

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

June 30, 2020

ANNUAL FINANCIAL REPORT

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

Certified Public Accountants

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, 2020, 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.

Opinion

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, 2020, 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 19 through 20 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Municipal Library District of the City of Cape Girardeau, Missouri's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2020, on our consideration of the Municipal Library District of the City of Cape Girardeau, Missouri's 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 Municipal Library District of the City of Cape Girardeau, Missouri'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 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
December 16, 2020

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

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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, 2020, 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 December 16, 2020.

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. We consider the deficiency described in the accompanying Schedule of Findings as item 2020-001 to be a material weakness.

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
December 16, 2020

REQUIRED SUPPLEMENTARY INFORMATION

Municipal Library District
Of Cape Girardeau

Management's Discussion and Analysis
(Unaudited)

June 30, 2020

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, 2020. 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 \$194,493 during the year ended June 30, 2020. Contributing factors include conservative budgeting and the closure of the library due to the pandemic from March 17th through May 5th. While payroll expenses and other necessary operational costs were still expended during the two-month closure, other savings were realized in office supplies, overtime payroll expenses, utilities, etc. The District made two debt service payments totaling \$525,000 in principal and \$162,225 in interest. The District collected \$79,782 more in tax revenues in 2019-2020 compared to the previous year. Interest income increased slightly by \$156 from the prior year. Grant monies came from Federal and State governmental agencies in the amount of \$25,137, as well as the Library Foundation in the amount of \$14,931. For a total grant income of \$40,068 during 2019-2020.

In the Statement of Activities revenues exceeded expenses by \$547,508. The Statement of Activities also presents depreciation expense of \$186,817.

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, 2020:

<u>Governmental Fund</u>	<u>Fund Balance</u> <u>June 30, 2019</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Fund Balance</u> <u>June 30, 2020</u>
General	\$2,068,894	\$183,335	\$2,252,229

Net Position

Assets	<u>6/30/20</u>	<u>6/30/19</u>
Current & other assets	\$ 2,744,425	\$ 2,512,713
Capital assets, net	<u>6,010,658</u>	<u>6,159,975</u>
Total Assets	<u>\$ 8,755,083</u>	<u>\$ 8,672,688</u>
Deferred Outflows		
Deferred amount on refunding	<u>\$ 186,233</u>	<u>\$ 212,837</u>
Current Liabilities including COP's and Accrued Interest payable	\$ 890,290	\$ 827,007
Long Term Liabilities	<u>\$ 3,975,000</u>	<u>\$ 4,530,000</u>
Total Liabilities	<u>\$ 4,865,290</u>	<u>\$ 5,357,007</u>
Net Position		
Net Investment in Capital Assets, Unrestricted	\$ 1,480,658	\$ 1,104,975
	<u>2,595,368</u>	<u>2,423,543</u>
Total Net Position	<u>\$ 4,076,026</u>	<u>\$ 3,528,518</u>

Changes in Net Position

Revenues	<u>6/30/20</u>	<u>6/30/19</u>
Taxes	\$ 1,852,522	\$ 1,772,740
State Support	17,775	13,509
Interest Income	70,813	68,170
Grants	25,137	44,163
Passport Processing Income	66,200	94,519
Fines, Forfeits, Fees & Misc.	49,815	53,115
Fundraising and Contributions	<u>27,648</u>	<u>23,768</u>
 Total Revenues	 <u>\$ 2,109,910</u>	 <u>\$ 2,071,900</u>
 Expenses	 <u>6/30/20</u>	 <u>6/30/19</u>
Salaries	\$ 634,060	\$ 627,481
Payroll Taxes	47,479	46,550
Employee Benefits	96,605	100,736
Professional Services	5,500	5,747
Books & Periodicals	98,548	101,024
Utilities	43,894	45,890
Capital Outlay	7,245	8,234
Library Grant Supplies	45,029	48,379
Repairs & Maintenance	79,454	76,938
Mileage and travel	8,371	5,196
Insurance	11,942	11,314
Printing	979	922
Electronic Media	34,030	35,733
Rent	700	840
Supplies	27,898	38,177
Passport Expense	3,957	4,565
County Collection Fee	34,456	33,539
Membership & Conferences	4,041	3,379
Miscellaneous	3,413	26,174
Fundraising Expense	3,091	3,218
Loss on Disposal of Capital Assets	-0-	-0-
Depreciation and Amortization	213,422	211,234
Interest – COP	<u>158,288</u>	<u>173,475</u>
 Total Expenditures	 <u>\$ 1,562,402</u>	 <u>\$ 1,608,745</u>

Budgetary Highlights

The District's General Fund expended \$1,915,417 which was \$194,493 less than the total revenue of \$2,109,910.

The \$25,137 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. The Friends grant money was used to purchase a new printer, holiday decorations, program presenters, and other miscellaneous programming costs.

Capital Assets and Debt Administration

As of June 30, 2020, the library owes \$4,530,000 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 \$525,000 and Interest payments of \$162,225 during this fiscal year. The final payment on these certificates will not be made until April 1, 2027.

Description of Current or Expected Conditions

The Library Board and staff began operating under a new 3-year Strategic Plan. This plan includes a strong focus on marketing and as such library administration will devote more financial resources for marketing staff and related expenditures.

The Library will also continue to increase staff hourly wages in accordance with the State of Missouri's new minimum wage.

Debt service payments of \$687,225 will come due in 2020/21.

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, 2020

<u>ASSETS</u>	General	Adjustments	Statement
<u>CURRENT ASSETS:</u>	<u>Fund</u>	<u>Adjustments</u>	<u>of Net Assets</u>
Cash	\$ 2,263,776	\$ -	\$ 2,263,776
Investments	199,694	-	199,694
Taxes Receivable, Less Allowance for Doubtful Accounts of \$7,864	243,916	-	243,916
Prepaid Assets	37,039	-	37,039
Total Current Assets	<u>\$ 2,744,425</u>	<u>\$ -</u>	<u>\$ 2,744,425</u>
<u>CAPITAL ASSETS:</u>			
Land	\$ -	\$ 47,500	\$ 47,500
Buildings, Equipment, and Vehicles, Net	-	5,963,158	5,963,158
Total Capital Assets, Net	<u>\$ -</u>	<u>\$ 6,010,658</u>	<u>\$ 6,010,658</u>
TOTAL ASSETS	<u>\$ 2,744,425</u>	<u>\$ 6,010,658</u>	<u>\$ 8,755,083</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding	\$ -	\$ 186,233	\$ 186,233
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ -</u>	<u>\$ 186,233</u>	<u>\$ 186,233</u>
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES:</u>			
Accounts Payable	\$ 30,416	\$ -	\$ 30,416
Accrued Payroll and Benefits	30,305	-	30,305
Deferred Tax Revenue	237,949	-	237,949
Certificates of Participation Payable	-	555,000	555,000
Accrued Interest Payable	-	36,620	36,620
Total Current Liabilities	<u>\$ 298,670</u>	<u>\$ 591,620</u>	<u>\$ 890,290</u>
<u>LONG-TERM LIABILITIES:</u>			
Long-Term Debt, Net of Current Portion:			
Certificates of Participation Payable	\$ -	\$ 3,975,000	\$ 3,975,000
TOTAL LIABILITIES	<u>\$ 298,670</u>	<u>\$ 4,566,620</u>	<u>\$ 4,865,290</u>
<u>FUND BALANCE / NET POSITION</u>			
Fund Balance:			
Nonspendable	\$ 37,039	\$ (37,039)	\$ -
Assigned	193,526	(193,526)	-
Unassigned	2,215,190	(2,215,190)	-
TOTAL FUND BALANCE	<u>\$ 2,445,755</u>	<u>\$ (2,445,755)</u>	<u>\$ -</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,744,425</u>		
Net Position:			
Net Investment in Capital Assets		\$ 1,480,658	\$ 1,480,658
Unrestricted		2,595,368	2,595,368
TOTAL NET POSITION		<u>\$ 1,630,271</u>	<u>\$ 4,076,026</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, 2020

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<u>EXPENDITURES:</u>			
Salaries	\$ 634,060	\$ -	\$ 634,060
Payroll Taxes	47,479	-	47,479
Employee Benefits	96,605	-	96,605
Professional Services	5,500	-	5,500
Books and Periodicals	98,548	-	98,548
Utilities	43,894	-	43,894
Capital Outlay	44,745	(37,500)	7,245
Library Grant Supplies	45,029	-	45,029
Repairs and Maintenance	79,454	-	79,454
Mileage and Travel	8,371	-	8,371
Insurance	11,942	-	11,942
Printing	979	-	979
Electronic Media	34,030	-	34,030
Rent	700	-	700
Supplies	27,898	-	27,898
Passport Expense	3,957	-	3,957
County Collection Fee	34,456	-	34,456
Memberships and Conferences	4,041	-	4,041
Miscellaneous	3,413	-	3,413
Fundraising Expense	3,091	-	3,091
Depreciation	-	186,817	186,817
Amortization	-	26,605	26,605
Debt Service:			
Principal - COP	525,000	(525,000)	-
Interest - COP	162,225	(3,937)	158,288
TOTAL EXPENDITURES	<u>\$ 1,915,417</u>	<u>\$ (353,015)</u>	<u>\$ 1,562,402</u>
<u>REVENUES:</u>			
Taxes	\$ 1,852,522	\$ -	\$ 1,852,522
State Support	17,775	-	17,775
Interest Income	70,813	-	70,813
Grants	25,137	-	25,137
Passport Processing Income	66,200	-	66,200
Fines and Forfeits, Fees, and Miscellaneous	49,815	-	49,815
Fundraising and Contributions	27,648	-	27,648
TOTAL REVENUES	<u>\$ 2,109,910</u>	<u>\$ -</u>	<u>\$ 2,109,910</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 194,493</u>	<u>\$ (194,493)</u>	<u>\$ -</u>
CHANGE IN NET POSITION	\$ -	\$ 547,508	\$ 547,508
FUND BALANCE / NET POSITION, July 1, 2019	<u>\$ 2,251,262</u>	<u>\$ 1,277,256</u>	<u>\$ 3,528,518</u>
FUND BALANCE / NET POSITION, June 30, 2020	<u>\$ 2,445,755</u>	<u>\$ 1,630,271</u>	<u>\$ 4,076,026</u>

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, 2020

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

These financial statements present the Library (the primary government) and its component unit, the Friends of the Cape Girardeau Public Library Foundation. Component units are legally separate entities that are included in the Library's reporting entity because of the significance of their operating or financial relationship with the Library.

The Friends of the Cape Girardeau Public Library Foundation is a nonprofit organization classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3). The Foundation is committed to developing planned giving, community fundraising, and Friends membership in order to enhance the Library's ability to fulfill its mission. A separate financial report of the Friends of the Cape Girardeau Public Library Foundation is included as supplementary information in this report. 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.

The Library also considers itself a component unit of the City of Cape Girardeau, Missouri using the same guidelines discussed above.

B. Component Units:

The Library's financial statements include the accounts of all the Library operations, and the operations of the Friends of the Cape Girardeau Public Library. a separate nonprofit organization whose purpose is committed to developing planned giving, community fundraising, and Friends membership in order to enhance the Library's ability to fulfill its mission. As noted above, the criteria for including organizations within the Library's reporting entity is oversight responsibility. The Library's financial statements include the operations of the Foundation for presentation with the intercompany transactions being eliminated. Separate financial statements for the Friends of the Cape Girardeau Public Library Foundation may be obtained from the combining schedules presented with this report.

C. 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.

D. 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.

E. 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.

F. 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.

G. 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.

H. 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

I. 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 “net investment in capital assets.”

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).

J. Subsequent Events

In preparing these financial statements, the Library has evaluated events and transactions for potential recognition or disclosure through December 16, 2020, 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 and bank balance of \$2,263,076 at June 30, 2020, 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, 2020 is as follows:

	Balance <u>July 1, 2019</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2020</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	1,434,343	37,500	-0-	1,471,843
Software	<u>85,150</u>	<u>-0-</u>	<u>-0-</u>	<u>85,150</u>
	<u>\$ 9,987,623</u>	<u>\$ 37,500</u>	<u>\$ -0-</u>	<u>\$ 10,025,123</u>
Less Accumulated Depreciation:				
Parking Lot	\$ (163,140)	\$ (16,720)	\$ -0-	\$ (179,860)
Buildings	(2,163,389)	(161,648)	-0-	(2,325,037)
Furniture, Fixtures, and Equipment	(1,415,969)	(8,449)	-0-	(1,424,418)
Software	<u>(85,150)</u>	<u>-0-</u>	<u>-0-</u>	<u>(85,150)</u>
Total Accumulated Depreciation	<u>\$(3,827,648)</u>	<u>\$(186,817)</u>	<u>\$ -0-</u>	<u>\$(4,014,465)</u>
Capital Assets, Net	<u>\$ 6,159,975</u>	<u>\$(149,317)</u>	<u>\$ -0-</u>	<u>\$ 6,010,658</u>

5. LONG-TERM DEBT:

	2015 Certificates of Participation
Balance June 30, 2019	\$ 5,055,000
Additions	-
Principal Payments	<u>(525,000)</u>
Balance June 30, 2020	<u>\$ 4,530,000</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>
2021	\$ 555,000	\$ 146,475	\$ 701,475
2022	590,000	129,825	719,825
2023	620,000	112,125	732,125
2024	650,000	93,525	743,525
2025	680,000	74,025	754,025
2026-2027	<u>1,435,000</u>	<u>77,900</u>	<u>1,512,900</u>
Total	<u>\$4,530,000</u>	<u>\$ 633,875</u>	<u>\$ 5,163,875</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 \$28,428,193.

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, 2020, 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, 2020, the liability is a contingency in the maximum amount of \$23,399.

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	\$6,010,658
Liabilities, such as Certificates of Participation, are not due and payable in the current period and therefore, are not reported in governmental activities	\$4,530,000
Accrued Interest Payable not due within one month of year end	\$ 36,620

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 \$149,317 (\$186,817 less \$37,500).

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, 2020 totaled \$18,543.

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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive (Negative)
<u>REVENUES:</u>				
Taxes	\$ 1,802,515	\$ 1,802,515	\$ 1,852,522	\$ 50,007
State Support	9,000	9,000	17,775	8,775
Interest Income	25,000	25,000	65,301	40,301
Grants	55,246	55,246	40,068	(15,178)
Passport Processing Income	70,000	70,000	66,200	(3,800)
Fines and Forfeits, Fees, and Miscellaneous	50,000	50,000	49,495	(505)
TOTAL REVENUES	\$ 2,011,761	\$ 2,011,761	\$ 2,091,361	\$ 79,600
<u>EXPENDITURES:</u>				
Salaries	\$ 666,513	\$ 666,513	\$ 634,060	\$ 32,453
Payroll Taxes	50,694	50,694	47,479	3,215
Employee Benefits	102,793	102,793	96,605	6,188
Professional Services	12,860	12,860	4,000	8,860
Books and Periodicals	98,787	98,787	98,548	239
Utilities	50,242	50,242	43,894	6,348
Capital Outlay	13,700	13,700	44,745	(31,045)
Library Grant Supplies	55,247	55,247	45,029	10,218
Repairs and Maintenance	94,498	94,498	79,454	15,044
Mileage and Travel	10,800	10,800	8,371	2,429
Insurance	9,000	9,000	10,666	(1,666)
Printing	1,000	1,000	979	21
Electronic Media	33,400	33,400	34,030	(630)
Rent	840	840	700	140
Supplies	36,060	36,060	27,467	8,593
Passport Expense	4,000	4,000	3,957	(403)
County Collection Fee	36,000	36,000	34,456	1,544
Memberships and Conferences	3,500	3,500	4,041	(541)
Miscellaneous	44,602	44,602	2,320	42,282
Debt Service				
Principal - COP	525,000	525,000	525,000	-
Interest - COP	162,225	162,225	162,225	-
TOTAL EXPENDITURES	\$ 2,011,761	\$ 2,011,761	\$ 1,908,026	\$ 102,289
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ 0	\$ 0	\$ 183,335	\$ 181,889
FUND BALANCE, July 1, 2019			<u>\$ 2,068,894</u>	
FUND BALANCE, June 30, 2020			<u>\$ 2,252,229</u>	

See Accompanying Notes to Basic Financial Statements.

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

NOTE TO BUDGETARY COMPARISON SCHEDULE

June 30, 2020

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 27, 2020. 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.

SUPPLEMENTARY INFORMATION

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

COMBINING BALANCE SHEET - GENERAL FUND

June 30, 2020

<u>ASSETS</u>	Cape Girardeau	Friends of the		
<u>CURRENT ASSETS:</u>	<u>Library</u>	<u>Library</u>	<u>Eliminations</u>	<u>Combined</u>
Cash	\$ 2,248,284	\$ 15,492	\$ -	\$ 2,263,776
Investments	21,660	178,034	-	199,694
Taxes Receivable, Less Allowance for Doubtful Accounts of \$7,864	243,916	-	-	243,916
Prepaid Assets	37,039	-	-	37,039
Total Current Assets	<u>\$ 2,550,899</u>	<u>\$ 193,526</u>	<u>\$ -</u>	<u>\$ 2,744,425</u>
TOTAL ASSETS	<u>\$ 2,550,899</u>	<u>\$ 193,526</u>	<u>\$ -</u>	<u>\$ 2,744,425</u>
<u>LIABILITIES</u>				
<u>CURRENT LIABILITIES:</u>				
Accounts Payable	\$ 30,416	\$ -	\$ -	\$ 30,416
Accrued Payroll and Benefits	30,305	-	-	30,305
Deferred Tax Revenue	237,949	-	-	237,949
Total Current Liabilities	<u>\$ 298,670</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 298,670</u>
TOTAL LIABILITIES	<u>\$ 298,670</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 298,670</u>
<u>FUND BALANCE / NET POSITION</u>				
Fund Balance:				
Nonspendable	\$ 37,039	\$ -	\$ -	\$ 37,039
Assigned	-	193,526	-	193,526
Unassigned	2,215,190	-	-	2,215,190
TOTAL FUND BALANCE	<u>\$ 2,252,229</u>	<u>\$ 193,526</u>	<u>\$ -</u>	<u>\$ 2,445,755</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,550,899</u>	<u>\$ 193,526</u>	<u>\$ -</u>	<u>\$ 2,744,425</u>

See Accompanying Notes to Basic Financial Statements.

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - GENERAL FUND

For the Year Ended June 30, 2020

	Cape Girardeau Library	Friends of the Library	Eliminations	Statement of Activities
<u>REVENUES:</u>				
Taxes	\$ 1,852,522	\$ -	\$ -	\$ 1,852,522
State Support	17,775	-	-	17,775
Interest Income	65,301	5,512	-	70,813
Grants	40,068	-	(14,931)	25,137
Passport Processing Income	66,200	-	-	66,200
Fines and Forfeits, Fees, and Miscellaneous	49,495	320	-	49,815
Fundraising and Contributions	-	27,648	-	27,648
TOTAL REVENUES	<u>\$ 2,091,361</u>	<u>\$ 33,480</u>	<u>\$ (14,931)</u>	<u>\$ 2,109,910</u>
<u>EXPENDITURES:</u>				
Salaries	\$ 634,060	\$ -	\$ -	\$ 634,060
Payroll Taxes	47,479	-	-	47,479
Employee Benefits	96,605	-	-	96,605
Professional Services	4,000	1,500	-	5,500
Books and Periodicals	98,548	-	-	98,548
Utilities	43,894	-	-	43,894
Capital Outlay	44,745	-	-	44,745
Library Grant Supplies	45,029	-	-	45,029
Repairs and Maintenance	79,454	-	-	79,454
Mileage and Travel	8,371	-	-	8,371
Insurance	10,666	1,276	-	11,942
Printing	979	-	-	979
Electronic Media	34,030	-	-	34,030
Rent	700	-	-	700
Supplies	27,467	431	-	27,898
Passport Expense	3,957	-	-	3,957
County Collection Fee	34,456	-	-	34,456
Memberships and Conferences	4,041	-	-	4,041
Miscellaneous	2,320	1,093	-	3,413
Fundraising Expense	-	3,091	-	3,091
Grants Made	-	14,931	(14,931)	-
Debt Service:				
Principal - COP	525,000	-	-	525,000
Interest - COP	162,225	-	-	162,225
TOTAL EXPENDITURES	<u>\$ 1,908,026</u>	<u>\$ 22,322</u>	<u>\$ (14,931)</u>	<u>\$ 1,915,417</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 183,335</u>	<u>\$ 11,158</u>	<u>\$ -</u>	<u>\$ 194,493</u>
FUND BALANCE / NET POSITION, July 1, 2019	<u>\$ 2,068,894</u>	<u>\$ 182,368</u>	<u>\$ -</u>	<u>\$ 2,251,262</u>
FUND BALANCE / NET POSITION, June 30, 2020	<u>\$ 2,252,229</u>	<u>\$ 193,526</u>	<u>\$ -</u>	<u>\$ 2,445,755</u>

See Accompanying Notes to Basic Financial Statements.

MUNICIPAL LIBRARY DISTRICT
OF THE CITY OF CAPE GIRARDEAU

SCHEDULE OF FINDINGS

For the Year Ended June 30, 2020

2020-001 Inadequate Segregation of Duties

Criteria: The duties of paying invoices and reconciling expenditures to invoices needs to be separate.

Condition: There is a lack of segregation of duties over the expenditure process.

Effect: Library funds are exposed to a risk of loss or misuse.

Cause: There are a limited number of employees at the Library.

Recommendation: We recommend that the Library segregate duties over expenditures to the extent possible to enhance internal controls and implement an approval process to ensure all expenditures are for approved invoices.

View of Responsible
Officials and Corrective
Action Plan:

We understand the recommendations and have discussed procedural changes that can be made to better segregate the duties of paying invoices and reconciling expenditures. The Library's administrative assistant will continue to submit invoices for payment into the MUNIS system. After checks have been printed, the Library Director will pick them up from the City offices and match them to the invoices before they are mailed out to their respective vendors.