

POPLAR BLUFF MUNICIPAL LIBRARY
POPLAR BLUFF, MISSOURI

FINANCIAL STATEMENTS

DECEMBER 31, 2018

Poplar Bluff Municipal Library District

Table of Contents
December 31, 2018

CONTENTS

	<u>Page</u>
Financial Section:	
Independent Auditors' Report	1-2
Management's Discussion & Analysis	3-12
Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position - Modified Cash Basis	13
Statement of Activities - Modified Cash Basis	14
Fund Financial Statements:	
Balance Sheet - Modified Cash Basis	15
Statement of Revenues, Expenditures, and Changes in Fund Balance - Modified Cash Basis	16
Notes to Financial Statements	17-27
Other Information:	<u>Schedule</u>
Budgetary Comparison Schedule	1 28
Notes to Budgetary Comparison Schedule	2 29
Schedules of Changes in Net Pension Liability	3 30
Schedules of Contributions	4 31
Notes to Schedules of Contributions	5 32
Internal Control and Compliance:	
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 <i>Government Auditing Standards</i>	33-34



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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Poplar Bluff Municipal Library
Poplar Bluff, Missouri 63901

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of the Poplar Bluff Municipal Library (the Library), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Library'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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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 auditor's 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 entity'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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of the Poplar Bluff Municipal Library as of December 31, 2018, and respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The management's discussion and analysis on pages 3-12, the budgetary comparison information and related notes on pages 28-29, and the schedule of changes in net pension liability, the schedule of contributions, and notes to the schedule of contributions on pages 30-32, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2019, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 Library's internal control over financial reporting and compliance.

Kraft, Miles & Tatum, LLC

Certified Public Accountants

April 1, 2019

Poplar Bluff Municipal Library District
Management's Discussion and Analysis
2018
(Unaudited)

The Poplar Bluff Municipal Library District's management offers readers of the financial statements this narrative overview and analysis of the financial activities of the Library for the fiscal year ended December 31, 2018. Please read this Management Discussion and Analysis (MD&A) in conjunction with the Library's Financial Statements, which follow.

Financial Highlights

1. The Library, a political subdivision governed by the Library Board of Trustees, began operations January 1, 2013 independent of the City of Poplar Bluff and is responsible for all financial operations related to the library including liability and property insurance, building and grounds maintenance, payroll, health benefits, worker's compensation, bonding, banking, accounts receivable and accounts payable.
2. The Library is funded solely by a ¼ cent sales tax in the city limits of Poplar Bluff approved by the voters on June 5, 2012.
3. The Library's property tax rate was set to zero and no property tax has been collected beginning with the 2012 fiscal year.
4. The library receives donations throughout the year. These and other sources of revenue include grants, memorials, sales of used book donations, monetary support for programming, passport fees, state aid, and arts and entertainment monies received from the state of Missouri. Library book sales and donations paid for many children's and adult programming events including materials for story time, Shakespeare Festival St. Louis performance of Romeo and Juliet, Book Club purchases, movie showings, crafting classes, Music on the Lawn, Wolpers Board Room dedication, Yoga, Oreo tasting, etc.
5. A mission statement was adopted September 2016.

Poplar Bluff Municipal Library District with its community partners provides and promotes equal access to reading, information, cultural and intellectual resources.

The mission is used to determine promotion of community events, programming development and execution, hiring, and budgeting. Using it as a tool has been effective as reflected in the library's statistical reporting.

6. Library management continued to expend efforts in the development and honing of policies and procedures. Policies revised in 2018 included Code of Conduct, Purchasing, Surplus Property, and Circulation. New policies are Lost and Found, Smoke Free Campus, Amnesty for Overdues, Community Event Postings, Cell Phone Reimbursement and Personnel Policies on Dress, required average hours to work, and time off during probationary period. All policy additions and changes are approved by the Library Board of Trustees. In addition, the Board of Trustees approved the Conflict of Interest Policy as required biennially by the Missouri Ethics Commission and revised the By-Laws of the Trustees. The By-Laws were reviewed by Library Counsel.

7. The Board of Trustees renewed the Library's contract with Southern Bank for banking services for two years in accordance with its original contract.
8. The children's library rearrangement continued into 2018. The service desk was moved to provide access to patrons and for staff visibility for patrons entering the children's library.
9. Building maintenance continues to be a high priority.
 - Retaining wall repair--This repair was extensive due to damage within the wall caused by water erosion. The age of the retaining wall indicated a high lime content in the concrete. This was borne out by the inability of the concrete repairs to take during the repairs. Portland cement does not adhere to the older limestone cement used in the 1930's. During the repair, multiple adhesives were used to seal the cracks causing water erosion. The adhesives needed and used did not blend with the concrete wall. It was not aesthetically pleasing in regard to the historical appearance of the building and grounds. As a result, the wall had to be painted to blend with building trim and sealed. All of these steps and processes were more costly than originally bid. The contractor was given permission to proceed due to his costs and outlay in materials and labor for the job.
 - Painting exterior rails and lamp posts
 - Garden plantings
 - Wall (interior) painting repairs
 - Electrical--With the need to repair and change ballasts in outside and interior lighting, future energy usage is a consideration. As a result, the library is changing its ballasts (where necessary) and bulbs to LED usage.
 - Repair on breaker boxes (x2)
 - Outlets
 - Interior Lights cleaned and bulbs replaced (LED)
 - Exterior lights checked and LED light bulbs replacing incandescent bulbs.
 - Roof repair where there were small leaks. At this time there does not seem to be an indication that the shingled roof needs to be replaced.
 - Ceiling tiles replaced due to roof leaks
 - Laundry service added cloths, mops, and mats for savings in staff time and material replacement costs.
 - Waste management was upgraded to a two yard dumpster to handle increased waste disposal.
10. Revenues for 2018 were up by 1.8 percent over 2017. Revenue includes sales tax, patron services, gifts and passport services. Tax receipts were up by .005 percent.
11. The library made its fifth and final payment in October 2018 for historical operations to the City of Poplar Bluff as agreed through a Memorandum of Understanding with the City and ratified by the Library Board of Trustees and Poplar Bluff City Council in June 2014. The amount of the fifth payment was \$97,957.
12. The library paid \$102,720 to the City of Poplar Bluff for the library's portion of the Eight Points Tax Increment Financing (TIF) for the period October 1, 2017 (billed after January 1, 2018) through September 30, 2018. The library's portion is one-half of the total ¼ cent sales tax revenues received in the Eight Points district. The library paid more (\$32,495) in 2018 for the TIF than it received in additional sales tax revenue over the

previous year. This obligation continues through 2036 or completion of City bond payments.

13. Fiscal Year 2018 ended with an unassigned cash balance of \$145,805 with a total bank balance of \$1,307,151. The library's General Revenue bank balance at year's end was \$796,592. The total bank balance provides enough funds to operate for more than one year at the library's current spending levels and meets the Finance Policy reserve amount of 90 percent of the previous year's budget.

Overview of the Financial Statements

This annual report includes this management's discussion and analysis report, the independent auditor's report and the basic financial statements of the Library. The financial statements include notes explaining in more detail information in the financial statements.

Required Financial Statements

The Library's financial statements are summarized for the years 2017, and 2018. Currently, the Library is unique in Missouri and is the only library funded solely by sales tax. Other Missouri libraries collect sales tax but continue to collect property tax as well. Historical data goes back to 2013. This analysis includes a summarized fund-type information based upon a current financial resource basis, government wide, and the fund financial statements. The government-wide financial statements provide both limited long-term and short-term information about the Library's overall financial status. The fund financial statements focus on the current operational activity of the Library, reporting the Library's operations in more detail than the government-wide statements. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden the basis of future comparisons, and enhance the Library's accountability.

Government-Wide Statements

The government-wide statements report information about the Library as a whole. The Statement of Net Assets presents information on the Library's assets and liabilities. The Statement of Activities report shows the Library's net assets change during the most recent fiscal year. These statements include all assets and liabilities using the modified cash basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the net assets of the Library and the changes in them—a means of measuring the Library's financial position. Over time, increases or decreases in the Library's net assets are one indicator of whether the Library is doing better or worse financially. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, changes in taxing districts, geography of city limits, and new or changed government legislation.

In the Statement of Net Assets and the Statement of Activities, we look at the Library's overall activity.

Governmental activities – most of the Library’s basic services are reported here, including sales tax.

The following is a summary of the Statement of Net Position on the modified cash basis of accounting as of December 31, 2018 and 2017:

	December 31,	
	2018	2017
Assets:		
Cash and Cash Equivalents	\$ 1,307,151	\$ 1,170,335
Restricted Cash and Cash Equivalents	-	-
	<hr/>	<hr/>
Total Assets	1,307,151	1,170,335
	<hr/>	<hr/>
Liabilities:		
Accrued payroll withholdings	3,415	12,404
	<hr/>	<hr/>
Total Liabilities	3,415	12,404
	<hr/>	<hr/>
Net Position:		
Restricted for:		
Equipment	-	-
Unrestricted	1,303,736	1,157,931
	<hr/>	<hr/>
Total Net Position	\$ 1,303,736	\$ 1,157,931
	<hr/>	<hr/>

Fund Financial Statements

Traditional users of government financial statements will find the fund financial statement presentation more familiar. The focus is now on the Library’s funds. The fund financial statements provide more information about the Library’s funds and current year details of operations and the Library as a whole.

The Library’s fund statement encompasses the activity of the general fund. The general revenue fund is the primary and only operating fund of the Library. It accounts for financial resources used for general types of operations. This statement offers a short-term view of the current year.

Financial Analysis of the Library as a Whole

Below is an analysis of the comparative statement of net assets for the year 2018.

POPLAR BLUFF MUNICIPAL LIBRARY DISTRICT

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS FOR THE FISCAL YEAR ENDED DECEMBER 31

Program Expenses:	2018	2017
Library services:		
Personnel	\$ 627,598	\$ 649,254
Operating Expenses	458,292	376,081
Library Materials	86,997	76,742
Capital Outlay	12,573	9,426
Total Program Expenses	1,185,460	1,111,503
Program Revenues:		
Patron Services	25,682	17,549
State Aid & Grants	11,902	24,247
Gifts and Contributions	35,346	19,182
Net Program Revenues	72,930	60,978
Net Program Expenses	(1,112,530)	(1,050,525)
General Revenues:		
Quarter-Cent Sales Tax	1,247,372	1,240,576
Interest	10,963	8,765
Total General Revenues	1,258,335	1,249,341
Increase in Net Position	145,805	198,816
Net Position:		
Beginning of the year	1,157,931	959,115
End of year	\$ 1,303,736	\$ 1,157,931

The Library's main source of revenue is a ¼ cent sales tax collected within the city limits of Poplar Bluff, Missouri. This accounts for 94 percent of the Library's total revenue. Other income sources included grants, donations, donated and withdrawn book sales, passport revenue, state aid, interest, fines and fees.

The personnel expense in 2018 represents 52.9 percent of total expenditures (2017 for Poplar Bluff was 58.4 percent), while the average of Missouri libraries with a similar service focus for 2017 was 59.7 percent (latest data available). Personnel expenditures as a percentage of budget decreased by 5.5 percent over 2017. Labor hours decreased by 1,355 hours or 4.3 percent.

These reductions can be explained by staff turnover and unfilled positions. From June through August, the Children’s and Young Adult Librarian and Building Administrator positions were open. These positions were filled in August with the Building Administrator position reclassified with title and job description changes to Facilities Coordinator. In addition, the custodial position became a Maintenance position at 30 hours per week to give the person in that position full benefits. This made hiring and retaining staff in these positions more attractive to applicants and decreasing potential turnover. In August, the Adult Services Librarian resigned. That position remained unfilled through the remainder of 2018. Additional personnel changes included the reduction of part-time staff due to attrition from August through the end of 2018. Staff were shifted into new roles to accommodate these staffing changes. Positions continued to remain unfilled until the ballot on Missouri Minimum Wage changes were known and the outcome of sales tax collections and TIF payments were reviewed.

Areas of growth include eBook, eAudiobooks, etc., with increased checkouts overall for print and electronic resources to 4 percent. Adult print circulation increased by 2 percent, Juvenile print circulation was zero percent with electronic checkouts at an increase of 11 percent for Overdrive and 70 percent for Hoopla. There are strong indicators that physical checkouts are remaining stable. These statistics reflect national trends and recognize the nature of the library’s current borrowers’ needs. As a result, the library has aligned its budgeting to reflect borrowers’ wants.

Additionally, Poplar Bluff Municipal Library out performs most of its sister institutions in the areas indicated:

	State <u>Average</u>	Libraries Population 15,000- <u>29,999</u>	Libraries Population 30,000- <u>74,999</u>	<u>Poplar Bluff</u>
Circulation per hour	28.16	45.07	41.33	160.28
Circulation per Registered Borrower	10.88	12.21	12.61	21.79
Visits per hour	16.25	24.93	25.05	40.53
Visits per Registered Borrower	6.89	6.84	8.37	5.51
Visits per Legal Service Area	4.43	4.10	3.57	6.79
Collection Turnover	1.02	1.32	1.35	4.21

These numbers speak to efficiency of staff performance (see average staff expenditures), staff training, marketing, collection development, technology enhancements, and public support of the library. All of these factors indicate management's and Board of Trustees commitment to listening to its library users regarding services needed and requested. It speaks strongly to its commitment for fulfilling its promises for good service. Particularly telling is the collection turnover which indicates a high usage of a very relevant collection. Staffing performance underscores the necessity of maintaining high morale among staff and good training reducing staffing turnover and the costs associated with hiring and training.

Lump Sum Payments

Over the past two years, due to the uncertainty of tax revenues and unpredictability of TIF payments, library employees had not received a raise except for three employee promotions. With the competitive labor pool and a 3.5 percent unemployment rate, it is necessary to maintain morale in order to retain good employees. Poplar Bluff Municipal Library is committed to its employees. Budget for salaries was less than projected. As a result, this salary line surplus afforded management to recommend a lump sum payment for its employees. The Board of Trustees upon recommendation of the Library Director at the June 2018 Board meeting approved a fair and equitable across the board \$300 Lump Sum Payment (LSP) for all current employees. The board accepted the recommendation with the library picking up the costs of Social Security, Medicare, and applicable LAGERS payments. Employees were responsible for income taxes for the employer paid portions. This lump sum payment was made July 20, 2018.

With further personnel cost savings realized at the end of the fiscal year and with the uncertainty of 2019 personnel costs due to a new progressive Missouri Minimum Wage law, flat sales tax revenues, and continued unpredictable TIF payments, the director recommended a second lump sum payment of \$600. Again, the Board of Trustees approved this recommendation with the approval of the October 2018 revised budget. The library paid the employee portion of Social Security, Medicare, and LAGERS payments. All employees received the lump sum payment unless they were on probation. At the end of their successful completion of their probationary period, the employee receives the lump sum payment. At the end of 2018, two employees will be eligible to receive their \$600 lump sum payment in 2019. All other employees received their lump sum payment on November 16, 2018.

Capital Asset Activity

Furniture was purchased for the teen collection and programming area. The furniture increased capital assets by \$12,573.

Budget Highlights

The Library adopts a general budget in the November Board meeting after it has been presented in October for discussion with the Board of Trustees. The budget is developed by the library's full-time staff for presentation to the Board. The Director meets individually and collectively with staff—Assistant Director, Children's and Youth Librarian, Technical Services Manager,

Adult Services Manager, IT Coordinator, Facilities Coordinator, and Business Services Associate. Each staff member presents their budget. The budget is developed into a balanced budget meeting the library's mission statement and incorporating the staff's individual and library goals. Included in the budget is a ten percent reserve not including carryovers from the previous fiscal year. The budget is approved by the Board in a roll call vote.

The budget is amended twice during the year: March and October. This gives library management an opportunity to track spending and to modify the budget as necessary to cover any unusual expenses such as extraordinary repairs, equipment replacement and/or personnel costs as well as monitor the revenue stream in relation to budget expenditures. In addition, it allows the staff to amend goals as spending priorities change due to changing social environments and patrons' demand.

Financial Reports are presented at each board meeting. A Fiscal 2018 budget comparison for the current month and year to date is presented to the Board of Trustees at the monthly Board meeting. This report includes percentage spent of each budget line item and shows benchmarks in relationship to library goals and percent of year passed. The director reviews a monthly cash flow report. This allows her to monitor sales tax revenue receipts and cash flow with demands on cash balances. The director and the Board of Trustees in the monthly board meeting discuss and analyze the year to date spending and revenue flow. These are not shown on the financial statements section of this report.

The Library has operated on a zero balance budget. At the end of the fiscal year each budget category reverts back to the new balance for the new fiscal year. The library staff worked diligently to keep the overall budget in line with the projected budget and in fact operated with a ten percent hold back until December 2018. Based upon revenue and donations, the ten percent hold back was not released in December and staff could only spend their budgets as developed and revised through October 2018.

Debt Administration

The Library had no outstanding debt as of December 2018. The library made its fifth and final payment in October 2018 for historical operations to the City of Poplar Bluff as agreed through a Memorandum of Understanding with the City and ratified by the Library Board of Trustees and Poplar Bluff City Council in June 2014. The amount of the fifth payment was \$97,957. There is no remaining balance due to the City of Poplar Bluff.

Economic Factors and Next Year's Budget

The Library considered many factors when setting the fiscal year 2018 budget. One of the factors is the local economy and anticipated tax revenue from the municipality of Poplar Bluff sales tax district. The sales tax is the Library's main source of revenue. The Library's operating expense increases and future capital expansion plans depend upon growth in tax revenue. On average sales tax has grown between 1 and 2 percent except in the economic downturn of 2008-2009. The 2018 budget was conservatively estimated to grow at 2 percent for purposes of the 2018 budget build. Actual revenue growth was .54 percent. In October, the budget was adjusted to

compensate for the original growth projection. The Library recognizes the need for expanded and improved library service according to its goals and the growth of the City of Poplar Bluff while actual revenue is shrinking. A part of the library's strategic plan will include the need for additional revenue streams and protection of its reserves.

Due to the amounts in the General Revenue account and Savings (Reserve) account, a request was made to Southern Bank to increase the interest received on its deposits. In October, the interest received on the Reserve account was .75 percent. As a result of overall changes in bank interest, the director and assistant director met with the Southern Bank account manager requesting a change in interest on its savings account. Southern Bank replied via email on November 1, 2018:

“Southern Bank is willing to make adjustments to Poplar Bluff Public Library's Reserve Savings account (account number redacted). It will be a variable rate based off the 91 Day Treasury. The rate approved will be 40 points minus the 13 week treasury which will be changed on the 1st business day of each month. So currently the 91 Day Treasury rate is at 2.31%. 2.31% minus forty points would be at (without rounding) 1.905%. “

At the December 3, 2018 Board of Trustees meeting, the Banking and Finance Committee recommended as follows, “The Finance Committee recommends the transfer of \$300,000 to the reserve fund immediately increasing the interest rate from .75% to 1.9%.” Funds were transferred increasing interest revenue for the library.

Another initiative was providing passport services for the community. The United States Department of State has partnered with public libraries for providing passport applications for U.S. citizens. Each passport application generates \$35 in fees with the rate set by the Department of State. Staff are trained and certified through testing by the Department of State. In 2018, the library generated \$7,576 in revenue for passport fees.

In meeting goals for increased efficiency, was the purchase and installation of a print release station. Equipment was purchased late 2017 with implementation in 2018. A print release station provides patron access and control over their print jobs. It eliminates the need for staff intervention by 90 percent or more. Previously, staff pulled print jobs from the printer, sorted jobs by patron name, took payments, printed receipts for transactions, and performed data entry for each transaction. After the initial patron learning curve, staff time has been freed to spend more of their time on patron assistance and access to the collection. Funding for this project came through the State Library with monies from the Institute of Museum and Libraries/Library Services and Technology Act funding 50 percent of the costs with the remainder matched by library funds. Grant monies were received in 2017 and 2018 for this project.

The library's continued relationship with Missouri Evergreen's 41 member libraries and traditional interlibrary loan through OCLC provides cost savings and avoidance with library resource sharing and cooperative purchasing of products. This sharing maximizes library dollars for Poplar Bluff Municipal Library and its partners across Missouri providing value to Missouri citizens. Interlibrary Loan numbered 20,768 items borrowed or lent compared to 18,134 in 2017. This is a 15 percent increase. Items borrowed by Poplar Bluff patrons allowed for a purchasing cost avoidance in excess of \$302,075. Poplar Bluff Municipal Library lending is up for OCLC and Missouri Evergreen by 18 percent and 29 percent respectively. OCLC borrowing is down by

26 percent. This represents a savings in postage and packaging as materials are shipped using state-wide courier services. Missouri Evergreen's growth allows the library to use the courier service for lending which is a cost savings. Additionally the library ranked continuously in the top eight among 102 Missouri libraries in eresource borrowing exceeding usage per capita by library systems twice its size. The library expects to see continued growth in lending, borrowing, and e-resource usage. With the addition of seven more libraries to Missouri Evergreen in 2019 and 2020 and the addition of Hoopla, the library's lending materials grew to over 3,000,000 items. Currently, with its membership in Missouri Evergreen and ecollection, Poplar Bluff's library patrons have access to the largest library collection in Missouri including St. Louis and Kansas City SMA's. As a result, staff assistance is vital for helping our patron's make the most of these valuable resources and efficient use of the collections with properly trained staff to manage Interlibrary Loan and Courier services.

The library continues to use volunteers for projects providing greater patron access to all staff. The volunteer program is not intended to replace paid staff but to grow current staff skill sets within the organization and to meet the increased demand for library services managing library growth in a fiscally responsible manner.

Efforts to maintain and increase efficiency where possible will continue to be a high priority. This is necessary considering limited growth in tax revenue while maintaining and growing library services in the Poplar Bluff community.

Contacting the Library Management

The financial report is designed to provide the citizens of the City of Poplar Bluff with a general overview of the Library's finances and to demonstrate the Library's accountability of the money it receives. If you have questions about this report or need additional financial information, do not hesitate to contact the Director, Sue Crites Szostak, John Stanard, Board Treasurer, or Margaret Fletcher, Board President. The address is 318 North Main Street, Poplar Bluff, MO 63901.

Poplar Bluff Municipal Library District
Statement of Net Position - Modified Cash Basis
December 31, 2018

<u>Assets</u>	<u>Governmental Activities</u>
Cash and cash equivalents	<u>\$ 1,307,151</u>
Total assets	<u><u>\$ 1,307,151</u></u>
 <u>Liabilities</u>	
Accrued payroll withholdings	<u>\$ 3,415</u>
Total liabilities	<u><u>\$ 3,415</u></u>
 <u>Net position</u>	
Unrestricted	<u>\$ 1,303,736</u>
Total net position	<u><u>\$ 1,303,736</u></u>

The accompanying notes are an integral part of these financial statements.

Poplar Bluff Municipal Library District
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expenses) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:				
Library	\$ (1,172,887)	25,682	47,248	(1,099,957)
Capital expenses	(12,573)	-	-	(12,573)
Total governmental activities	<u>\$ (1,185,460)</u>	<u>25,682</u>	<u>47,248</u>	<u>(1,112,530)</u>
General Revenues:				
				\$ 1,247,372
				10,963
				<u>1,258,335</u>
				145,805
				<u>1,157,931</u>
				<u>\$ 1,303,736</u>

The accompanying notes are an integral part of these financial statements.

Poplar Bluff Municipal Library District
 Balance Sheet - Modified Cash Basis
 Governmental Fund
 December 31, 2018

	<u>General Fund</u>
<u>Assets</u>	
Cash and cash equivalents	<u>\$ 1,307,151</u>
Total assets	<u><u>\$ 1,307,151</u></u>
<u>Liabilities and fund balances</u>	
Liabilities:	
Accrued payroll withholdings	<u>\$ 3,415</u>
Total liabilities	<u>3,415</u>
Fund Balance:	
Assigned to:	
Library reserves	507,890
Library books	3,187
Unassigned	<u>792,659</u>
Total fund balance	<u>1,303,736</u>
Total liabilities and fund balances	<u><u>\$ 1,307,151</u></u>

The accompanying notes are an integral part of these financial statements.

Poplar Bluff Municipal Library District
Statement Revenues, Expenditures and Changes in Fund Balance
Modified Cash Basis - Governmental Fund
For the Year Ended December 31, 2018

	<u>General Fund</u>
<u>Revenues</u>	
Quarter-cent sales tax	\$ 1,247,372
Patron services	25,682
State aid and grants	11,902
Gifts and contributions	35,346
Interest	<u>10,963</u>
Total revenue	<u>1,331,265</u>
 <u>Expenditures</u>	
Current:	
Personnel	627,598
Operating expenses	458,292
Library materials	86,997
Capital outlay	<u>12,573</u>
Total expenditures	<u>1,185,460</u>
 Net change in fund balance	 145,805
 Fund balance, beginning	 <u>1,157,931</u>
 Fund balance, ending	 <u>\$ 1,303,736</u>

The accompanying notes are an integral part of these financial statements.

Poplar Bluff Municipal Library District

Notes to Financial Statements

December 31, 2018

1. Summary of Significant Accounting Policies

The Poplar Bluff Municipal Library District (Library) was incorporated in 1916 under the provisions of the State of Missouri and is operated under a board of trustees and librarian form of management. It is a political subdivision as defined by Missouri Statute RSMo 182.480. The Council of the City of Poplar Bluff (City) appoints the governing members of the Library's board, but the City's accountability does not extend beyond this. As of December 31, 2012, the City of Poplar Bluff does not include the Library as a component unit with the City's financial reporting.

As discussed further in Note 1, these financial statements are presented on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Generally accepted accounting principles (GAAP) include all relevant Government Accounting Standards Board (GASB) pronouncements.

A. Financial Reporting Entity

The financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the primary government is financially accountable or closely related. The Library has determined that no outside agency meets the criteria and therefore, no other agency has been included as a component unit in the Library's financial statements.

B. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position - Modified Cash Basis and Statement of Activities - Modified Cash Basis present financial information about the Library as a whole. These statements include the financial activities of the primary government. The effect of interfund activity has been eliminated for these statements. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The Statement of Net Position - Modified Cash Basis presents the financial condition of the governmental activities of the Library at year-end. The Statement of Activities - Modified Cash Basis presents a comparison between direct expenses and patron services for each function of the Library's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Amounts reported as *patron services* include charges paid by patrons for fees, or goods and services offered by the Library. *Grants and contributions* are restricted to meeting the operational or capital requirements of a particular program. *Gifts* are received from donors including the sale of donated books for the purposes of memorials and general use of the library for materials, programming and capital expenditures. Revenues not classified as *patron services*, *grants and contributions*, or *gifts* are presented as general revenues and include all sales taxes. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Library.

Poplar Bluff Municipal Library District

Notes to Financial Statements

December 31, 2018

Fund Financial Statements

The fund financial statements provide information about the Library's funds. A balance sheet and statement of revenues, expenditures, and changes in fund balance are presented. The emphasis of fund financial statements is on major governmental funds each displayed in a separate column. The Library considers each of its funds to be major.

The accounts of the Library are organized on the basis of legally established funds, each of which is considered to be a separate accounting entity. The operations of each fund is accounted for by providing a separate set of self-balancing accounts, which include its assets, liabilities, 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 all 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. The Library uses the following governmental fund types, each of which are considered to be a major fund:

<u>Fund</u>	<u>Brief Description</u>
General Revenue	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. This includes gifts and patron services.

C. Measurement Focus and Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Library's policy is to prepare its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting recognizes assets, liabilities, net position/fund equity, revenues, expenditures/expenses when they result from cash transactions except that the purchase of investments are recorded as assets and payroll withholdings are reported as liabilities.

As a result of the use of this modified cash basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services but not yet collected), certain liabilities (such as accounts payable, general revenue bonds and obligations under capital leases) and certain expenses (such as expenses for goods or services received but not yet paid) are not recorded in these financial statements.

Poplar Bluff Municipal Library District

Notes to Financial Statements

December 31, 2018

If the Library utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types (if any) would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

D. Net Position or Fund Equity

Government Fund Balances

In the governmental fund financial statements the following classifications are used to define the governmental fund balances:

- (1) Non-spendable - This consists of the governmental fund balances that are not in spendable form or legally or contractually required to be maintained intact.
- (2) Restricted - This consists of the governmental fund balances that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.
- (3) 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.
- (4) Assigned - This consists of the governmental fund balances that are intended to be used for specific purposes by a) Board of Trustees or b) Director. The Library's assigned fund balance includes monies budgeted in the subsequent year.
- (5) Unassigned - All amounts not included in other fund balance classifications.

Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Library or through external restrictions imposed by creditors, grantors, laws, regulations or other governments. All other net positions are reported as unrestricted.

Poplar Bluff Municipal Library District

Notes to Financial Statements

December 31, 2018

Use of Restricted Resources

When an expenditure or expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the policy of the Library to generally consider restricted amounts have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the Library that committed amounts would be reduced first, followed by assigned amounts, then unassigned amounts.

E. Interfund Activity

Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

2. Sales Taxes

Sales tax as set forth in RSMo 182.802 is collected by the Missouri Department of Revenue and is deposited directly into the Library's General Revenue Account on the seventh day of each month or the first working day either proceeding or following the seventh day. The sales tax is 1/4 cent and collected from businesses within the Poplar Bluff city limits except for the community development district of Eight Points. The Library receives 1/4 cent sales tax from the Eight Points Development District and then is billed by the City of Poplar Bluff for 1/2 of the sales tax collected by the Missouri Department of Revenue on behalf of the Library. This amount is paid to the City of Poplar Bluff quarterly for the City's repayment of loans for infrastructure and development in the District. For the fiscal year ended 2018, the Library paid to the City of Poplar Bluff \$102,720 for the TIF. Currently, the scheduled completion of repayment is August 5, 2035.

3. Cash and Investments

The Library is governed by the deposit and investment limitations of state law. State law authorizes the following types of investments: United States Treasury and Agency Securities, Repurchase Agreements, Collateralized Certificates of Deposit, Banker's Acceptances and Commercial Paper. As of December 31, 2018, the Library did not have any investments.

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. Southern Bank, the Library's financial institution, issues statements of investments as part of its safe keeping agreement on any bank balance exceeding \$250,000. As of December 31, 2018, all balances were fully secured.

Poplar Bluff Municipal Library District

Notes to Financial Statements

December 31, 2018

4. Long-Term Liabilities

The Library had no long-term liabilities on December 31, 2018. In 2014 the Library executed a memorandum of understanding with the City of Poplar Bluff agreeing to pay \$489,787 over a period of five years as payment for monies provided by the City for Library operations over and above the amounts of property taxes received by the City for the years 2008-2012. The first payment of \$97,957 was made on December 2, 2014. On October 2, 2018, the fifth and final of five payments was made in the amount of \$97,957 leaving a zero balance. This payment is attributed to the Historical Operations in the Library's budget.

5. Operating Leases

The Library occupies a building erected in 1936 with a 1997 addition funded by a city wide tax referendum, and a significant 2008 renovation funded by a one million dollar donation to the Library. Since 1936, the deed to the building and property is recorded under the name of the City of Poplar Bluff. Since January 1, 2013, the Library is responsible and pays for all property and liability insurance and maintains the building, grounds, and parking lot, and its systems from sales tax revenue. Subsequent events have created a \$1 per six month lease agreement between the City of Poplar Bluff and the Library for five years. This lease agreement was voted by the City of Poplar Bluff Council on June 16, 2014. Since 2013, the Library has expended \$803,304 in building repairs, maintenance, and insurance. Another \$802,141 was spent for Historical Operations and TIF payments to the City of Poplar Bluff. None of these figures include maintenance personnel costs.

6. Employee's Retirement Plan

Summary of Significant Accounting Principles

Pensions. For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Poplar Bluff Municipal Library District

Notes to Financial Statements

December 31, 2018

General Information about the Pension Plan

Plan description. The Poplar Bluff Municipal Library District defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The Poplar Bluff Municipal Library District participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits provided. LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 and receive a reduced allowance.

	<u>2018 Valuation</u>
Benefit Multiplier:	1.50%
Final Average Salary:	5 Years
Member Contributions	4.00%

Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

Employees covered by benefit terms. At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>9</u>
	<u>9</u>

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer contribute 4.0% of their gross pay to the pension plan. Employer contribution rates are 8.1% of annual covered payroll.

Poplar Bluff Municipal Library District

Notes to Financial Statements

December 31, 2018

Net Pension Liability. The employer's net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2018.

Actuarial assumptions. The total pension liability in the February 28, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation, 2.50% price inflation
Salary Increase	3.25% to 6.55% including inflation
Investment rate of return	7.25%, net of investment expenses

The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables were used for the RP-2014 employees mortality table for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2018 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	43.00%	5.16%
Fixed Income	26.00%	2.86%
Real Assets	21.00%	3.23%
Strategic Assets	10.00%	5.59%

Poplar Bluff Municipal Library District

Notes to Financial Statements

December 31, 2018

Discount rate. The discount rate used to measure the total pension liability is 7.15%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Changes in the Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/17	\$ 238,525	149,728	88,797
Changes for the year:			
Service cost	33,532	-	33,532
Interest	18,487	-	18,487
Difference between expected and actual	-	-	-
Changes in assumptions	6,831	-	6,831
Contributions - employer	5,863	28,674	(22,811)
Contributions - employee	-	14,706	(14,706)
Net investment income	-	20,027	(20,027)
Administrative expense	-	(769)	769
Other changes	-	(1,103)	1,103
Net changes	<u>64,713</u>	<u>61,535</u>	<u>3,178</u>
Balances at 12/31/18	<u>\$ 303,238</u>	<u>211,263</u>	<u>91,975</u>

Sensitivity of the net pension liability to changes in the discount rate. The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.15%, as well as what the employer's Net Pension Liability would be using a discount rate that is one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate.

	Current Single Discount Rate		
	1% Decrease 6.15%	Assumption 7.15%	1% Increase 8.15%
Total Pension Liability	\$ 369,399	303,238	249,877
Plan Fiduciary Net Position	<u>211,263</u>	<u>211,263</u>	<u>211,263</u>
Net Pension Liability	<u>\$ 158,136</u>	<u>91,975</u>	<u>38,614</u>

Poplar Bluff Municipal Library District

Notes to Financial Statements

December 31, 2018

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions

For the year ended December 31, 2018, had the financial statements been prepared in accordance with generally accepted accounting principles (GAAP), the employer would have recognized a pension expense of \$31,292. The employer would have reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences in experience	\$ 30,544	(2,738)
Differences in assumptions	13,608	-
Excess (deficit) investment returns	-	(5,802)
Contributions subsequent to the measurement date*	11,187	-
Total	<u>\$ 55,339</u>	<u>(8,540)</u>

*The amount reported as deferred outflows of resource resulting from contributions subsequent to the measurement date would have been recognized as a reduction to the Net Pension Liability for the year ending December 31, 2018.

Had the financial statements been prepared in accordance with GAAP, the amounts reported as deferred outflows and inflows of resources related to pensions would be recognized in pension expense as follows:

Year Ended:	
2019	\$ 4,439
2020	3,827
2021	2,514
2022	3,478
2023	5,015
Thereafter	<u>16,339</u>
	<u>\$ 35,612</u>

Payable to the Pension Plan

At December 31, 2018, the Library reported a payable of \$2,323 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2018.

Poplar Bluff Municipal Library District

Notes to Financial Statements

December 31, 2018

7. Missouri Evergreen Library Consortium

The Library is a member of the Missouri Evergreen Library Consortium. It is an association of municipal library districts, county libraries, and regional libraries. The purpose of the Consortium is to develop and maintain a shared integrated library system for library public catalog, cataloging, and resource sharing. The members in 2018 were Poplar Bluff Municipal Library, Albany Carnegie Public Library, Bollinger County Public Library, Cameron Public Library, Carrollton Public Library, Carthage Public Library, Caruthersville Public Library, Cass County Library, Crawford County Library, De Soto County Public Library, Doniphan-Ripley County Library, Douglas County Library, Dulany Memorial Library, Festus Public Library, Grundy County Jewett Norris Library, Howard County Public Library, Jefferson County Library, Lebanon-Laclede County Library, Little-Dixie Regional Libraries, Livingston County Library, Marion County Public Library, Marshall Public Library, Mountain View Public Library, North Kansas City Public Library, Ozark Regional Library, Polk County Public Library, Pulaski County Public Library, Riverside Regional Library, Ste. Genevieve County Public Library, Salem Public Library, Scenic Regional Library, Schuyler County Library District, Sikeston Public Library, Stone County Library, Texas County Library, Trails Regional Library, Washington Public Library, Webb City Public Library, Webster County Library, Willow Springs Public Library, and Wright County Library.

Missouri Evergreen is hosted by MOBIUS. The Library is obliged to pay a yearly licensing fees for the Missouri Evergreen ILS. In 2018, the Library paid \$1,000 hosting fee and \$7,078 maintenance fee plus \$292 for Syndectics content to MOBIUS. In addition, the library purchases a shared subscription to Novelist for enhanced library catalog content and shared authority control services for all Missouri Evergreen libraries. The hosting fee was up over \$2,000 from the previous year. This was caused by an increase in materials circulated as reported to the Missouri State Library in its annual statistical report. MOBIUS bills libraries based upon each library's circulation statistics. A change in the state statistical reporting caused circulation numbers to increase and in turn caused the billing from MOBIUS to increase.

The Library can withdraw from the Consortium at any time and would pay a one-time fee to extract the Library's data (resource and patron). All hardware for the use of this system on the Library's site is owned and operated by the Library.

8. Risk Management

The Library is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Library has property and liability insurance, worker's compensation, and bonding of its Director, Assistant Director, Business Services Associate, Board President, and Board Treasurer. There have been no significant reductions in coverage and settled claims have not exceeded coverage in any of the past year.

9. Related Party Transactions

The Library has no transactions with related parties.

Poplar Bluff Municipal Library District

Notes to Financial Statements

December 31, 2018

10. Commitments and Contingencies

Full time employees earn personal leave which are considered expenditures in the year paid. Accumulated leave is not payable upon termination or retirement. An exception to the payout was made for an employee in 2018. The employee was not fully informed of the policy and as a result, it was determined by management due to oversight that it was the responsibility of the Library to pay the unexpended leave of 73.92 hours for a total cost of \$1,458. Since this time, the wording was changed to clarify the policy in the 2019 Personnel Handbook as approved by the Board of Trustees at the December 2018 Board meeting. Full time employees may not accumulate more than sixty days of leave.

11. Subsequent Events

Management has evaluated subsequent events through April 1, 2019, which is the date that the financial statements were available to be issued.

Poplar Bluff Municipal Library District
 Budgetary Comparison Schedule (Unaudited)
 General Fund
 For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance with Final Budget - Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Quarter-cent sales tax	\$ 1,155,000	1,200,000	1,247,372	47,372
Fines, fees and services	15,000	25,000	25,682	682
State aid and grants	-	-	11,902	11,902
Gifts and contributions	-	-	35,346	35,346
Interest	6,500	8,000	10,963	2,963
Transfer in from reserves	60,000	-	-	-
Total revenues	<u>1,236,500</u>	<u>1,233,000</u>	<u>1,331,265</u>	<u>98,265</u>
<u>Expenditures</u>				
Current:				
Personnel	683,508	665,762	627,598	(38,164)
Operating expenses	463,790	450,500	458,292	7,792
Library materials	78,750	78,900	86,997	8,097
Capital outlay	10,000	13,000	12,573	(427)
Total expenditures	<u>1,236,048</u>	<u>1,208,162</u>	<u>1,185,460</u>	<u>22,702</u>
Net change in fund balance	<u>\$ 452</u>	<u>24,838</u>	<u>145,805</u>	<u>120,967</u>

Poplar Bluff Municipal Library District
Notes to Budgetary Comparison Information (Unaudited)
December 31, 2018

1. Budgets and Budgetary Accounting

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

- (1) The Library adopts a budget for the general fund. The budget documents contains the minimum information required by Chapter 67, RSMo.
- (2) The Director submits to the Board of Trustees a proposed budget for the fiscal year beginning of the following January 1. The proposed budget includes estimated revenues and proposed expenditures for all Library governmental funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
- (3) Prior to January 1, the budget is legally enacted by a roll call vote of the Board of Trustees.
- (4) 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.
- (5) Budgets are adopted on the cash basis of accounting.
- (6) Appropriations lapse at year end.

Poplar Bluff Municipal Library District
Schedule of Changes in Net Pension Liability (Unaudited)
For the Year Ended December 31, 2018

<i>Fiscal year ending December 31,</i>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability				
Service cost	\$ 33,532	28,762	29,184	28,550
Interest on the total pension liability	18,487	13,601	10,329	7,151
Difference between expected and actual experience	6,831	23,050	(3,776)	9,268
Assumption changes	5,863	-	11,450	-
Benefit payments, including refunds	-	(709)	(2,942)	-
Net change in total pension liability	<u>64,713</u>	<u>64,704</u>	<u>44,245</u>	<u>44,969</u>
Total pension liability, beginning	<u>238,525</u>	<u>173,821</u>	<u>129,576</u>	<u>84,607</u>
Total pension liability, ending	<u>303,238</u>	<u>238,525</u>	<u>173,821</u>	<u>129,576</u>
Plan Fiduciary Net Position				
Contributions-employer	28,674	24,955	18,332	17,611
Contributions-employee	14,706	14,292	11,653	12,561
Pension plan net investment income	20,027	13,345	-292	996
Benefit payments, including refunds	-	(709)	(2,942)	-
Pension plan administrative expense	(769)	(759)	(674)	(653)
Other	(1,103)	(888)	-582	3,800
Net change in plan fiduciary net position	<u>61,535</u>	<u>50,236</u>	<u>25,495</u>	<u>34,315</u>
Plan fiduciary net position, beginning	<u>149,728</u>	<u>99,492</u>	<u>73,997</u>	<u>39,682</u>
Plan fiduciary net position, ending	<u>211,263</u>	<u>149,728</u>	<u>99,492</u>	<u>73,997</u>
Employer net pension liability	<u>\$ 91,975</u>	<u>88,797</u>	<u>74,329</u>	<u>55,579</u>
Plan fiduciary net position as a percentage of total pension liability	69.67%	62.77%	57.24%	57.11%
Covered employee payroll	\$ 372,520	343,006	269,636	330,619
Employer's net pension liability as a percentage of covered employee payroll	24.69%	25.89%	27.57%	16.81%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Poplar Bluff Municipal Library District
 Schedule of Contributions (Unaudited)
 For the Year Ended December 31, 2018

<i>Fiscal year ending December 31,</i>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 26,041	30,013	21,103	20,804	15,285
Contributions in relation to the actuarially determined contribution	<u>26,041</u>	<u>26,797</u>	<u>21,103</u>	<u>18,941</u>	<u>15,285</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>3,216</u>	<u>-</u>	<u>1,863</u>	<u>-</u>
Covered employee payroll	\$ 321,499	357,296	324,661	310,503	299,710
Contributions as a percentage of covered employee payroll	8.10%	7.50%	6.50%	6.10%	5.10%
<i>Fiscal year ending December 31,</i>	<u>2013</u>				
Actuarially determined contribution	\$ 9,401				
Contributions in relation to the actuarially determined contribution	<u>9,401</u>				
Contribution deficiency (excess)	<u>\$ -</u>				
Covered employee payroll	\$ 195,862				
Contributions as a percentage of covered employee payroll	4.80%				

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Poplar Bluff Municipal Library District
Notes to Schedule of Contributions (Unaudited)
December 31, 2018

Valuation Date:	February 28, 2018
Notes:	The roll-forward of total pension liability from February 28, 2018 to June 30, 2018 reflects expected service cost and interest reduced by actual benefit payments and administrative expenses.
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial Cost Method	Entry Age Normal and Modified Terminal Funding
Amortization Method	A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.
Remaining Amortization Period	Multiple bases from 12 to 24 years
Asset Valuation Method	5-Year smoothed market; 20% corridor
Inflation	3.25% wage inflation; 2.50% price inflation
Salary Increases	3.25% to 6.55% including wage inflation
Investment Rate of Return	7.25%, net of investment expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	<p>The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables were used for the RP-2014 employees mortality table for males and females.</p> <p>Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for the particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.</p>
Other Information:	None



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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
Poplar Bluff Municipal Library
Poplar Bluff, Missouri 63901

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 each major fund of the Poplar Bluff Municipal Library, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Poplar Bluff Municipal Library's basic financial statements and have issued our report thereon dated April 1, 2019. As noted in that report, the Library prepares its financial statements on the modified cash basis of account, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Poplar Bluff Municipal Library'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 Poplar Bluff Municipal Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Poplar Bluff Municipal 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Poplar Bluff Municipal Library's financial statements are free of 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 statement 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

This 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 Library'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 Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kraft, Miles & Tatum, LLC

Certified Public Accountants

April 1, 2019