</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Fund Balance</u> <u>June 30, 2017</u>
General	\$1,647,118	\$182,811	\$1,829,929

Net Position

Assets	<u>6/30/17</u>	<u>6/30/16</u>
Current & other assets	\$ 1,979,592	\$ 1,821,264
Restricted cash	0	0
Capital assets, net	<u>6,520,100</u>	<u>6,712,648</u>
Total Assets	<u>\$ 8,499,692</u>	<u>\$ 8,533,912</u>
Deferred Outflows		
Deferred amount on refunding	<u>\$ 266,048</u>	<u>\$ 292,652</u>
Current Liabilities including COP's and Accrued Interest payable	<u>\$ 672,532</u>	<u>\$ 669,240</u>
Long Term Liabilities	<u>\$ 5,555,000</u>	<u>\$ 6,030,000</u>
Total Liabilities	<u>\$ 6,227,532</u>	<u>\$ 6,699,240</u>
Net Assets		
Net Investment in Capital Assets	\$ 490,100	\$ 237,648
Restricted	0	0
Unrestricted	<u>2,048,108</u>	<u>1,889,676</u>
Total Net Assets	<u>\$ 2,538,208</u>	<u>\$ 2,127,324</u>

Changes in Net Position

Revenues	<u>6/30/17</u>	<u>6/30/16</u>
Taxes	\$ 1,767,480	\$ 1,713,778
State Support	4,282	4,699
Interest Income	14,038	24,944
Grants	40,438	32,099
Passport Processing Income	50,501	-0-
Fines, Forfeits, Fees & Misc.	<u>51,860</u>	<u>69,528</u>
 Total Revenues	 <u>\$ 1,845,048</u>	 <u>\$ 1,847,544</u>
 Expenses	 <u>6/30/17</u>	 <u>6/30/16</u>
Salaries	\$ 581,539	\$ 556,074
Payroll Taxes	45,224	45,235
Employee Benefits	93,630	92,062
Professional Services	4,000	4,000
Books & Periodicals	110,720	107,473
Utilities	43,963	57,381
Capital Improvements	5,691	1,282
Library Grant Supplies	37,059	33,535
Repairs & Maintenance	53,265	64,474
Mileage and travel	3,777	3,712
Insurance	9,812	23,381
Printing	946	898
Electronic Media	18,879	25,324
Rent & Supplies	38,751	37,364
County Collection Fee	33,410	31,671
Miscellaneous & Conferences	13,367	24,655
Depreciation & Amortization	225,532	376,863
Interest – COP	<u>198,150</u>	<u>218,064</u>
 Total Expenditures	 <u>\$ 1,517,715</u>	 <u>\$ 1,703,448</u>

Budgetary Highlights

The District's General Fund expended \$1,745,788 which was \$182,811 less than the total revenue of \$1,928,599.

The \$40,438 in Grant Income is Federal Grant money administered by the Missouri State Library. The Federal grant monies were expended for marketing materials, guest presenters, books and other literacy items, summer reading clubs and additional staff.

Capital Assets and Debt Administration

As of June 30, 2017, the library owes \$6,030,000 in principal payments for Certificates of Participation, Series 2015, that had an original Series 2007 issuance of \$9,665,000. The Library made one principal payment of \$445,000 and Interest payments of \$198,150 during this fiscal year.

Description of Current or Expected Conditions

In fiscal year 2017-2018 the Library Board and staff will work on a new 3-year long range plan and a re-design of the current website. Two smaller anticipated expenditures will include addressing some landscaping issues and purchasing some custom shelving.

Debt service payments of \$645,375 will come due in 2017/18.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Director, Cape Girardeau Public Library, 711 North Clark, Cape Girardeau, MO 63701.

BASIC FINANCIAL STATEMENTS

MUNICIPAL LIBRARY DISTRICT
OF THE CITY OF CAPE GIRARDEAU
Cape Girardeau, Missouri

GOVERNMENTAL FUND BALANCE SHEET
AND STATEMENT OF NET POSITION

June 30, 2017

<u>ASSETS</u>	General Fund	Adjustments	Statement of Net Assets
<u>CURRENT ASSETS:</u>			
Cash	\$ 1,814,707	\$ -	\$ 1,814,707
Taxes Receivable, Less Allowance for Doubtful Accounts of \$9,626	126,500	-	126,500
Miscellaneous Receivable	23	-	23
Prepaid Assets	38,362	-	38,362
Total Current Assets	<u>\$ 1,979,592</u>	<u>\$ -</u>	<u>\$ 1,979,592</u>
<u>CAPITAL ASSETS:</u>			
Land	\$ -	\$ 47,500	\$ 47,500
Buildings, Equipment, and Vehicles, Net	-	6,472,600	6,472,600
Total Capital Assets, Net	<u>\$ -</u>	<u>\$ 6,520,100</u>	<u>\$ 6,520,100</u>
TOTAL ASSETS	<u>\$ 1,979,592</u>	<u>\$ 6,520,100</u>	<u>\$ 8,499,692</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Amount on Refunding	\$ -	\$ 266,048	\$ 266,048
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ -</u>	<u>\$ 266,048</u>	<u>\$ 266,048</u>
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES:</u>			
Accrued Payroll and Benefits	\$ 27,822	\$ -	\$ 27,822
Deferred Tax Revenue	121,841	-	121,841
Certificates of Participation Payable	-	475,000	475,000
Accrued Interest Payable	-	47,869	47,869
Total Current Liabilities	<u>\$ 149,663</u>	<u>\$ 522,869</u>	<u>\$ 672,532</u>
<u>LONG-TERM LIABILITIES:</u>			
Long-Term Debt, Net of Current Portion: Certificates of Participation Payable	\$ -	\$ 5,555,000	\$ 5,555,000
TOTAL LIABILITIES	<u>\$ 149,663</u>	<u>\$ 6,077,869</u>	<u>\$ 6,227,532</u>
<u>FUND BALANCE / NET POSITION</u>			
Fund Balance:			
Nonspendable	\$ 38,362	\$ (38,362)	\$ -
Unassigned	1,791,567	(1,791,567)	-
TOTAL FUND BALANCE	<u>\$ 1,829,929</u>	<u>\$ (1,829,929)</u>	<u>\$ -</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,979,592</u>		
Net Position:			
Net Investment in Capital Assets		\$ 490,100	\$ 490,100
Unrestricted		2,048,108	2,048,108
TOTAL NET POSITION		<u>\$ 708,279</u>	<u>\$ 2,538,208</u>

See Accompanying Notes to Basic Financial Statements.

MUNICIPAL LIBRARY DISTRICT
OF THE CITY OF CAPE GIRARDEAU
Cape Girardeau, Missouri

GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE AND STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2017

	General Fund	Adjustments	Statement of Activities
<u>EXPENDITURES:</u>			
Salaries	\$ 581,539	\$ -	\$ 581,539
Payroll Taxes	45,224	-	45,224
Employee Benefits	93,630	-	93,630
Professional Services	4,000	-	4,000
Books and Periodicals	110,720	-	110,720
Utilities	43,963	-	43,963
Capital Outlay	12,071	(6,380)	5,691
Library Grant Supplies	37,059	-	37,059
Repairs and Maintenance	53,265	-	53,265
Mileage and Travel	3,777	-	3,777
Insurance	9,812	-	9,812
Printing	946	-	946
Electronic Media	18,879	-	18,879
Rent	730	-	730
Supplies	38,021	-	38,021
County Collection Fee	33,410	-	33,410
Memberships and Conferences	2,452	-	2,452
Miscellaneous	10,915	-	10,915
Depreciation	-	198,927	198,927
Amortization	-	26,605	26,605
Debt Service:			
Principal - COP	445,000	(445,000)	-
Interest - COP	200,375	(2,225)	198,150
TOTAL EXPENDITURES	\$ 1,745,788	\$ (228,073)	\$ 1,517,715
<u>REVENUES:</u>			
Taxes	\$ 1,767,480	\$ -	\$ 1,767,480
State Support	4,282	-	4,282
Interest Income	14,038	-	14,038
Grants	40,438	-	40,438
Passport Processing Income	50,501	-	50,501
Fines and Forfeits, Fees, and Miscellaneous	51,860	-	51,860
TOTAL REVENUES	\$ 1,928,599	\$ -	\$ 1,928,599
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ 182,811	\$ (182,811)	\$ -
CHANGE IN NET POSITION	\$ -	\$ 410,884	\$ 410,884
FUND BALANCE / NET POSITION, July 1, 2016	\$ 1,647,118	\$ 480,206	\$ 2,127,324
FUND BALANCE / NET POSITION, June 30, 2017	\$ 1,829,929	\$ 708,279	\$ 2,538,208

See Accompanying Notes to Basic Financial Statements.

MUNICIPAL LIBRARY DISTRICT
OF THE CITY OF CAPE GIRARDEAU
Cape Girardeau, Missouri

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Municipal Library District of the City of Cape Girardeau (The Library) was established to provide library services to the citizens of the District within Cape Girardeau, Missouri.

A. Principles Used to Determine Scope of the Reporting Entity

The Library's reporting entity includes its governing board and all related organizations for which it exercises oversight responsibility.

The Library has developed criteria to determine whether outside agencies with activities which benefit the citizens of Cape Girardeau should be included within its financial reporting entity. The criteria include, but are not limited to, whether the Library exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financial relationships.

The Library has determined that the Friends of the Cape Girardeau Public Library Foundation meets the above criteria; however, the Foundation has not been included in its financial statements.

A separate financial report of the Friends of the Cape Girardeau Public Library Foundation has been issued. This report or requests for additional information should be directed to the Director, Friends of the Cape Girardeau Public Library Foundation, 711 North Clark Street, Cape Girardeau, Missouri 63701.

B. Basis of Statements – Combined Governmental-Wide and Fund Financial Statements

The Library's basic financial statements include combined government-wide and fund financial statements. The Library is considered a special-purpose government engaged in a single governmental program, which allows them to report combined financial statements.

The government-wide financial statements report additional information to the fund financial statements. A reconciliation is presented between the two types of financial statements that shows which items are reported on one statement and not the other. The Library's net position is reported in three categories: net investment in capital assets, restricted net position, and unrestricted net position.

The financial transactions of the Library are reported in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund balance, revenues, and expenditures. The following fund type is used by the Library:

The General Fund is the general operating fund of the Library. It is used to account for all financial resources except those required to be reported for in another fund. No other funds are used at this time.

The combined Government-Wide and Fund financial statements are combined with an adjustment column to reconcile individual line items of fund financial data to government-wide data.

C. Basis of Accounting

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported on the financial statements. The Library maintains its accounting records on the modified accrual basis of accounting. Accordingly, revenues are recognized and recorded when available and measurable (60 days). In the same manner, expenditures are recognized and recorded when incurred.

D. Cash and Cash Equivalents

The Library considers all highly liquid investments with an original maturity of 90 days or less when purchased to be cash equivalents.

E. Fair Value of Financial Instruments

The Library's financial instruments are cash and cash equivalents, accounts receivable, accounts payable, and certificates of participation. The recorded values of cash and cash equivalents, accounts receivable, and accounts payable approximate their fair values based on their short-term nature. The recorded value of long term debt approximates its fair value, as interest approximates market rates.

F. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Capital Assets

For financial reporting purposes, the Library capitalizes the cost of all capital assets that exceed \$2,000. Depreciation on assets is provided on the straight-line method over the following estimated useful lives.

Buildings	20-50 years
Improvements	20 years
Equipment and Fixtures	5-10 years

H. Equity Classification

Government-Wide Statements – Equity is classified as net position and displayed in three components:

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
2. Restricted net position – Consists of resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – All other resources that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

It is the Library’s policy to first use restricted net position prior to use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Financial Statements – The City utilizes clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

1. Non-spendable fund balance-amounts that are not in a spendable form (such as prepaids) or are required to be maintained intact;
2. Restricted fund balance-amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation;

3. Committed fund balance-amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
4. Assigned fund balance-amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
5. Unassigned fund balance-amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Trustees through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

I. Subsequent Events

In preparing these financial statements, the Library has evaluated events and transactions for potential recognition or disclosure through November 29, 2017, the date the financial statements were available to be issued.

2. CASH DEPOSITS:

The Library has not adopted formal investment policies for library monies. However, the Library has determined through experience that money market accounts and certificates of deposit are appropriate types of accounts or instruments for its needs.

Deposits in financial institutions, reported as components of cash and cash equivalents, had a book balance of \$1,814,007 and a bank balance of \$1,814,007 at June 30, 2017, that was fully insured by depository insurance or secured with collateral held by the District in the District's name.

In addition to the bank deposits, the Library had \$700 in petty cash.

3. PROPERTY TAXES:

The Library is supported by a tax approved by taxpayers and collected by the county. The tax is levied each year in November on the assessed valuation as of January of the same year. Most tax income is received in January of the following year.

4. CAPITAL ASSETS:

A summary of the capital assets for the year ended June 30, 2017 is as follows:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2017</u>
Land	\$ 47,500	\$ -0-	\$ -0-	\$ 47,500
Parking Lot	344,270	-0-	-0-	344,270
Buildings	8,076,360	-0-	-0-	8,076,360
Furniture, Fixtures, and Equipment	1,406,303	6,380	-0-	1,412,683
Software	85,150	-0-	-0-	85,150
	<u>\$ 9,959,583</u>	<u>\$ 6,380</u>	<u>\$ -0-</u>	<u>\$ 9,965,963</u>
Less Accumulated Depreciation:				
Parking Lot	\$ (112,982)	\$ (16,719)	\$ -0-	\$ (129,701)
Buildings	(1,678,442)	(161,649)	-0-	(1,840,091)
Furniture, Fixtures, and Equipment	(1,370,914)	(20,323)	-0-	(1,391,237)
Software	(84,597)	(237)	-0-	(84,834)
Total Accumulated Depreciation	<u>\$(3,246,935)</u>	<u>\$(198,928)</u>	<u>\$ -0-</u>	<u>\$ (3,445,863)</u>
Capital Assets, Net	<u>\$ 6,712,648</u>	<u>\$(192,548)</u>	<u>\$ -0-</u>	<u>\$ 6,520,100</u>

5. LONG-TERM DEBT:

	2015	
	<u>Certificates of Participation</u>	<u>Total</u>
Balance June 30, 2016	\$ 6,475,000	\$ 6,475,000
Additions	-	-
Principal Payments	(445,000)	(445,000)
Balance June 30, 2017	<u>\$ 6,030,000</u>	<u>\$ 6,030,000</u>

Five year maturities of the above debt as of June 30 are as follows:

<u>Date Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 475,000	\$ 191,475	\$ 666,475
2019	500,000	177,225	677,225
2020	525,000	162,225	687,225
2021	555,000	146,475	701,475
2022	590,000	129,825	719,825
2023-2027	<u>3,385,000</u>	<u>357,575</u>	<u>3,742,575</u>
Total	<u>\$6,030,000</u>	<u>\$1,164,800</u>	<u>\$ 7,194,800</u>

The Certificates of Participation, Series 2015, totaling \$6,900,000 dated February 19, 2015, have interest rates ranging from 2.00 percent to 3.50 percent. The proceeds of the issue were to advance refund the Library's outstanding Certifications of Participation, Series 2007. Principal payments are due on April 1, and interest payments are due on April 1 and October 1. The Certificates mature on April 1, 2027.

Missouri statutes limit the amount of general obligation debt that a government can issue to five percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the District is \$26,589,148.

6. RISK OF LOSS:

The Library is exposed to risk of loss through their property ownership, employee injury, and liability to employees and officials' actions. The Library purchases commercial insurance to overcome this risk. There have been no significant reductions in insurance coverage from the prior year. In addition, there have been no settlement amounts that have exceeded insurance coverage.

The Library is insured under a retrospectively-rated policy for workers' compensation coverage. The initial premium may be adjusted based on actual experience. Adjustments in premiums are recorded when paid or received. During the year ended June 30, 2017, there were no significant adjustments in premiums based on actual experience.

7. ACCRUED VACATION:

Library employees accrue vacation and sick leave. Unused time is carried over to the next month. Benefit time payable has not been accrued since the Library cannot determine the exact amount since it would depend on employee termination. Sick time is lost at termination.

It is unlikely all employees would terminate at one time. At June 30, 2017, the liability is a contingency in the maximum amount of \$17,109.

8. ADJUSTMENTS:

Amounts reported in the Statement of Net Position are different from the governmental funds balance sheet because:

Capital Assets used in governmental activities are not financial resources and therefore are not capitalized in the funds, net of accumulated depreciation	\$6,520,100
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Liabilities, such as Certificates of Participation, are not due and payable in the current period and therefore, are not reported in governmental activities \$6,030,000

Accrued Interest Payable not due within one month of year end \$ 47,869

The governmental funds report capital outlays as expenditures. In the statement of activities, the cost of these assets is allocated over the estimated useful lives as depreciation expense. The amount by which depreciation exceeded Capital Outlays is \$192,547 (\$198,927 less \$6,380).

9. RETIREMENT PLAN:

The Library has established a 457 retirement plan covering employees with six months of services. The plan requires the Library to match 100 percent of salary deferral contributions up to no greater than 5 percent of compensation. Library contributions charged to expense for the year ended June 30, 2017 totaled \$21,239.

REQUIRED SUPPLEMENTARY INFORMATION

MUNICIPAL LIBRARY DISTRICT
OF THE CITY OF CAPE GIRARDEAU
Cape Girardeau, Missouri

BUDGETARY COMPARISON - GENERAL FUND

For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive (Negative)
<u>REVENUES:</u>				
Taxes	\$ 1,715,474	\$ 1,715,474	\$ 1,767,480	\$ 52,006
State Support	13,000	13,000	4,282	(8,718)
Interest Income	12,000	12,000	14,038	2,038
Grants	25,000	25,000	40,438	15,438
Passport Processing Income	-	-	50,501	50,501
Fines and Forfeits, Fees, and Miscellaneous	55,000	55,000	51,860	(3,140)
TOTAL REVENUES	<u>\$ 1,820,474</u>	<u>\$ 1,820,474</u>	<u>\$ 1,928,599</u>	<u>\$ 108,125</u>
<u>EXPENDITURES:</u>				
Salaries	\$ 604,980	\$ 604,980	\$ 581,539	\$ 23,441
Payroll Taxes	45,003	45,003	45,224	(221)
Employee Benefits	99,974	99,974	93,630	6,344
Professional Services	10,500	10,500	4,000	6,500
Books and Periodicals	114,500	114,500	110,720	3,780
Utilities	58,000	58,000	43,963	14,037
Capital Outlay	10,000	10,000	12,071	(2,071)
Library Grant Supplies	25,000	38,000	37,059	941
Repairs and Maintenance	65,458	65,458	53,265	12,193
Mileage and Travel	7,400	7,400	3,777	3,623
Insurance	24,345	24,345	9,812	14,533
Printing	1,000	1,000	946	54
Electronic Media	26,166	26,166	18,879	7,287
Rent	720	720	730	(10)
Supplies	38,570	38,570	38,021	549
County Collection Fee	35,000	35,000	33,410	1,590
Memberships and Conferences	3,000	3,000	2,452	548
Miscellaneous	10,483	10,483	10,915	(432)
Debt Service				
Principal - COP	445,000	445,000	445,000	-
Interest - COP	200,375	200,375	200,375	-
TOTAL EXPENDITURES	<u>\$ 1,825,474</u>	<u>\$ 1,838,474</u>	<u>\$ 1,745,788</u>	<u>\$ 92,686</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (5,000)</u>	<u>\$ (18,000)</u>	<u>\$ 182,811</u>	<u>\$ 200,811</u>
FUND BALANCE, July 1, 2016			<u>1,647,118</u>	
FUND BALANCE, June 30, 2017			<u>\$ 1,829,929</u>	

See Independent Auditors' Report.

MUNICIPAL LIBRARY DISTRICT
OF THE CITY OF CAPE GIRARDEAU
Cape Girardeau, Missouri

NOTE TO BUDGETARY COMPARISON SCHEDULE

June 30, 2017

1. BUDGETARY INFORMATION:

The Library Director and the Budget and Personnel Committee prepare the budget in April and submit an annual budget to the Board of Trustees in May. The Board adopts the budget for the year beginning July 1 and may amend it during the year. Any increase in appropriations during the fiscal year must be approved by the District. The original budget was approved on June 23, 2016, and the final budget amendment was approved on June 22, 2017. Any remaining unencumbered appropriations lapse at the fiscal year end.

2. BASIS OF ACCOUNTING:

The budget is prepared on the cash basis of accounting, which differs from the basis used to prepare the financial statements. Revenues and expenditures are reported when they result from cash transactions. An adjustment is shown to reconcile fund balances to the modified cash basis of accounting as reported in the Basic Financial Statements.