

Consolidated Public Library District #3 (known as)
Mid-Continent Public Library

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
JUNE 30, 2019

LIBRARY



KEARNEY BRANCH 100



mymcpl.org

Administrative Headquarters
15616 E. 24 Hwy.
Independence, MO 64050

Consolidated Public Library District No. 3

Known as

Mid-Continent Public Library

Comprehensive Annual Financial Report

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Consolidated Public Library District No. 3

Known as

Mid-Continent Public Library

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Consolidated Public Library District No. 3

(Known as)



Providing library services in Clay, Jackson, and Platte Counties of Missouri

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For The Fiscal Year Ended
June 30, 2019**

**Prepared by:
Department of Finance and Facilities**

Introductory Section



September 3, 2019

To the Board of Trustees and the Citizens of the Consolidated Library District No. 3

The Comprehensive Annual Financial Report (CAFR) of the Consolidated Library District No. 3, known as Mid-Continent Public Library (the Library), for the fiscal year ended June 30, 2019 is hereby submitted. The report, presented in conformity with U.S. Generally Accepted Principles (GAAP), was prepared by the Finance Office of the Library, and includes a report of the independent certified public accountants, Cochran Head Vick & Co., P.C. The objective of this report is to provide the State of Missouri, Library Board of Trustees, creditors, and the general public with reliable information concerning the Library's financial condition and the financial results of its operations.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Library. We believe that the information, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the Library as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the Library's financial affairs have been included.

Generally Accepted Accounting Principles requires that management provides a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Library's MD&A can be found in the Financial Section immediately following the Independent Auditor's Report.

Financial Reporting Entity

Mid-Continent Public Library (a Consolidated Library District organized under Sections 182.610 RsMo,) functions to provide a public library program, the mission of which is to enrich our citizens and communities through expanding access to innovation, information, ideas and inspiration. The Library is governed by a twelve member Board of Trustees. By Missouri statutes, each county in the library district may appoint four representatives with a four-year term to the Board. The Clay and Platte County Commissions and the Jackson County Executive make these appointments.

Profile of the Library

Mid-Continent Public Library is a political sub-division of the State of Missouri within the jurisdiction of Clay, Platte, and Jackson Counties, excluding the Kansas City Public Library District and North Kansas City Public District, with a population according to the 2010 census of 762,446.

The history of Mid-Continent Public Library begins with the history of its individual county library districts. The amount of the operating levy is an important part of the history, because the operating levy had to be the same in each district in order for them to consolidate into one library district.

Jackson County Public Library was established in 1947. In April 1963, its operating levy was increased from 10 cents to 20 cents per 100 dollar valuation. Platte County Public Library District, the first county library district in Missouri, was established in 1941 with a 10 cents per 100 dollar valuation operating levy. Clay County Public Library District, established in April 1965, had an operating levy of 20 cents per 100 dollar valuation.

On November 10, 1965, the recently established Clay County Public Library District and the Jackson County Public Library District agreed to operate jointly as defined by Chapter 182.080 and Chapter 70.210 to 70.320 of the Missouri Revised Statutes and formed the Mid-Continent Public Library Service.

In order to become a full partner in Mid-Continent Public Library, Platte County asked its voters to raise the tax levy from 10 to 20 cents. In April of 1968, the levy was approved. On May 21, 1968, a new agreement was signed which included the three county library districts, Clay, Jackson and Platte. On September 17, 1968, the name was shortened from Mid-Continent Public Library Service to Mid-Continent Public Library.

In 1971, the Missouri Legislature passed the Consolidated Public Library law. Seven years later, on December 27, 1978, the Clay County Library District consolidated with the Jackson County Library District forming Consolidated Public Library District No. 3. On February 20, 1979, the Platte County Court voted to consolidate the Platte County Library District with Consolidated Public Library District No. 3, known as the Mid-Continent Public Library.

In 1983, Mid-Continent Public Library successfully passed a 15 cent increase in the operating levy for a total of 35 cents plus a temporary (eight years) building levy of 10 cents. However, in 1984, the Library had to roll back the operating levy to 25 cents and the building levy to 7 cents due to a Missouri constitutional amendment. In 1991, it was apparent that the building program was coming in under budget, but the operating fund was insufficient to staff the new buildings. On June 4, 1991, District voters were asked to vote to reset the operating levy to 32 cents and retire the building levy.

In 2016, Mid-Continent Public Library successfully passed an 8 cent increase in the operating levy for a total of 40 cents. The increase in revenue was needed to refresh library buildings, collections, and services.

The Library has signed reciprocity agreements with the North Kansas City Public Library, Ray County Public Library District and Rolling Hills Consolidated Public Library to extend library use privileges to customers in those library districts. Reciprocity is also extended to customers serviced by any public library that has delivery service and belongs to the Mid-America Library Alliance (MALA).

The Mid-Continent Public Library system consists of the following thirty-one full-service branch libraries totaling over 500,000 square feet:

Antioch	Edgerton	North Oak
Blue Ridge	Excelsior Springs	Oak Grove
Blue Springs North	Grain Valley	Parkville
Blue Springs South	Grandview	Platte City
Boardwalk	Kearney	Raytown
Buckner	Lee's Summit	Red Bridge
Camden Point	Liberty	Riverside
Claycomo	Lone Jack	Smithville
Colbern Road	North Independence	South Independence
Dearborn	Midwest Genealogy Center	Weston
		Woodneath Library Center

All above facilities offer a wide variety of programs and services aimed at meeting expectations of customers ranging from pre-school to senior citizen.

With storytelling as a service enhancement, the Library is able to offer new and exciting programs and services through The Story Center inside the Woodneath Library Center. Established in 2013, The Story Center celebrates and develops writers, performers, and filmmakers through access to free resources, workshops, and a community of storytellers. The Woodneath Press and Espresso Book Machine (EBM) are two important facets of The Story Center.

Beginning in 2019, the North Independence Branch will manage an extended service facility at a separate location: the Farview Neighborhood Library. That location will offer traditional library services, like book circulation, early literacy programs, and public computers. The Community Service League will operate a food pantry within the space. The Fort Osage School District retains ownership of the building and provides the space to both organizations at no cost for the duration of a three-year trial.

In addition, the Library operates two unstaffed self-service sites, called "*Library-To-Go*." These *Library-To-Go* sites consist of an automated materials handling system and computers with access to the Library's catalog, databases, and Internet.

This new concept in library service is offered at the locations of two local community centers:

Hillcrest Community Center
Kansas City Parks and Recreation

Marlborough Community Center
Kansas City Parks and Recreation

Some significant productivity levels for FY 2018-2019 are the following:

- 6,459,945 physical materials and 2,579,667 digital materials were circulated
- 2,755,928 visits were made to various service outlets.
- 437,406 sessions of public computer use and 309,173 sessions of public wi-fi access were completed
- 242,522 people attended on-site library programs and 90,022 people attended outreach programs

Economic Conditions and Outlook

The Library receives around 95% of its funding from property tax. During the sluggish economic periods, the Library is vulnerable while the assessed valuation of both real and personal property can fluctuate. Establishing assessed valuation in FY2019-2020 is proving to be very challenging. Previously, several school districts determined properties in Jackson County were systematically under-assessed. This prompted a commitment for assessment to occur as outlined in statute. This commitment resulted in a significant increase for many properties, which in turn resulted in so many appeals for reconsideration that the county cannot manage all the requests in a timely manner. It is possible Jackson County may have significant numbers of payments made under protest or the County may adjust the valuation in a global way to lessen the impact. Although the reasons are different, there are similar issues in Clay and Platte Counties as reassessment appeals are also up significantly. In any year, increases in assessed valuation can trigger mandatory decreases in the tax levy rate. Due to the mandatory levy decrease combined with the uncertain nature of the assessment appeals process, there is concern about how both matters will alter revenue in this year and future years.

The proliferation of and, at times, indiscriminate use of economic development tools such as Tax Increment Financing, and other tax abatement programs by the many municipalities in the Library District have become a major concern to the Library. These developments have caused additional uncertainty concerning the Library's long-term financial outlook.

Long-term Financial Planning

The Library's fund balance policy requires a target range of the General Fund's unassigned fund balance to be 20% to 50% of the subsequent year's operating budget. The unassigned fund balance as of June 30, 2019 was 44% of the fiscal year 2019-2020 operating fund's budget.

Relevant Financial Policies

Permitted with provisions of Missouri Statutes, the Library Board has adopted an investment policy to allow the Library to invest its funds to certain tax-exempt or taxable bonds issued by a governmental entity in Missouri. The purpose of the investment policy is to ensure the highest investment return with the maximum security of the Library's funds, while meeting the daily cash flow needs.

Major Initiatives

For the Year

Execution of the Second Phase of the Capital Plan

Part of the 2016 levy campaign involved a promise to update and upgrade the Library's facilities to correlate with the way that current library users want to use a public library. The Library started the second part of the building improvements and enhancements in 2018-2019. This included remodeling work on ten locations, new construction at two more locations, and a remodeling and long-term lease at Red Bridge. At the end of this year, nineteen of the thirty-five projects were complete or underway.

Farview Neighborhood Library

Mid-Continent Public Library was approached by the Fort Osage School District about a collaborative effort exploring the use of a surplus building that once held their early childhood center. The Library identified the building location in an underserved area and within one mile of the neighborhood with some of the greatest need in the entire library district. The Local Investment Commission suggested that Community Services League may want to collaborate in this new venture by relocating a food pantry from their program space at a nearby school. The three partners created a community resource to provide community assistance and library service in an area much in need of service. The Library will continue to monitor service at Farview for three years before determining whether to establish service in this area long term.

New Mobile App

During the community stakeholder meetings and the information campaign around the levy in 2016, one of the most common comments from the public involved difficulty using the Library's website and mobile app. In FY 2017-18 the Library launched a new website employing responsive design, making the need for a mobile app less pressing. However, a mobile app provides some additional functionality that the responsive design website does not. Therefore, the Library launched a mobile app as part of an upgrade to the Communico suite of applications to help manage digital signs and several other aspects of the Library's digital presence.

Policy and Bylaws Update

In FY2016-2017, the Library Board started reviewing the Library Policies and Board Bylaws. The need to complete the Strategic Plan and start execution of the Capital Plan tabled the effort. Staff completed a draft version of newly codified bylaws and policies. The Library Board adopted the new bylaws, policies and a style of governance document in FY2018-19.

Reading and Literacy Programs

This year, The Library created a position to help execute and coordinate large events. Having dedicated staff in the Community Programming Department helped to facilitate the second year of the teen literature and arts festival "LitUp" and the new "Romance GenreCon" for romance readers and writers.

Reading Rocket Outreach Services

Over the past three fiscal years, the Library has been creating a mobile outreach vehicle known as the Reading Rocket. This vehicle allows the Library to bring early literacy and school readiness activities to parts of the District, which lack transportation opportunities for children and their caregivers. The Reading Rocket was very successful in the first two years of use, suggesting additional mobile outreach vehicles could be warranted and useful.

Woodneath Property Determination

In 2019, the Library started very preliminary work on the new auditorium and final execution of the outdoor Master Plan at the Woodneath Library Center. An important part of this work has been determination how to address the barn and silo on the western part of the property. This effort includes community meetings and will follow best practices adopted by the U.S. Department of Interior and the State Historic Preservation Office.

Workforce Skills Program

In 2018-2019, the Library worked with Penn Foster to launch a new service to help people needing basic skills to successfully land jobs in today's workforce. The Library was a launch champion and one of the first public libraries to offer this service. The online skills program helps people with a high school diploma find work in traditional blue-collar careers. This program built on the Library's Career Online High School service for people without a high school credential and the Square One Small Business and Entrepreneur program to help people create their own businesses and jobs.

For the Future

Completion of the Second Phase and Starting the Third of the Capital Plan

Part of the 2016 levy campaign involved a promise to update and upgrade the Library's facilities to correlate with the way that current library users want to use a public library. The Library started the second part of the building improvements and enhancements in 2018-2019. If the current schedule holds, only six building projects will remain to be taken up after FY 2019-2020.

Survey of Organizational Capacity

The senior level staff of The Library started to Evaluate and prioritize system-wide services to optimize organizational capacity. The goal is to determine whether there are efforts that are in direct competition among centralized staff and public service staff and to determine general organizational capacity. This process should complete in FY2019-2020 and preliminary reorganization could occur following those findings.

Trial of "Open+" Software Suite

Vendor/Partners, Bibliotheca developed a technology-based system combining hardware and software to allow people to access library buildings before or after normal operating hours. Allowing library users to "opt-in" this solution opens a small part of the building for very specific "self-service" options, like returning items, picking up reserved items, or logging into wi-fi. This solution can provide extended hours without much additional ongoing cost. MCPL will trial these solutions at the new Farview Neighborhood Library.

Volunteer Program Expansion

The Library started a pilot project using volunteers to assist in providing program and services following the opening of the Midwest Genealogy Center in 2008. This program was very helpful in providing expertise and capacity. But it also helped create opportunities for the community to connect with the library in meaningful ways. In the coming year, the Library will expand the volunteer program to other areas and programs. This expansion is not meant to replace staff but rather to provide an opportunity for the community to better connect with the library and to enhance staff efforts, especially around the Library's strategic directions.

Internal Controls

In developing and evaluating the Library's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the Library's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Control

An annual budget is prepared in accordance with Missouri state statutes for estimated revenues within the governmental fund, itemized by source, and for proposed expenditures for each department and branch, itemized by object and activity.

The annual budget is officially adopted by a majority vote of the Board of Trustees in June each year. State statutes provide that the Library may not legally exceed budgeted expenditures in any individual fund. The legal level of budgetary control for the Operating Fund is activity as adopted by the Board of Trustees within the budget summary. Budgetary amendments require formal approval of the Board of Trustees.

Independent Audit

The independent auditor's report, which is a significant part of the Comprehensive Annual Financial Report, is included in the financial section. In this report, Cochran Head Vick & Co., P.C., Certified Public Accountants, express their opinion that the financial statements are presented fairly in conformity with accounting principles generally accepted in the United States of America and comment on the scope of their audit. The opinion is unmodified and signifies a substantial level of achievement.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Mid-Continent Public Library for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable, and efficiently organized comprehensive annual financial report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.


A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

We wish to express our appreciation to the members of the Board of Trustees for their continued interest and support in planning and conducting the financial operations of the Library in a responsible and progressive manner.

Respectfully submitted,



Steven Potter
Library Director and C.E.O.



Qun Fang
Finance and Facilities Director and C.F.O.

Consolidated Library District No. 3

Known as

Mid-Continent Public Library

Board of Trustees

June 30, 2019

Ms. Joycelyn Tucker Burgo, Jackson County, President

Ms. Michelle Wycoff, Clay County, Vice President

Mr. Ronald Thiewes, Clay County, Treasurer

Mr. Gordon Cook, Platte County

Ms. Charlotte Hoverder, Platte County

Mr. John W. Laney, Jackson County

Ms. Jane Rinehart, Clay County

Mr. Steve Roling, Jackson County

Mr. Brent Schondelmeyer, Jackson County

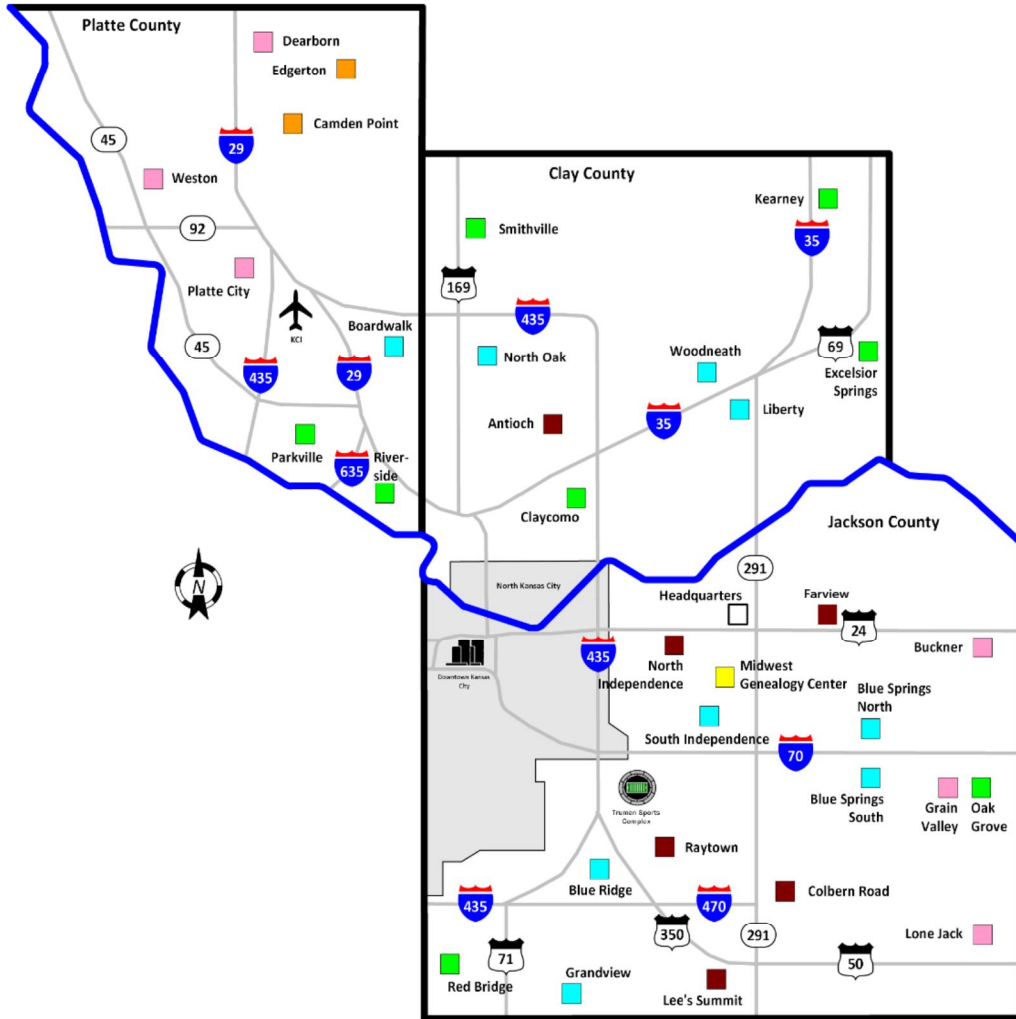
Mr. Trent Skaggs, Clay County

Mr. Lee Valentine, Platte County

Ms. Rita Wiese, Platte County

Senior Administrative Staff

Steven Potter	Library Director and CEO
Susan Wray	Assistant Library Director and COO
Jennifer Ridley	Human Resource Director
Qun Fang	Finance and Facilities Director and CFO
Bryan Gash	Chief Technology Officer
Teresa Johnson	Internal Communications Director
Ritchie Momon	Chief Experience Officer
Diana Reiter	Fundraising and Development Director
Jim Staley	Community Relations and Planning Director



CONSOLIDATED LIBRARY DISTRICT NO. 3
Mid-Continent Public Library Board of Trustees

Library Director and CEO

Assistant Director and COO

LIBRARY SERVICES

SUPPORTING SERVICES

LIBRARY OPERATIONS
Assistant Director and COO

COLLECTION DEVELOPMENT
Collection Development Manager

COMMUNITY PROGRAMMING
Community Programming Manager

INFORMATION AND READERS SERVICES
Information and Readers Services Manager

BOOK GROUP SERVICES

LIBRARY-BY-MAIL

READERS SERVICES

SQUARE ONE

TECHNICAL SERVICES
Technical Services Manager

INTERLIBRARY LOAN
Assistant Interlibrary Loan Manager

YOUTH SERVICES
Youth Services Manager

READING ROCKET

TECHNOLOGY SERVICES
Chief Technology Officer (CTO)

ELECTRONIC RESOURCES
Electronic Resources Manager

VIRTUAL BRANCH

INFORMATION TECHNOLOGY
Information Technology Manager

LIBRARY SYSTEMS
Library Systems Manager

PUBLIC SERVICES
Chief Customer Experience Officer (CXO)

LIBRARY BRANCH DIVISION
Associate Director for Public Service

BLUE SPRINGS NORTH
Branch Manager

BLUE SPRINGS SOUTH
Branch Manager

CAMDEN POINT

NORTH PLATTE
Branch Manager

GRAIN VALLEY
Branch Manager

DEARBORN

KEARNEY
Branch Manager

LEE'S SUMMIT
Branch Manager

LIBERTY
Branch Manager

NORTH OAK
Branch Manager

PARKVILLE
Branch Manager

SMITHVILLE
Branch Manager

PLATTE CITY

WEST PLATTE
Branch Manager

WESTON

LIBRARY BRANCH DIVISION
Associate Director for Public Service

ANTIOCH
Branch Manager

BLUE RIDGE
Branch Manager

BUCKNER
Branch Manager

CLAYCOMO
Branch Manager

EXCELSIOR SPRINGS
Branch Manager

GRANDVIEW
Branch Manager

LONE JACK
Branch Manager

OAK GROVE
Branch Manager

RAYTOWN
Branch Manager

RED BRIDGE
Branch Manager

RIVERSIDE
Branch Manager

SOUTH INDEPENDENCE
Branch Manager

BOARDWALK
Branch Manager

COLBERN ROAD
Branch Manager

MIDWEST GENEALOGY
Branch Manager

NORTH INDEPENDENCE
Branch Manager

FARVIEW

STORY CENTER
Story Center Director

WOODNEATH
Branch Manager

CAPITAL IMPROVEMENT
Capital Improvement Project Manager

COMMUNITY RELATIONS
Community Relations and Planning Director

MARKETING
Marketing and Communications Manager

PRINT SHOP
Print Production Supervisor

STATISTICAL ANALYTICS
Statistical Research Analyst

DEVELOPMENT
Fundraising and Development Director

FINANCE AND ASSET
Finance and Facilities Director

DELIVERY SERVICES
Delivery Services Manager

FACILITIES
Facilities Manager

FINANCE(S)

SUPPLIES
Supply Services Coordinator

WAREHOUSE
Warehouse Coordinator

HUMAN RESOURCES
Human Resources Director

INTERNAL COMMUNICATIONS
Internal Communications Director

ADMINISTRATIVE SUPPORT

PROCEDURES
Procedures Coordinator

SAFETY & SECURITY
Safety & Security Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Mid-Continent Public Library
Missouri**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrell

Executive Director/CEO

Financial Section



COCHRAN HEAD VICK & CO., P.C.

& Co

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

1251 NW Briarcliff Pkwy
Suite 125
Kansas City, MO 64116
(816) 453-7014
Fax (816) 453-7016

Other Offices in
Missouri and Kansas

Board of Trustees
Consolidated Public Library District No. 3,
Known as Mid-Continent Public Library
Independence, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the Consolidated Public Library District No. 3, Known as Mid-Continent Public Library (the Library) as of and for the year ended June 30, 2019, 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 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 misstatements, whether due to fraud or error.

Auditor's 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 of 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 of 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 financial position of the governmental activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the Library, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability/(asset) and related ratios, schedule of employer contributions, and schedule of changes in net OPEB liability and related ratios, which appear as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 introductory section, combining and individual fund financial statements, budgetary schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and budgetary schedules 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 and individual fund financial statements and budgetary schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2019, on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Library's internal control over financial reporting and compliance.

Cochran Head Vick & Co., P.C.

Kansas City, Missouri
September 3, 2019

Consolidated Public Library District No. 3
Known As
Mid-Continent Public Library
Management's Discussion and Analysis
June 30, 2019

The discussion and analysis of Mid-Continent Public Library (the Library) provides an overview of the Library's financial activities for the year ended June 30, 2019. While profit is not a motive of the Library, a strong financial position allows the Library to deliver excellent services to the taxpayers of the District. This discussion and analysis should be read in conjunction with the accompanying financial statements of the Library.

Financial Highlights

- The Library's assets and deferred outflows exceeded its liabilities and deferred inflows resulting in a highly positive net position of \$127,675,187 at June 30, 2019.
- Total governmental fund revenues were \$63,368,500, \$5,463,230, or approximately 9.4%, more than 2018's, primarily due to an increase property tax revenues and interest earning on the unspent projects from the issuance of the Series 2018 Certificates of Participation.
- At the end of the fiscal year, the Library's governmental funds reported combined ending fund balances of \$114,807,359. Approximately 22.0% of this total amount is available for spending at the Library's discretion (unassigned *fund balance*.)

Overview of Financial Statements

Management's discussion and analysis introduces the Library's basic financial statements. The Library's basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains additional required supplementary information (budgetary schedules, pension information, and other postemployment benefits) in addition to the basic financial statements.

Basic Financial Statements

The first two statements in the basic financial statements are the **Government-Wide Financial Statements**. They provide both short and long-term information about the Library's financial status.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Library's activities, providing more detail than the government-wide statements.

The next section of the basic financial statements is the **Notes**. The notes to the basic financial statements explain in detail some of the data contained in the financial statements. After the notes, **Required and Other Supplementary Information** is provided to show details about the Library's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Consolidated Public Library District No. 3
Known As
Mid-Continent Public Library
Management's Discussion and Analysis
June 30, 2019

Government-Wide Financial Statements

The two government-wide financial statements report information about the Library as a whole using accounting methods similar to those used by private-sector companies.

1. The statement of net position includes all of the Library's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in the Library's net position may serve as a useful indicator of whether financial position is improving or deteriorating.
2. The statement of activities reports how the Library's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The government-wide financial statements reflect the Library's only program, library services, which is a governmental activity. Governmental activities are supported primarily by property taxes.

Fund Financial Statements

Governmental funds focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statement reports short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year.

The Library maintains one proprietary fund, an Internal Service Fund. This fund is an accounting device used to accumulate and allocate costs internally among the Library's various departments and branches. The Library uses this internal service fund to account for the expense of health claims experience plus related fixed fees and access fees on a cost-reimbursement basis.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes a budgetary comparison schedule, pension related schedules, and schedule of funding progress for the Library's other postemployment benefit plan.

**Consolidated Public Library District No. 3
Known As
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Management's Discussion and Analysis
June 30, 2019**

Government-wide Financial Analysis

The following comparative condensed statements serve as the key financial data and indicators for management, monitoring and planning.

**Consolidated Public Library District No. 3 Known As
Mid-Continent Public Library, Net position**

	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 123,479,374	\$ 130,825,571
Capital assets	<u>89,431,104</u>	<u>69,768,766</u>
Total assets	<u>212,910,478</u>	<u>200,594,337</u>
Deferred outflows of resources	<u>3,701,080</u>	<u>6,538,598</u>
Current liabilities	3,282,527	2,883,371
Long-term obligations	<u>82,482,894</u>	<u>85,375,278</u>
Total liabilities	<u>85,765,421</u>	<u>88,258,649</u>
Deferred inflows of resources	<u>3,170,950</u>	<u>810,594</u>
Net position:		
Net investment in capital assets	77,189,641	68,430,862
Restricted	1,280,603	5,434,536
Unrestricted	<u>49,204,943</u>	<u>44,198,294</u>
Total net position	<u>\$ 127,675,187</u>	<u>\$ 118,063,692</u>

Current and other assets totaled \$123,479,374 at June 30, 2019 and consisted of cash and investments of \$117,229,579, property tax receivable of \$1,756,957, interest and grants receivable of \$280,314, and prepaid expenses of \$235,982. Additionally, a net pension asset of \$3,976,542 was reported at June 30, 2019 compared to a net pension liability of \$1,125,292 reported at June 30, 2018.

Capital assets totaled \$89,431,104, net of accumulated depreciation, and consist of land, building and improvements, construction in progress, library collection, and furniture, fixture and equipment.

At year end, current liabilities totaled \$3,282,527, an increase of \$399,156 from the prior year. This increase was largely due to an increase in accrued interest payable related to the Series 2018 Certificates of Participation.

**Consolidated Public Library District No. 3
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Long-term obligations decreased \$2,892,384 as the Library began making the scheduled debt service payments related to the Series 2018 Certificates of Participation.

Deferred outflows of resources of \$3,701,080 and deferred inflows of resources of \$3,170,950 reflect contributions made subsequent to the measurement date and differences between actual and projected earnings and experience, and the changes in assumptions made in calculating the pension liability/(asset) and other postemployment benefits liability. These amounts will be recognized in pension and other postemployment benefit expense in the future years with the exception of contributions made subsequent to the measurement date which will be recognized as a reduction of the net pension liability and other postemployment benefits liability in the subsequent fiscal year.

As noted earlier, net position may serve over time as a useful indicator of the Library's financial condition. The assets and deferred outflows of resources of the Library exceeded liabilities and deferred inflows of resources by \$127,675,187 as of June 30, 2019. Of this amount, \$49,204,943 is unrestricted, \$1,280,603 is restricted, and \$77,189,641 reflects the Library's net investment in capital assets. The Library uses these capital assets to provide services to customers; consequently, these assets are not available for future spending.

**Consolidated Public Library District No. 3 Known As
Mid-Continent Public Library, Changes in Net position**

	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ 697,549	\$ 760,974
Grants and contributions	1,008,768	805,493
Capital grants and contributions	1,015,771	227,187
General revenues:		
Property taxes	57,853,715	55,838,293
Unrestricted investment revenue	2,871,221	332,674
Gain on sale of capital assets	26,861	-
Total revenues	63,473,885	57,964,621
Expenses:		
Library services	51,332,295	50,446,612
Interest on long-term debt	2,530,095	268,063
Total expenses	53,862,390	50,714,675
Change in net position	9,611,495	7,249,946
Net position, beginning of year	118,063,692	110,813,746
Net position, end of year	\$ 127,675,187	\$ 118,063,692

Consolidated Public Library District No. 3
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The Library's net position increased by \$9,611,495 for the fiscal year ended June 30, 2019. Several particular aspects of the Library's financial operations influenced the increase in net position:

Revenues

The Library is heavily reliant on taxes to support governmental operations. So, the general economy and changes in both personal and real property values usually have a major impact on the Library's revenue streams. In addition, the Library's tax levy has been increased by 8-cents, or 25%, since 2017. As a result, in fiscal year of 2018-2019, there was an increase of \$2,015,422 in property taxes. This increase in property taxes, along with higher contributions and investment earnings, offset the negative impact from the decrease in charges for services.

Expenses

The Library's total expenses in 2019 were \$53,862,390, an increase of \$3,147,715 over the prior year, primarily due to the higher cost of payroll and benefits, and the first full year of interest expense related to the Series 2018 Certificates of Participation.

Financial Analysis of the Library's Major Funds

General Fund

The General Fund is the primary operating fund of the Library for day-to-day service delivery. The General Fund's fund balance was increased by \$1,744,779. The total revenue of the General Fund was 5.6% higher than last year's due to the increase in property taxes. The total expenditure of the fund was 4.6% higher than last year's due to the increased expenditure for payroll and benefits, and library materials.

Capital Project Fund

The Capital Project Fund accounts for the acquisition of significant capital assets and/or construction/repair of library facilities. In the fiscal year 2018-2019, the total expenditures were \$20,927,783 as the Library continued to expend funds related to its Facilities Assessment and Capital Plan (Capital Plan) with funding from the proceeds of the Series 2018 Certificates of Participation. At June 30, 2019, this fund had a restricted fund balance of \$64,577,920 for capital projects.

Debt Service Fund

The Debt Service Fund was established to account for the debt service requirements associated with the Series 2018 Certificates of Participation. Property taxes totaling \$7,500,000 were reported in this fund and were used to satisfy the scheduled debt service requirements totaling \$6,576,937. At June 30, 2019, this fund had an assigned fund balance of \$923,063 for debt service.

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Budgetary Highlights – General Fund

On a budgetary basis, which can be found in the required supplemental information, actual property tax revenues were over budgeted amounts by \$2,593,754, or 5.4%. The primary reason for this positive variance was the result of a higher assessed valuation and a higher collection rate on delinquent taxes in 2019. The total revenues were \$2,978,280 over budgeted amounts as a result of higher than budgeted amounts in taxes and investment income. Actual expenditures were under budgeted amounts by \$2,699,099, primarily resulting from positive budget variance in personnel, library materials, and several general and administrative accounts, like technology and contractual services, utilities, and building repair and maintenance.

Capital Asset and Debt Administration

Capital assets

The amount invested in capital assets for the Library at June 30, 2019 was \$89,431,104 net of accumulated depreciation. The following table provides a summary of capital assets. Additional information about the Library's capital assets can be found in notes 1 and 3 to the basic financial statements.

**Consolidated Public Library District No. 3 Known As
Mid-Continent Public Library, Capital Assets**

	Governmental Activities	
	2019	2018
Capital assets not being depreciated:		
Construction in progress	\$ 20,542,823	\$ 2,036,032
Land	8,629,626	7,493,699
Total capital assets not being depreciated	<u>29,172,449</u>	<u>9,529,731</u>
Capital assets being depreciated:		
Buildings and improvements	61,222,414	61,131,401
Library collection	113,184,876	111,726,654
Furniture, fixtures and equipment	23,831,964	21,079,092
Total capital assets being depreciated	<u>198,239,254</u>	<u>193,937,147</u>
Accumulated depreciation	<u>(137,980,599)</u>	<u>(133,698,112)</u>
Capital assets being depreciated, net	<u>60,258,655</u>	<u>60,239,035</u>
Total capital assets, net	<u>\$ 89,431,104</u>	<u>\$ 69,768,766</u>

Total net capital assets for the Library as of June 30, 2019 were \$89,431,104, \$19,662,338 more than 2018. The biggest contributing factor was the increase in construction in progress related to costs incurred under the Library's capital plan.

**Consolidated Public Library District No. 3
Known As
Mid-Continent Public Library
Management's Discussion and Analysis
June 30, 2019**

Long-term Liabilities

At the end of the fiscal year, the Library had outstanding long-term liabilities of \$82,482,894. In 2018, the Library issued \$72,925,000 Series 2018 Certificates of Participation to provide funding for the Library's Capital Plan. Additional information about the Library's long-term liabilities can be found in notes 5 and 7 to the basic financial statements.

**Consolidated Public Library District No. 3 Known As
Mid-Continent Public Library, Long-term Liabilities**

	Governmental Activities	
	2019	2018
Governmental activities:		
Certificates of participation	\$ 69,000,000	\$ 72,925,000
Unamortized premium	7,235,217	7,617,695
Compensated absences	2,127,449	2,163,815
Other postemployment benefits	4,120,228	1,543,476
Total	\$ 82,482,894	\$ 84,249,986

Request for Information

This report is designed to provide an overview of the Library's finance for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Office, Mid-Continent Public Library, 15616 E. US Highway 24, Independence, Missouri 64050.

Consolidated Public Library District No. 3
Known as
Mid-Continent Public Library

Statement of Net Position
June 30, 2019

	Primary Government Governmental Activities	Component Unit MCPLF Foundation
Assets		
Cash and investments	\$ 53,235,825	\$ 109,077
Property tax receivable	1,756,957	-
Interest receivable	91,398	-
Accounts receivable	188,916	-
Prepaid expenses	235,982	-
Net pension asset	3,976,542	-
Restricted cash and investments	63,993,754	-
Capital assets:		
Land, improvements and construction in progress	29,172,449	-
Other capital assets, net of depreciation	60,258,655	-
Total assets	212,910,478	109,077
Deferred outflows of resources		
Deferred outflows due to pension	3,417,940	-
Deferred outflows due to other postemployment benefits	283,140	-
Total deferred outflows of resources	3,701,080	-
Liabilities		
Accounts payable	1,375,908	-
Accrued wages and benefits	954,974	-
Unearned revenue	111,659	-
Accrued interest payable	560,572	-
Claims payable	279,414	-
Long-term liabilities:		
Due within one year	5,329,437	-
Due in more than one year:		
Long-term liabilities	73,033,229	-
Other postemployment benefits	4,120,228	-
Total liabilities	85,765,421	-
Deferred inflows of resources		
Deferred inflows due to grants	-	-
Deferred inflows due to pension	3,170,950	-
Total deferred inflows of resources	3,170,950	-
Net Position		
Net investment in capital assets	77,189,641	-
Restricted for:		
Capital outlay	773,057	-
Genealogy program (non-expendable)	38,746	-
Story center program (non-expendable)	35,000	-
Library programs	433,800	-
Unrestricted	49,204,943	109,077
Total net position	\$ 127,675,187	\$ 109,077

See accompanying notes to the basic financial statements

Consolidated Public Library District No. 3
Known as
Mid-Continent Public Library

Statement of Activities
For the Year Ended June 30, 2019

<u>Functions/Programs</u>	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit MCPLF Foundation
					Governmental Activities	
Primary Government						
Governmental Activities:						
Library services	\$ 51,332,295	\$ 697,549	\$ 1,008,768	\$ 1,015,771	\$ (48,610,207)	\$ -
Interest on long-term debt	2,530,095	-	-	-	(2,530,095)	-
Total government activities	<u>\$ 53,862,390</u>	<u>\$ 697,549</u>	<u>\$ 1,008,768</u>	<u>\$ 1,015,771</u>	<u>(51,140,302)</u>	<u>-</u>
Component Unit						
Foundation	<u>\$ 52</u>	<u>\$ -</u>	<u>\$ 109,100</u>	<u>\$ -</u>	<u>-</u>	<u>109,048</u>
General revenues:						
Taxes:						
Property taxes					57,853,715	-
Unrestricted investment earnings					2,871,221	29
Gain on sale of capital assets					26,861	-
Total general revenues					<u>60,751,797</u>	<u>29</u>
Change in net position					9,611,495	
Net position, beginning of year					118,063,692	-
Net position, end of year					<u>\$ 127,675,187</u>	<u>\$ 109,077</u>

See accompanying notes to the basic financial statements

Consolidated Public Library District No. 3
Known as
Mid-Continent Public Library
Balance Sheet - Governmental Funds
June 30, 2019
(with comparative totals for June 30, 2018)

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>	<u>2018 Total</u>
Assets:						
Cash and investments	\$ 28,441,044	\$ 22,202,951	\$ 923,063	\$ 619,180	\$ 52,186,238	\$ 48,121,703
Property tax receivable	1,756,957	-	-	-	1,756,957	1,669,064
Accounts receivable	-	188,891	-	25	188,916	18,004
Interest receivable	37,911	53,487	-	-	91,398	100,133
Due from other funds	4,071,727	-	-	-	4,071,727	1,918,068
Prepaid expenditures	235,982	-	-	-	235,982	390,845
Restricted cash and investments	-	63,993,754	-	-	63,993,754	79,204,791
Total assets	<u>\$ 34,543,621</u>	<u>\$ 86,439,083</u>	<u>\$ 923,063</u>	<u>\$ 619,205</u>	<u>\$ 122,524,972</u>	<u>\$ 131,422,608</u>
Liabilities:						
Accounts payable	\$ 1,375,908	\$ -	\$ -	\$ -	\$ 1,375,908	\$ 1,341,972
Accrued wages and benefits	954,974	-	-	-	954,974	945,797
Due to other funds	-	4,071,727	-	-	4,071,727	1,918,068
Unearned revenue	-	-	-	111,659	111,659	-
Total liabilities	<u>2,330,882</u>	<u>4,071,727</u>	<u>-</u>	<u>111,659</u>	<u>6,514,268</u>	<u>4,205,837</u>
Deferred inflows of resources:						
Unavailable revenue - grants	-	188,891	-	-	188,891	-
Unavailable revenue - taxes	1,014,454	-	-	-	1,014,454	1,124,821
Total deferred inflows of resources	<u>1,014,454</u>	<u>188,891</u>	<u>-</u>	<u>-</u>	<u>1,203,345</u>	<u>1,124,821</u>
Fund balances:						
Nonspendable:						
Prepaid expenditures	235,982	-	-	-	235,982	390,845
Genealogy collection	-	-	-	38,746	38,746	38,736
Story center	-	-	-	35,000	35,000	-
Restricted for:						
Library programs	-	-	-	433,800	433,800	399,462
Capital projects	-	64,577,920	-	-	64,577,920	79,617,417
Assigned to:						
Compensated absences	2,250,000	-	-	-	2,250,000	2,163,815
Capital projects	3,000,000	17,600,545	-	-	20,600,545	20,302,829
Emergency repairs	500,000	-	-	-	500,000	500,000
Debt service	-	-	923,063	-	923,063	-
Unassigned:						
Library services	25,212,303	-	-	-	25,212,303	22,678,846
Total fund balances	<u>31,198,285</u>	<u>82,178,465</u>	<u>923,063</u>	<u>507,546</u>	<u>114,807,359</u>	<u>126,091,950</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 34,543,621</u>	<u>\$ 86,439,083</u>	<u>\$ 923,063</u>	<u>\$ 619,205</u>	<u>\$ 122,524,972</u>	<u>\$ 131,422,608</u>

See accompanying notes to the basic financial statements

Consolidated Public Library District No. 3
Known as
Mid-Continent Public Library

Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
June 30, 2019

Amounts reported for governmental activities in the statement of net position are different because:

Ending fund balances - total governmental funds	\$	114,807,359
Governmental funds report capital outlays as expenditures. However, in the Statement of Net Position the cost of those assets is capitalized and shown at cost or estimated cost, net of accumulated depreciation. This is the amount of net capital assets reported in the Statement of Net Position.		89,431,104
The net pension asset does not represent assets available for current obligations and therefore is not reported in the governmental fund statements.		3,976,542
Deferred inflows and outflows related to pension activity are not required to be reported in the governmental funds but are required to be reported in the Statement of Net Position		
Deferred outflow - net difference between projected and actual earning on pension plan investments and contributions received after the measurement date		3,701,080
Deferred inflow - difference between expected and actual experience		(3,170,950)
Deferred inflows of resources related to property taxes and grants that are not available in the governmental funds but are recognized in the Statement of Net Position		1,203,345
Long-term liabilities and accrued interest are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities		(78,362,666)
Accrued interest payable		(560,572)
The other postemployment benefits liability is not due and payable and therefore is not recorded in the governmental fund statements.		(4,120,228)
The internal service fund is used by management to charge the costs of certain activities, such as health insurance to individual funds. The assets and liabilities of the internal service fund is included in the governmental activities in the Statement of Net Position.		770,173
		<hr style="border-top: 1px solid black;"/>
Total net position of governmental activities	\$	<u><u>127,675,187</u></u>

See accompanying notes to the basic financial statements

Consolidated Public Library District No. 3

Known as

Mid-Continent Public Library

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

For the Year Ended June 30, 2019

(with comparative totals for the year ended June 30, 2018)

	General Fund	Capital Project Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds	2018 Total
Revenues:						
Property taxes	\$ 50,464,082	\$ -	\$ 7,500,000	\$ -	\$ 57,964,082	\$ 55,778,942
Fines, fees and other	697,549	-	-	-	697,549	760,974
Investment income	576,874	2,290,722	-	3,625	2,871,221	332,674
State aid	289,729	-	-	-	289,729	289,698
Grants and contributions	500,374	827,880	-	217,665	1,545,919	742,982
Total revenues:	<u>52,528,608</u>	<u>3,118,602</u>	<u>7,500,000</u>	<u>221,290</u>	<u>63,368,500</u>	<u>57,905,270</u>
Expenditures:						
Current:						
Library services:						
Salaries, wages and benefits	28,302,091	-	-	-	28,302,091	26,230,755
Periodicals, books and other library materials	10,344,066	-	-	-	10,344,066	10,084,069
General and administrative	8,437,672	-	-	131,942	8,569,614	8,851,594
Capital outlay	-	20,927,783	-	-	20,927,783	2,976,934
Debt service:						
Principal retirements	-	-	3,925,000	-	3,925,000	-
Interest and fiscal charges	-	-	2,651,937	-	2,651,937	-
Issuance costs	-	-	-	-	-	553,016
Total expenditures	<u>47,083,829</u>	<u>20,927,783</u>	<u>6,576,937</u>	<u>131,942</u>	<u>74,720,491</u>	<u>48,696,368</u>
Excess of revenues over (under) expenditures	5,444,779	(17,809,181)	923,063	89,348	(11,351,991)	9,208,902
Other financing sources (uses):						
Transfers in (out)	(3,700,000)	3,700,000	-	-	-	-
Proceeds from sale of capital assets	-	67,400	-	-	67,400	814,365
Debt issuance premium	-	-	-	-	-	7,649,568
Certificates of Participation issued	-	-	-	-	-	72,925,000
Total other financing sources (uses)	<u>(3,700,000)</u>	<u>3,767,400</u>	<u>-</u>	<u>-</u>	<u>67,400</u>	<u>81,388,933</u>
Net changes in fund balances	1,744,779	(14,041,781)	923,063	89,348	(11,284,591)	90,597,835
Fund balances, beginning of year	29,453,506	96,220,246	-	418,198	126,091,950	35,494,115
Fund balances, end of year	<u>\$ 31,198,285</u>	<u>\$ 82,178,465</u>	<u>\$ 923,063</u>	<u>\$ 507,546</u>	<u>\$ 114,807,359</u>	<u>\$ 126,091,950</u>

See accompanying notes to the basic financial statements

Consolidated Public Library District No. 3
Known as
Mid-Continent Public Library

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2019

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$	(11,284,591)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlay		28,886,820
Loss on disposal of capital assets		(40,539)
Depreciation expense		(9,183,943)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred inflows of resources - property taxes and grants		78,524
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Interest expense, net of premium amortization		121,842
Payments and adjustments of long-term liabilities		3,925,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in compensated absences		36,366
Change in other postemployment benefits obligations		(2,312,612)
Net changes in net pension (asset)/liability, pension deferred outflows, and pension deferred inflows.		(360,180)

The internal service fund is used by management to charge the costs of certain activities, such as health insurance to individual funds. The change in net position of the internal service fund is reported within the governmental activities.

(255,192)

Total change in net position of governmental activities	\$	<u>9,611,495</u>
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See accompanying notes to the basic financial statements.

Consolidated Public Library District No. 3
Known as
Mid-Continent Public Library

Statement of Net Position
Proprietary Fund
June 30, 2019

	Internal Service Fund
	Health Insurance
Assets	
Current Assets:	
Cash and investments	\$ 1,049,587
Total current assets	1,049,587
Liabilities	
Current Liabilities:	
Claims payable	279,414
Total current liabilities	279,414
Net Position	
Unrestricted	770,173
Total net position	\$ 770,173

See accompanying notes to the basic financial statements

Consolidated Public Library District No. 3

Known as

Mid-Continent Public Library

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Fund

For the Year Ended June 30, 2019

	<u>Internal Service Fund</u>
	<u>Health Insurance</u>
Operating Revenues:	
Charges for services	\$ 3,462,709
Total operating revenues	<u>3,462,709</u>
Operating Expenses:	
Administration	684,377
Claims	<u>3,033,524</u>
Total operating expenses	<u>3,717,901</u>
Operating loss	(255,192)
Total net position - beginning of the year	<u>1,025,365</u>
Total net position - end of the year	<u>\$ 770,173</u>

See accompanying notes to the basic financial statements

Consolidated Public Library District No. 3
Known as
Mid-Continent Public Library
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2019

	<u>Internal Service Fund</u> <u>Health Insurance</u>
Cash Flows From Operating Activities:	
Cash received from the Library	\$ 3,462,709
Cash paid for administration and claims	<u>(3,734,153)</u>
Net cash used in operating activities	<u>(271,444)</u>
Cash and cash equivalents - beginning of the year	<u>1,321,031</u>
Cash and cash equivalents - end of the year	<u>\$ 1,049,587</u>
Reconciliation of operating loss to net cash	
used in operating activities:	
Operating loss	\$ (255,192)
Adjustments to reconcile operating loss to net cash	
used in operating activities:	
Increase in claims payable	<u>(16,252)</u>
Net cash used in operating activities	<u>\$ (271,444)</u>

See accompanying notes to the basic financial statements

Consolidated Public Library District No. 3
Known as Mid-Continent Public Library
Notes to the Basic Financial Statements
June 30, 2019

Note 1: Summary of Significant Accounting Policies

Reporting Entity

The Consolidated Library District No. 3, known as Mid-Continent Public Library (the Library), organized under the Revised Statutes of the State of Missouri, provides library services to portions of Clay, Platte and Jackson counties, excluding the areas serviced by the Kansas City Public Library District and the North Kansas City Public Library. The Library currently operates 31 branches, 4 library-to-go sites, with its administrative headquarters in Independence, Missouri.

The accounting and reporting policies of the Library conform to accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Discretely Presented Component Unit

The Mid-Continent Public Library Foundation, Inc. (the Foundation) is a legally separate, tax exempt component unit of the Library. The Foundation's mission is to advance literacy, educational resources and facilities for the distribution of knowledge by the Mid-Continent Public Library System within the communities that it serves. The proceeds and funds raised from the activities undertaken are used to support the Library, and other chosen not-for-profit entities designated by the Foundation.

The Foundation's Board of Directors control the timing and amount of any support provided to the Library. Because these designated resources held by the Foundation can primarily be used by, or for the benefit of, the Library, the Foundation is considered a component unit of the Library and is discretely presented in the Library's financial statements.

A. Basis of Presentation

The Library's basic financial statements include both government-wide (reporting the Library as a whole) and fund financial statements (reporting the Library's major funds).

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Library, the primary government, as a whole. All activities of the Library are governmental activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The government-wide statement of activities presents a comparison between expenses and program revenues for each program of the governmental activities. Expenses are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the Library. Internal activity is eliminated in the statement of activities to avoid "doubling up" revenues and expenses.

The Library's net position is reported in three parts—net investment in capital assets; restricted net position; and unrestricted net position. The Library first utilizes restricted resources to finance qualifying activities.

The government-wide focus is more on the sustainability of the Library as an entity and the change in the Library's net position resulting from the current year's activities.

Consolidated Public Library District No. 3
Known as Mid-Continent Public Library
Notes to the Basic Financial Statements
June 30, 2019

Fund Financial Statements

Fund financial statements report detailed information about the Library. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Governmental Funds

Governmental funds are those through which most governmental functions of the Library are financed. The acquisition, use and balances of the Library's expendable financial resources and the related liabilities (other than those in proprietary funds) are accounted for through governmental funds.

The major governmental funds of the Library are described below:

General Fund - The General Fund is the principal operating fund of the Library that accounts for all financial transactions not accounted for in other funds. The majority of the current operating expenditures of the Library are financed through revenues received by the General Fund.

Capital Projects Fund - The Capital Projects Fund accounts for the purchase and/or construction of major Library capital projects.

Debt Service Fund - The Debt Service Fund accounts for the accumulation of resources for, and the payment of, principal, interest, and fiscal charges on the Library's Series 2018 Certificates of Participation obligations.

The Library reports the following fund types of nonmajor funds:

Special Revenue Funds - These funds account for specific revenue sources that are restricted for specified purposes.

Permanent Funds - These funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support Library programs.

Proprietary Fund

Internal Service Fund - This fund is used to account for the transactions of the Library's risk management health insurance activities.

B. Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or when all eligibility requirements have been satisfied and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Library gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. This differs from the manner in which governmental fund financial statements are prepared, therefore, the governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Consolidated Public Library District No. 3
Known as Mid-Continent Public Library

Notes to the Basic Financial Statements
June 30, 2019

Governmental Fund Financial Statements

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, certain revenue sources are deemed both measurable and available (collectible within the current year or within sixty days of year-end and available to pay obligations of the current period). This includes property taxes and investment earnings. Reimbursements due for grant funded projects are accrued as revenue at the time the expenditures are made, or when received in advance, deferred until expenditures are made.

Other revenues, certain charges for services, and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on long-term debt, which have not matured are recognized when paid. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary Fund Financial Statements

The economic resources measurement focus and the accrual basis of accounting are utilized by the proprietary fund. Under this basis of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred. All assets and liabilities (whether current or noncurrent) associated with a proprietary fund's activities are included on its statement of net position. Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. All other revenues and expenses are considered non-operating. In reporting the financial activity of its proprietary funds, the Library applies all applicable Governmental Accounting Standards Board (GASB) pronouncements.

C. Financial Statement Accounts

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, expenditures, expenses, and other disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Library considers demand deposits and investments purchased with an original maturity date of three months or less, which are not limited as to use, to be cash and cash equivalents.

For purposes of the statement of cash flows, short-term investments held in proprietary funds with a maturity date within three months of the date acquired by the Library, if any, are considered cash equivalents.

Consolidated Public Library District No. 3
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Notes to the Basic Financial Statements
June 30, 2019

Investments

Investments in nonnegotiable certificates of deposit are carried at cost. All other investments are carried at fair value. Fair value is determined using quoted market prices for all investments carried at fair value other than collateralized mortgage obligations. Fair value of collateralized mortgage obligations is estimated using a published pricing service.

Investment income includes interest income and the net change for the year in the fair value of investments carried at fair value. Investment income is assigned to the fund with which the related investment asset is associated.

Prepaid Items

The cost incurred in the purchase of subscriptions to periodicals and electronic databases are amortized over the terms of the subscriptions, generally terms are usually one year or less. In addition, certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Library has two items that qualify for reporting in this category. The first item results from actuarial assumption changes, the difference in actual and projected experience in calculating the pension liability, the difference between actual and projected earnings in calculating the net pension liability, and employer contributions made subsequent to the measurement date of June 30, 2018. The second item results from amounts paid for OPEB benefits as they come due subsequent to the measurement date of April 30, 2019 for the OPEB liability.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Library has two items that qualify for reporting in this category. The first one relates to the change in actual and projected experience in calculating the pension liability. The second item, unavailable revenue – property taxes, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes and grants that are deferred and recognized as an inflow of resources in the period that the amounts become available under the modified accrual basis of accounting.

For purposes of measuring the net pension liability/(asset) 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.

Consolidated Public Library District No. 3
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Notes to the Basic Financial Statements
June 30, 2019

Capital Assets

Capital assets acquired for general Library purposes are recorded as expenditures in the governmental fund financial statements and capitalized at cost or estimated historical cost in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Additions, improvements and costs that significantly extend the useful life of an asset are capitalized. The cost of assets sold or retired and the related amounts of accumulated depreciation are eliminated from the accounts in the year of sale or retirement and any resulting gain or loss is reflected in the basic financial statements. Fully depreciated assets are included in the capital asset accounts until their disposal.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings and improvements	5-35 years
Library collection	5-10 years
Furniture, fixtures, vehicles, and equipment	3-10 years

Property Tax Revenues

The Library's property tax is levied each September 1 on the assessed value as of the prior January 1 for all real and personal property located in the respective counties. Property taxes are billed in total by November 1 following the levy date and considered delinquent after January 1. On January 1, a lien attaches to all property for which taxes are unpaid. Assessed values are established by the Jackson, Clay and Platte county assessors subject to review by the County's Board of Equalization. The assessed value for property, including railroad and utility properties located in the Counties as of January 1, 2018, on which the fiscal year ended June 30, 2019, levy was based, was \$13,815,799,114. Property tax levies per \$100 assessed valuation for the year ended June 30, 2019 were \$0.3963 for Jackson, Clay and Platte counties.

Compensated Absences

Under the terms of the Library's personnel policy, employees are granted vacation based upon full or half time status and length of service. Sick leave is granted at the rate of eight hours per month for full time employees and four hours for half time employees. Sick leave may be accumulated up to 960 hours for full time employees and 480 for half time employees. Upon termination, salaried employees with three consecutive years of service are compensated for any unused accrued sick leave at 50% of their current rate of pay.

The liability for compensated absences reported in the government-wide statements has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences are liquidated by the General Fund.

Interfund Receivables and Payables

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Those related to the timing of the reimbursement or the purchase of goods and services are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between governmental funds are eliminated in the Statement of Net Position.

Consolidated Public Library District No. 3
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Notes to the Basic Financial Statements
June 30, 2019

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

Net Position and Fund Balance Classifications

Government Wide - As noted previously, in the Government-wide statements, equity is classified as net position and displayed in three components:

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

Governmental Funds – the Library Board has established a Fund Balance Policy (Policy), on the reporting and classifying of fund balance in the governmental funds. Fund balances in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the Library is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The order of spending regarding the unrestricted fund balance is that committed amounts should be reduced first, followed by the assigned amounts, and then the unassigned amounts. When an expenditure is incurred for which both restricted and unrestricted fund balance is available, the order of spending is to reduce restricted fund balance first, and then unrestricted fund balance.

In the governmental fund financial statements, fund balance is composed in five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance

This portion of fund balance cannot be spent either because it is in nonspendable form or is required to be maintained intact. The Library's nonspendable fund balance includes:

- Prepaid expenditures - this is the amount paid in advance for the following year's goods and services, which are not spendable resources.
- Resources that are required to be maintained for perpetuity in the Library's permanent fund.

Restricted Fund Balance

This portion of fund balance is restricted to specific purposes by state or federal laws, or externally imposed conditions by grantors and creditors. This portion of the Library's fund balance is restricted for library programs.

**Consolidated Public Library District No. 3
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Notes to the Basic Financial Statements
June 30, 2019

Committed Fund Balance

The limitations of this portion of fund balance are imposed for specific purposes by formal action, adoption of a resolution, by the Board of Trustees. Such constraint is binding unless modified or rescinded, by adoption of a resolution, by the Board of Trustees.

Assigned Fund Balance

Constraints placed on fund balance by the Board of Trustees, board committees, or the Library Director's expressed intent in accordance with the Library's fund balance policy. Such constraints are binding unless modified or eliminated by the Board of Trustees, board committees, or the Library Director, whoever made the assignment.

Unassigned Fund Balance

This consists of the residual fund balance that does not meet the requirements for the non-spendable, restricted, committed, or assigned classifications. A positive unassigned fund balance is only possible in the general fund.

The Policy established a target range for this portion of the General Fund balance as 20% to 50% of the subsequent year's operating budget. In the event funds are not available to maintain the minimum balance, a designated amount in the operating budget shall be proposed to cover the deficiency over a period not to exceed five fiscal years. In the event the unassigned fund balance exceeds the maximum balance requirement, the excess may be utilized for any lawful purpose approved by the Library board, including being transferred to the Capital Project Fund.

Note 2: Deposits and Investments

At June 30, 2019, the carrying values of deposits and investments are summarized as follows:

Carrying amount of deposits	\$ 7,318,198
Certificates of deposits	8,287,520
Investments	37,250,552
Investments held at community foundations	379,555
Restricted cash equivalents held in trust	<u>63,993,754</u>
Total cash and investments	<u>\$ 117,229,579</u>

At June 30, 2019, the Library had the following investments and maturities:

Type	Fair Value	Maturities in Years	
		Less than 1	1-5
Money market funds	\$ 2,059,307	\$ 2,059,307	\$ -
U.S. Treasury and U.S. agency securities	<u>35,191,245</u>	<u>26,899,204</u>	<u>8,292,041</u>
Total investments	<u>\$ 37,250,552</u>	<u>\$ 28,958,511</u>	<u>\$ 8,292,041</u>

Consolidated Public Library District No. 3
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Notes to the Basic Financial Statements
June 30, 2019

Investment Policy

Missouri state statutes authorize the Library, with certain restrictions, to deposit or invest in open accounts, time deposits, U.S. Treasury, government agency obligations, and certificates of deposit. The statutes also require that collateral pledged must have a fair value equal to 100% of the funds on deposit, less insured amounts. Collateral securities must be held by the Library or a disinterested third party and must be of the kind prescribed by state statutes and approved by the State of Missouri.

Credit Risk

The credit risk for investments is the possibility that the issuer/counterparty to an investment will be unable to fulfill its obligations. The Library does not have a policy regarding credit risk. At June 30, 2019, the Library's investments in U.S agencies securities not directly guaranteed by the U.S. government were rated AA+ and the Government money market fund was rated AAAM by Standard & Poor's at year end.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Library will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Library will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. At June 30, 2019, the Library's deposits were insured by Federal depository insurance and uninsured deposits were fully collateralized by securities held in the Library's name by their financial institution's agent. The Library's securities were registered and held by the Library's financial institution in the Library's name. Accordingly, management has determined that none of the Library's deposits or investments was exposed to custodial credit risk as of June 30, 2019.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Library's investment policy states no funds shall be invested in obligations which are to mature beyond the date that the funds are needed for purposes for which they were received by the Library.

Concentration of Credit Risk

The Library's investment policy specifies a maximum investment concentration of 50% for municipal bonds issued by any city or county in the State of Missouri, with a maximum of 10% for any one issuer. For all other investments, the policy does not specify maximum or minimum investment concentrations by investment type. As of June 30, 2019, the following table lists the issuers of securities, and the respective fair value of those securities, that represent 5% or more of total Library's investments:

<u>Issuer</u>	<u>Investment Type</u>	<u>Total Fair Value</u>	<u>Percentage</u>	<u>Rating</u>
Farm Federal Credit Bank	U.S. agency securities	\$ 2,150,973	5.8%	AA+
Fed. Home Loan Bank	U.S. agency securities	5,427,704	14.6%	AA+
United States Treasury Notes	U.S Treasury	12,568,773	33.7%	AA+
United States Treasury Bills	U.S Treasury	11,957,695	32.1%	AA+

Consolidated Public Library District No. 3
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Notes to the Basic Financial Statements
June 30, 2019

Fair Value Measurements

The Library categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs such as third party pricing services for identical assets; Level 3 inputs are significant unobservable inputs. The Library has the following recurring fair value measurements as of June 30, 2019:

	Level 1
Money market funds	\$ 2,059,307
U.S. agency securities	35,191,245
Total investments	\$ 37,250,552

Note 3: Capital Assets

The Library's capital asset activity for the year ended June 30, 2019 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Construction in progress	\$ 2,036,032	\$ 18,506,791	\$ -	\$ 20,542,823
Land	7,493,699	1,158,927	(23,000)	8,629,626
Total capital assets not being depreciated	9,529,731	19,665,718	(23,000)	29,172,449
Capital assets being depreciated:				
Buildings and improvements	61,131,401	183,124	(92,111)	61,222,414
Library collection	111,726,654	6,234,419	(4,776,197)	113,184,876
Furniture, fixtures, vehicles, and equipment	21,079,092	2,803,559	(50,687)	23,831,964
Total capital assets being depreciated	193,937,147	9,221,102	(4,918,995)	198,239,254
Less accumulated depreciation for:				
Buildings and improvements	28,096,434	2,089,115	(83,126)	30,102,423
Library collection	88,773,031	5,687,529	(4,776,197)	89,684,363
Furniture, fixtures, vehicles, and equipment	16,828,647	1,407,299	(42,133)	18,193,813
Total accumulated depreciation	133,698,112	9,183,943	(4,901,456)	137,980,599
Total capital assets being depreciated, net	60,239,035	37,159	(17,539)	60,258,655
Total capital assets, net	\$ 69,768,766	\$ 19,702,877	\$ (40,539)	\$ 89,431,104
Depreciation expense charged to Library Services				\$ 9,183,943

**Consolidated Public Library District No. 3
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Notes to the Basic Financial Statements
June 30, 2019

Note 4: Interfund Activity

A summary of interfund transfers by fund type is as follows:

	<u>Transfers Out:</u>
	<u>General</u>
Transfers In:	
Capital Projects Fund	\$ 3,700,000
Total	<u>\$ 3,700,000</u>

Interfund transfers from the general fund to the capital project fund were for the general fund's approximate excess of revenues over expenditures of the prior year.

A summary of amounts due from/to other funds is as follows:

	<u>Due to:</u>
	<u>General Fund</u>
Due from:	
Capital Projects Fund	\$ 4,071,727
Total	<u>\$ 4,071,727</u>

Amounts due to the general fund from the capital projects fund relates to the time lag between when expenditures and the related reimbursements occur.

Note 5: Long-Term Liabilities

The following is a summary of long-term liabilities of the Library for the year:

	<u>Balance June 30, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2019</u>	<u>Amount Due 2020</u>
<u>Governmental activities:</u>					
Certificates of Participation	\$ 72,925,000	\$ -	\$ 3,925,000	\$ 69,000,000	\$ 3,245,000
Unamortized premium	7,617,695	-	382,478	7,235,217	382,478
Compensated absences *	2,163,815	1,882,086	1,918,452	2,127,449	1,701,959
 Total	 <u>\$ 82,706,510</u>	 <u>\$ 1,882,086</u>	 <u>\$ 6,225,930</u>	 <u>\$ 78,362,666</u>	 <u>\$ 5,329,437</u>

* Compensated absences, net pension liability, and other post employment benefits are generally liquidated by the general fund.

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Notes to the Basic Financial Statements
June 30, 2019

Certificates of Participation

On May 31, 2018, the Library issued \$72,925,000 of Certificates of Participation, Series 2018 to be used to provide financing of the costs related to certain capital improvements throughout the District including, but not limited to, construction of new and renovation to existing library branches of the Library. Principal and interest payments are due semi-annually beginning September 1, 2018 through March 1, 2038 with principal payments ranging from \$3,245,000 to \$3,925,000, and interest rates ranging from 3.625% to 5%.

The annual scheduled debt service requirements to amortize the Series 2018 Certificates of Participation of June 30, 2019 are as follows:

Year Ending	Principal	Interest
June 30		
2020	\$ 3,245,000	\$ 3,363,431
2021	3,410,000	3,201,181
2022	3,580,000	3,030,681
2023	3,760,000	2,851,681
2024	3,945,000	2,663,681
2025-2029	18,250,000	10,507,156
2030-2034	18,230,000	5,946,156
2035-2038	14,580,000	1,512,675
	\$ 69,000,000	\$ 33,076,642

Note 6: Pension Plans

Plan Description

The Library's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The Library 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:	2.00%
Final Average Salary:	3 Years
Member Contributions:	0%

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Notes to the Basic Financial Statements
June 30, 2019

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

As of the February 28, 2018 actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	374
Inactive employees entitled to but no yet receiving benefits	86
Active employees	366
	826

Contributions

The Library 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 do not contribute to the pension plan. Employer contribution rates are 16.2% of annual covered payroll.

Net Pension Liability/(Asset)

The Library's net pension liability/(asset) was measured as of June 30, 2018, and the total pension liability/(asset) used to calculate the net pension liability/(asset) 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; 2.5% price inflation
Salary Increase	3.25% to 6.55% including wage 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 used were 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.

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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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	48.00%	4.81%
Fixed Income	28.50%	1.72%
Real Assets/Real Return	23.50%	3.42%

Discount Rate

The discount rate used to measure the total pension liability is 7.25%. 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/(Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a) - (b)
Balances at beginning of year	\$ 87,858,473	\$ 86,733,181	\$ 1,125,292
Changes for the year:			
Service Cost	1,668,924	-	1,668,924
Interest	6,282,092	-	6,282,092
Difference between expected and actual experience	(662,961)	-	(662,961)
Contributions - employer	-	2,444,519	(2,444,519)
Contributions - employee	-	-	-
Net investment income	-	10,533,100	(10,533,100)
Benefit payments, including refunds	(4,129,841)	(4,129,841)	-
Administrative expense	-	(70,075)	70,075
Other changes (net transfer)	-	(517,655)	517,655
Net changes	3,158,214	8,260,048	(5,101,834)
Balances at end of year	\$ 91,016,687	\$ 94,993,229	\$ (3,976,542)

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Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following presents the Net Pension Liability/(Asset) of the Library, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability/(Asset) would be using a discount rate that is 1 percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
Total Pension Liability (TPL)	\$ 103,342,962	\$ 91,016,687	\$ 80,864,758
Plan Fiduciary Net Position	94,993,229	94,993,229	94,993,229
Net Pension Liability/(Asset)	\$ 8,349,733	\$ (3,976,542)	\$ (14,128,471)

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

For the year ended June 30, 2019, the Library recognized pension expense of \$2,980,399. The Library reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 193,685	\$ (851,453)
Differences in assumptions	604,036	-
Excess (Deficit) Investment Returns	-	(2,319,497)
Contributions subsequent to the measurement date *	2,620,219	-
Total	\$ 3,417,940	\$ (3,170,950)

* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending June 30, 2020.

Exclusive of the contributions subsequent to the measurement date, the net amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2019	\$ 653,651
2020	(444,802)
2021	(1,716,897)
2022	(865,181)
Total	\$ (2,373,229)

Payable to the Pension Plan

At June 30, 2019, the Library reported a payable of \$221,446 for the outstanding amount of contributions due to the pension plan.

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Tax Deferred Annuity Plan

During 1994, in order to provide additional retirement benefits for eligible employees, the Library adopted a tax deferred annuity plan underwritten by The Variable Annuity Life Insurance Company. The tax deferred annuity plan is a voluntary plan in which all full or part-time employees are eligible to contribute a portion of their gross salary into a tax-deferred annuity. The Library does not contribute to this plan. Employee contributions for the year ended June 30, 2019 were \$361,174.

Note 7: Other Postemployment Benefits

Plan Description

The Library sponsors a single-employer, defined benefit healthcare plan (the Healthcare Plan) that provides healthcare benefits to retirees and their spouses, including medical and pharmacy coverage. All employees of the Library may participate and become eligible once they have reached early retirement age of sixty (60) and have twenty (20) years of service or employees with thirty (30) years of service with a minimum of twenty (20) years of full-time service and be eligible for a monthly LAGERS benefit. For retired employees, the Library pays the full cost of health benefits. If spousal coverage is elected, the retiree is required to pay the average cost of benefits provided to all employees. Library policy dictates the payment of retiree claims as they become due. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The Healthcare Plan does not issue publicly available financial statements.

Retirees and spouses have the same benefits as active employees. Retiree coverage terminates when the retiree reaches Medicare eligibility age which is currently age 65. Spousal coverage is available until the retiree attains Medicare eligibility age or dies.

Employees Covered by Benefit Terms

As of the July 1, 2017 actuarial valuation, the following employees were covered by the benefit terms:

Inactive members or beneficiaries currently receiving benefit payments	10
Active employees	250
	260

Actuarial Assumptions

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

- 2.50%
- 3.00%
- 3.28%
- 7.0% for 2017, decreasing by 0.5% per year through 2019 and then decreasing by 0.25% per year to an ultimate rate of 5.0% for 2023 and later years
- Retirees continue coverage at no premium contribution.
- Spouses pay the rate charged to active employees for single plus spouse coverage

The discount rate was based on the S&P Municipal Bond 20 Year High Grade and the Fidelity GO AA-20 Years indexes.

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Mortality rates were based on the RP-2014 Mortality tables, as appropriate, with adjustments to reflect the Society of Actuaries RPH-2014 adjusted to 2006 total dataset headcount mortality table with MP-2017 full generational improvement,

The actuarial assumptions used in the July 1, 2017 valuation were based on an experience analysis of the plan's past experience, the actuary's experience with plans of similar size, plan design, retiree and spouse contribution level and assumptions used in the Library's participation in the corresponding pension plan through LAGERS, as applicable.

Total OPEB Liability

The Library's total OPEB liability of \$4,120,228 was measured as of April 30, 2019, and was determined by an actuarial valuation as of July 1, 2017.

Change in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances at beginning of year	<u>\$ 1,543,476</u>
Changes for the year:	
Service Cost	88,717
Interest	57,681
Change in benefit terms	2,264,292
Differences between actual and expected experience	140,770
Changes in assumptions and inputs	146,292
Benefit payments, net of contributions	<u>(121,000)</u>
Net changes	<u>2,576,752</u>
Balances at end of year	<u>\$ 4,120,228</u>

Sensitivity of the total OPEB Liability to Changes in the Discount Rate

The following presents the OPEB Liability of the Library, calculated using the discount rate of 3.28%, as well as what the Library's OPEB Liability would be using a discount rate that is 1 percentage point lower (2.28%) or one percentage point higher (4.28%) than the current rate.

	1% Decrease 2.28%	Discount Rate 3.28%	1% Increase 4.28%
Total OPEB liability	<u>\$ 4,536,347</u>	<u>\$ 4,120,228</u>	<u>\$ 3,742,821</u>

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Sensitivity of the total OPEB Liability to Changes in the healthcare cost trend rates

The following presents the OPEB Liability of the Library, calculated using the healthcare cost trend rate of 7.00%, as well as what the Library's OPEB Liability would be using a trend rate that is 1 percentage point lower (6% decreasing to 4%) or one percentage point higher (8% decreasing to 6%) than the current rate.

	1% Decrease (6% decreasing to 4%)	Trend Rate (7% decreasing to 5%)	1% Increase (8% decreasing to 6%)
Total OPEB liability	<u>\$ 3,587,565</u>	<u>\$ 4,120,228</u>	<u>\$ 4,755,748</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the Library recognized OPEB expense of \$2,434,612. The Library reported deferred outflows and deferred inflows related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 129,039
Changes in assumptions	134,101
OPEB contributions paid subsequent to the measurement date *	<u>20,000</u>
Total	<u>\$ 283,140</u>

* The amount reported as deferred outflows of resources resulting from OPEB benefits paid subsequent to the measurement date will be recognized as a reduction in the net OPEB liability for the year ending June 30, 2020.

Exclusive of the contributions subsequent to the measurement date, the net amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in expense as follows:

Year ending June 30:	
2020	\$ 23,922
2021	23,922
2022	23,922
2023	23,922
2024	23,922
2025 and thereafter	<u>143,530</u>
Total	<u>\$ 263,140</u>

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Note 8: Operating Leases

The Library is committed under leases for office equipment and fiber optical connection. For accounting purposes, these leases are considered to be operating leases. Rental expenditures for the year ended June 30, 2019 amounted to \$316,727. Future minimum lease payments for these leases are as follows:

Year ending June 30:		
2020	\$	215,135
2021		208,308
2022		173,268
2023		149,843
2024		126,447
Thereafter		<u>2,101,078</u>
Total future minimum lease payments	\$	<u><u>2,974,079</u></u>

Note 9: Permanent Funds

The Library has created a Genealogy Endowment Fund to account for contributions received from outside donors related to the genealogy library. The nature of the endowment fund is that the principal of the contributions is to remain intact. One-third of the interest earnings are to be added to the principal and the remaining two-thirds is to be spent on certain activities of the Library. These contributions are accounted for in the Genealogy Endowment Fund. During the year ended June 30, 2019, the Genealogy Endowment Fund had \$5,046 net appreciation on assets available for expenditure which is reported as restricted fund balance and \$38,746 in principal which is reported as nonspendable fund balance. Both of these amounts are reported as restricted net position on the government-wide statement of net position.

The Library has created a Story Center Endowment Fund to account for certain contributions received from outside donors for the purpose of acquiring new materials for The Story Center Collection and funding humanities-based programming for The Story Center. The nature of the endowment fund is that the principal of the contributions is to remain intact. All interest earned will be reinvested into the fund until the principle reaches \$100,000 or annual interest totals \$4,000. These contributions are accounted for in the Story Center Endowment Fund. During the year ended June 30, 2019, the Story Center Endowment had \$35,000 in principal which is reported as nonspendable fund balance.

The State of Missouri requires that recipients of endowment gifts maintain the original principal intact at the original donation value.

Note 10: Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The Library carries commercial insurance for the risk of loss, including worker's compensation. There were no significant reductions in insurance coverage from the prior year, and there have been no settlements that exceed the Library's insurance coverage during the past three years.

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The Library provides a self-funded health insurance plan to its eligible employees and retirees. This fund is used to account for the expenses of the plan's health claims experience plus related fixed fees and access fees. Premiums paid by the Library are recorded as expenditures of the General Fund and revenues in the Internal Service (Health Insurance) Fund. Estimated amounts for medical and prescription claims that were unpaid and incurred but not reported are accrued as a liability in this fund.

The Library's risk is decreased by purchasing a reinsurance policy which covers the portion of specific claims in excess of \$75,000 and aggregate claims in excess of \$3,044,444 for the calendar year ended December 31, 2019. Changes in claims liability are as follows:

	<u>Beginning of Year</u>	<u>Claims Incurred</u>	<u>Payments/ Adjustments</u>	<u>End of Year</u>
2018	\$ 277,143	\$ 2,834,661	\$ 2,816,138	\$ 295,666
2019	295,666	3,017,272	3,033,524	279,414

Note 11: Tax Abatements

The Library is subject to property tax abatements through various programs implemented by municipalities within the Library district. The programs include Tax Increment Financing, Chapter 99, Chapter 100, Chapter 353 and Enhanced Enterprise Zone. The definitions described below are meant to be general descriptions of the abatements. Each agreement in the various programs will vary from project to project.

Tax Increment Financing

Tax Increment Financing (TIF) is available to municipalities to encourage redevelopment of a blighted area, a conservation area, or an economic development area. The TIF Act authorizes the capture of 100% of the incremental increase in property taxes above the property taxes generated by the property prior to redevelopment, called "payments in lieu of taxes" ("PILOTs") and 50% of the new economic activity taxes ("EATs") generated from the redevelopment project through sales taxes, earnings taxes, and utility taxes. Captured PILOTs and EATs are used to reimburse the developer or the municipality for certain costs of redevelopment authorized by the TIF Act and approved in the TIF plan.

To establish TIF, the municipal governing body adopts a Redevelopment Plan (Plan), approved by the locally appointed TIF Commission. The theory of TIF relies on the assumption property values and/or local sales tax should increase after the development is operational and a portion of the additional tax over the Base Year taxes generated in the Project Area are allocated to pay for TIF-eligible projects in the development.

"Chapter 99" Tax Abatement

Pursuant to the Section 99 of Missouri Revised Statutes, the municipal governing body can establish a Land Clearance for Redevelopment Authority ("Authority") and approve a redevelopment plan for blighted areas. The Authority can utilize the power of eminent domain to acquire property, assist relocation, construct public improvement, or abate taxes on improvements for up to twenty-five years.

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"Chapter 100" Tax Abatement

Sections 100.010 to 100.200 of the Revised Statutes of Missouri ("Chapter 100") authorize municipalities, counties, towns and villages to issue Industrial Development Bonds, which are revenue bonds used to finance industrial development projects for private corporations, partnerships or individual companies. Under Chapter 100, the local government issues revenue bonds to finance real and/or personal property for eligible development projects. Because title to the property is held in the name of the government during the lease term, the property acquired with the bond proceeds is tax exempt, which effectively results in tax abatement for the company. The standard abatement is to abate up to 50% of the property tax for ten (10) years for projects that invest at least \$6,000,000 or more for a new business or at least \$3,000,000 or more for expansion of an existing business.

"Chapter 353" Tax Abatement

Authorized by Chapter 353 of the Revised Statutes of Missouri, municipalities can form a for-profit "Urban Redevelopment Corporation" to access this incentive to help redevelop blighted areas by abating some or all of the property taxes for up to twenty-five years. Tax abatement may also be extended to a tract of real property, which by itself does not meet the definition of a blighted area if such tract is necessary to the redevelopment project and the area on the whole constitutes a blighted area.

Enhanced Enterprise Zones

Pursuant to the Sections 135.950 to 135.973 of Missouri Revised Statutes, Enhanced Enterprise Zones (EEZ) are specified geographic areas designated by local governments and certified by the Department of Economic Development. The EEZ is a discretionary program that offers state tax credits, accompanied by local real property tax abatement, to encourage job creation in a blighted area. Tax credits may be provided each year for up to five tax years after the project commences operations. .

Multi-Abatement

Certain properties have been classified as Multi-Abatement in which more than one abatement applies: (i) TIF and "Chapter 99/100"; (ii) TIF and "Chapter 353"; and (iii) TIF and EEZ.

The chart below is a break-down of the information provided by the counties and reflects the financial impact of each abatement program on the Library for the year ended June 30, 2019. The Library's levy rate of 39.63 cents per \$100 assessed valuation was used for the calculations.

<u>Type of Abatement</u>	<u>Clay County</u>	<u>Jackson County</u>	<u>Platte County (1)</u>
"Chapter 99"	\$ -	\$ 5,713	\$ -
"Chapter 100"	-	346,016	67,991
"Chapter 353"	10,172	72,309	-
EEZ	29,247	19,118	45,164
TIF	1,062,140	1,273,644	327,287
Multi-Abatement	-	57,941	-
Total	<u>\$ 1,101,559</u>	<u>\$ 1,774,741</u>	<u>\$ 440,442</u>

(1) Platte County's amounts are based on the County's 2017 tax abatement report.

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Note 12: Commitments

The Library Board approved a Facilities Assessment and Capital Plan (the Plan) to maintain and guide the development of 31 branches. The Plan is intended to ensure that the Library will be able to continue to provide first-class services and amenities and remain relevant and vital to the communities. The Plan is scheduled to be completed in 2027. The Library has engaged JE Dunn to act as Construction Manager, using the %Construction Manager At-Risk+ building delivery model. Under this model, individual project agreements will be entered into using a maximum not to exceed costs amount for the related project. Proceeds for the Series 2018 COPS, anticipated interest earnings, existing and future Library funds will be used to fund the projects.

At June 30, 2019, total Plan expenditures to date were approximately \$23.3 million. The Plan's budget consists of the following:

	<u>Total Project Budget</u>	<u>Current Year Expenditures</u>	<u>Project To date Expenditures</u>	<u>Remaining Project Budget</u>
Construction	\$ 84,500,000	\$ 15,304,334	\$ 16,539,563	\$ 67,960,437
Design and furniture fixture & equipment	23,250,000	4,223,170	5,614,588	17,635,412
Property acquisitions	5,450,000	1,154,445	1,161,945	4,288,055
	<u>\$ 113,200,000</u>	<u>\$ 20,681,949</u>	<u>\$ 23,316,096</u>	<u>\$ 89,883,904</u>

Note 13: Subsequent Events

The Library evaluated subsequent events through September 3, 2019, the date the financial statements were available to be issued. No events were identified that required adjustment to or disclosure in the financial statements.

Required Supplementary Information

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Schedule of Revenues & Expenditures - Budget and Actual - General Fund
For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under) with Final Budget</u>
Revenues:				
Property taxes	\$ 47,870,328	\$ 47,870,328	\$ 50,464,082	\$ 2,593,754
Fines, fees and other	680,000	680,000	697,549	17,549
Investment income	275,000	275,000	576,874	301,874
State aid	300,000	300,000	289,729	(10,271)
Grants and contributions	425,000	425,000	500,374	75,374
	<u>49,550,328</u>	<u>49,550,328</u>	<u>52,528,608</u>	<u>2,978,280</u>
Expenditures:				
Library services:				
Salaries, wages and benefits				
Personnel	21,609,293	21,609,293	20,638,604	(970,689)
Social security	1,653,111	1,653,111	1,529,682	(123,429)
Unemployment compensation	15,000	15,000	7,905	(7,095)
Tuition reimbursement	30,000	30,000	23,180	(6,820)
Retirement	2,695,616	2,695,616	2,600,219	(95,397)
Medical insurance	3,000,000	3,000,000	3,222,365	222,365
Life and disability insurance	79,413	79,413	72,588	(6,825)
Employee assistance program	19,755	19,755	15,958	(3,797)
Employee resources	217,400	217,400	191,590	(25,810)
	<u>29,319,588</u>	<u>29,319,588</u>	<u>28,302,091</u>	<u>(1,017,497)</u>
Periodicals, books and other library materials:				
Books	3,291,445	3,291,445	3,046,261	(245,184)
Electronic books	1,250,000	1,250,000	1,239,314	(10,686)
Periodicals	315,000	315,000	290,493	(24,507)
Microfilm	20,000	20,000	24,966	4,966
Electronic resources	2,597,305	2,597,305	2,501,724	(95,581)
A-V materials	2,007,250	2,007,250	1,875,906	(131,344)
Library materials processing	1,001,000	1,001,000	822,575	(178,425)
Live programs	518,000	518,000	542,827	24,827
	<u>11,000,000</u>	<u>11,000,000</u>	<u>10,344,066</u>	<u>(655,934)</u>

(continued)

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Schedule of Revenues & Expenditures - Budget and Actual - General Fund
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Over (Under) with Final Budget
General and administrative:				
Leased space	52,160	84,760	95,169	10,409
Leased equipment	65,825	65,825	53,689	(12,136)
Furniture and equipment	225,910	225,910	221,498	(4,412)
Vehicle operations	121,265	121,265	105,110	(16,155)
Technology services	1,677,021	1,677,021	1,425,106	(251,915)
Library and office supplies	710,075	710,075	592,470	(117,605)
Resource development	145,050	145,050	145,419	369
Community relations and planning	400,000	400,000	357,154	(42,846)
Library engagement services	457,150	457,150	366,385	(90,765)
Contracted services	1,416,445	1,416,445	1,126,249	(290,196)
Professional fees	250,000	250,000	205,683	(44,317)
Continuing education and convention	256,925	256,925	161,556	(95,369)
Memberships and dues	65,409	65,409	53,278	(12,131)
Utilities	1,275,000	1,275,000	1,125,392	(149,608)
Postage and freight	275,000	275,000	285,362	10,362
Voice, data and internet	801,390	801,390	1,114,029	312,639
Building repair and maintenance	523,515	723,515	524,616	(198,899)
Travel and transportation	130,000	130,000	133,753	3,753
Insurance	377,600	377,600	344,275	(33,325)
Miscellaneous services	5,000	5,000	1,479	(3,521)
	<u>9,230,740</u>	<u>9,463,340</u>	<u>8,437,672</u>	<u>(1,025,668)</u>
Total library services	<u>49,550,328</u>	<u>49,782,928</u>	<u>47,083,829</u>	<u>(2,699,099)</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>(232,600)</u>	<u>5,444,779</u>	<u>5,677,379</u>
Other financing sources (uses):				
Transfers out	<u>-</u>	<u>(3,700,000)</u>	<u>(3,700,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(3,700,000)</u>	<u>(3,700,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (3,932,600)</u>	<u>1,744,779</u>	<u>\$ 5,677,379</u>
Fund balance, beginning of year			<u>29,453,506</u>	
Fund balance, end of year			<u>\$ 31,198,285</u>	

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June 30, 2019

Budgets and Budgetary Accounting

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

- On the third Tuesday of May, the Library Director submits to the Board of Trustees (the Board) a proposed budget for the fiscal year commencing the following July 1. The proposed budget includes proposed expenditures and a means of financing them.
- A public hearing in June is conducted to obtain taxpayer comments.
- On the third Tuesday of June, the Board adopts the final budget. If the Board fails to adopt the budget on or before that date, the budget as submitted or amended, goes into effect.
- Any revisions that alter total appropriations within any fund must be approved by the Board.
- Expenditures may not exceed appropriations for any fund without Board approval. Unencumbered appropriations lapse at year-end.

The Library's practice is to prepare the annual budget on a GAAP basis of accounting. The budgetary comparison schedules are prepared on this basis.

The Story Center Endowment Fund was not budgeted.

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Schedule of Changes in Net Pension Liability/(Asset)
and Related Ratios*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Pension Liability				
Service costs	\$ 1,668,924	\$ 1,628,588	\$ 1,576,535	\$ 1,570,368
Interest on total pension liability	6,282,092	5,992,601	5,665,426	5,437,298
Difference between expected and actual experience of the total pension liability	(662,961)	395,831	(1,586,326)	(163,880)
Changes of assumptions	-	-	2,667,235	-
Benefit payments and refunds	(4,129,841)	(3,960,818)	(3,714,867)	(3,686,088)
Net change in total pension liability	<u>3,158,214</u>	<u>4,056,202</u>	<u>4,608,003</u>	<u>3,157,698</u>
Total pension liability - beginning of year	87,858,473	83,802,271	79,194,268	76,036,570
Total pension liability - end of year (a)	<u>\$ 91,016,687</u>	<u>\$ 87,858,473</u>	<u>\$ 83,802,271</u>	<u>\$ 79,194,268</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 2,444,519	\$ 2,305,370	\$ 2,364,854	\$ 2,311,915
Contributions - employee	-	103,517	-	-
Net investment income	10,533,100	9,203,580	(242,431)	1,564,448
Benefit payments and refunds	(4,129,841)	(3,960,818)	(3,714,867)	(3,686,088)
Administrative expenses	(70,075)	(68,852)	(67,028)	(73,722)
Other (net transfer)	(517,655)	250,010	(32,330)	(448,736)
Net change in plan fiduciary net position	<u>8,260,048</u>	<u>7,832,807</u>	<u>(1,691,802)</u>	<u>(332,183)</u>
Plan fiduciary net position - beginning of year	<u>86,733,181</u>	<u>78,900,374</u>	<u>80,592,176</u>	<u>80,924,359</u>
Plan fiduciary net position - end of year (b)	<u>\$ 94,993,229</u>	<u>\$ 86,733,181</u>	<u>\$ 78,900,374</u>	<u>\$ 80,592,176</u>
Net pension liability/(asset) (a) - (b)	<u>\$ (3,976,542)</u>	<u>\$ 1,125,292</u>	<u>\$ 4,901,897</u>	<u>\$ (1,397,908)</u>
Plan fiduciary net position as a percentage of the total pension liability	104.37%	98.72%	94.15%	101.77%
Covered payroll**	\$ 14,036,605	\$ 13,633,553	\$ 13,173,816	\$ 12,471,944
Net pension liability/(asset) as a percentage of covered payroll	-28.33%	8.25%	37.21%	-11.21%

* GASB 68 requires presentation of ten years. As of June 30, 2019, only four years were available.

** Covered payroll is measured as of the measurement date ending June 30 of prior year.

Consolidated Public Library District No. 3
Known as
Mid-Continent Public Library
Required Supplementary Information

Schedule of Employer Contributions

Fiscal Year	Actuarially Determined Contribution	Contribution in Relation to Actuarially Determined Contribution	Contribution Deficiency	Covered Payroll	Contribution as Percentage of Covered Employee Payroll
2010	\$ 2,165,791	\$ 2,165,791	\$ -	\$ 14,063,595	15.40%
2011	2,744,470	2,217,209	527,261	13,519,566	16.40%
2012	2,742,166	2,327,502	414,664	13,376,408	17.40%
2013	2,553,131	2,325,621	227,510	12,639,274	18.40%
2014	2,524,457	2,498,700	25,757	12,879,884	19.40%
2015	2,314,322	2,314,322	-	12,786,302	18.10%
2016	2,374,313	2,374,313	-	13,567,497	17.50%
2017	2,315,498	2,315,498	-	13,865,254	16.70%
2018	2,416,136	2,416,136	-	14,555,039	16.60%
2019	2,600,219	2,600,219	-	16,050,735	16.20%

Consolidated Public Library District No. 3
Known as
Mid-Continent Public Library
Notes to Schedule of Employer Contributions

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.

Methods and assumptions used to determine contributions 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 closer 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 13 to 15 years

Asset valuation method 5-year smoothed market; 20% corridor

Inflation assumption 3.25% wage inflation; 2.5% price inflation

Salary increases 3.25% to 6.55% including wage inflation

Investment rate of return 7.25%, net of investment expenses

Retirement age Experienced-based table of rates that are specific to the type of eligibility condition

Mortality The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Health Annuitant mortality table for males and females. The disables 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 were 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.

Other information: None

Consolidated Public Library District No. 3
Known as
Mid-Continent Public Library
Required Supplementary Information

Schedule of Changes in Net OPEB Liability
and Related Ratios*

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service costs	\$ 88,717	\$ 86,092
Interest on total OPEB liability	57,681	56,469
Change in benefit terms**	2,264,292	-
Differences between actual and expected experience	140,770	-
Changes in assumptions and other inputs	146,292	-
Benefit payments and refunds	<u>(121,000)</u>	<u>(115,000)</u>
Net change in total pension liability	2,576,752	27,561
Total OPEB liability - beginning of year	1,543,476	1,515,915
Total OPEB liability - end of year	<u>\$ 4,120,228</u>	<u>\$ 1,543,476</u>
Covered payroll***	\$11,138,656	\$10,932,832
OPEB liability as a percentage of covered payroll	36.99%	14.12%

* GASB 75 requires presentation of ten years. As of June 30, 2019, only two years are available

** Effective January 1, 2019 the Buy-Up option was eliminated and the coverage parameters for the base plan were changed. These changes reduced the actuarial accrued liability by \$489,286. During fiscal year 2019 the OPEB eligibility provisions were changed to allow employees to elect retiree health insurance at the earlier of age 60 and 20 years of service or at 30 years of service with no minimum age restriction. This change in OPEB eligibility increased the actuarial accrued liability by \$2,753,578. The overall impact of changes in benefit terms resulted in an expense of \$2,264,292.

*** Covered payroll is measured as of the measurement date ending April 30

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75

Other Supplementary Information
Combining and Individual Fund
Statements and Schedules

Nonmajor Governmental Funds

Special Revenue Funds

Community Foundation Fund . This fund is used to account for contributions held at the Greater Kansas City Community Foundation and the Truman Heartland Community Foundation to solicit donations and grants in support the Library's services.

James A Leathers Memorial Scholarship Fund . This fund accounts for funds awarded by the Library Board to a student working toward a graduate degree in Library Science.

Grants and Gifts Fund . This fund is used to account for grants or gifts made directly to the Library for specific purposes or projects.

Permanent Funds

Genealogy Endowment Fund . This fund is used to report resources that are restricted for purposes of supporting the genealogy collection.

Story Center Endowment Fund . This fund is used to report resources that are restricted for the purposes of acquiring new materials for The Story Center Collection and funding humanities-based programming for The Story Center.

Consolidated Public Library District No. 3
Known as
Mid-Continent Public Library
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2019

	Community Foundation Fund	James A. Leathers Scholarship Fund	Grants and Gifts Fund	Genealogy Endowment Fund	Story Center Endowment Fund	Totals
Assets:						
Cash and investments	\$ 324,710	\$ 19,871	\$ 195,832	\$ 43,792	\$ 34,975	\$ 619,180
Accounts receivable	-	-	-	-	25	25
Total assets	<u>\$ 324,710</u>	<u>\$ 19,871</u>	<u>\$ 195,832</u>	<u>\$ 43,792</u>	<u>\$ 35,000</u>	<u>\$ 619,205</u>
Liabilities:						
Unearned revenue	\$ -	\$ -	\$ 111,659	\$ -	\$ -	\$ 111,659
Total liabilities	<u>-</u>	<u>-</u>	<u>111,659</u>	<u>-</u>	<u>-</u>	<u>111,659</u>
Fund balances:						
Nonspendable:						
Genealogy collection	-	-	-	38,746	-	38,746
Story center	-	-	-	-	35,000	35,000
Restricted for:						
Library programs	324,710	19,871	84,173	5,046	-	433,800
Total fund balances	<u>324,710</u>	<u>19,871</u>	<u>84,173</u>	<u>43,792</u>	<u>35,000</u>	<u>507,546</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 324,710</u>	<u>\$ 19,871</u>	<u>\$ 195,832</u>	<u>\$ 43,792</u>	<u>\$ 35,000</u>	<u>\$ 619,205</u>

Consolidated Public Library District No. 3
Known as
Mid-Continent Public Library
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Community Foundation Fund	James A. Leathers Scholarship Fund	Grants and Gifts Fund	Genealogy Endowment Fund	Story Center Endowment Fund	Totals
Revenues:						
Investment income	\$ 3,373	\$ 248	\$ -	\$ 29	\$ (25)	\$ 3,625
Grants and contributions	30,937	-	151,703	-	35,025	217,665
Total revenues:	<u>34,310</u>	<u>248</u>	<u>151,703</u>	<u>29</u>	<u>35,000</u>	<u>221,290</u>
Expenditures:						
Current:						
Library services	-	4,000	127,942	-	-	131,942
Total expenditures	<u>-</u>	<u>4,000</u>	<u>127,942</u>	<u>-</u>	<u>-</u>	<u>131,942</u>
Excess of revenues over (under) expenditures	<u>34,310</u>	<u>(3,752)</u>	<u>23,761</u>	<u>29</u>	<u>35,000</u>	<u>89,348</u>
Fund balances, beginning of year	<u>290,400</u>	<u>23,623</u>	<u>60,412</u>	<u>43,763</u>	<u>-</u>	<u>418,198</u>
Fund balances, end of year	<u>\$ 324,710</u>	<u>\$ 19,871</u>	<u>\$ 84,173</u>	<u>\$ 43,792</u>	<u>\$ 35,000</u>	<u>\$ 507,546</u>

Consolidated Public Library District No. 3

Known as

Mid-Continent Public Library

Nonmajor Governmental Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Nonmajor Funds

For the Year Ended June 30, 2019

James A. Leathers

	Community Foundation			Scholarship			Grants and Gifts			Genealogy Endowment		
	Fund			Fund			Fund			Fund		
	Final Budget	Actual	Variance - Over (under)	Final Budget	Actual	Variance - Over (under)	Final Budget	Actual	Variance - Over (under)	Final Budget	Actual	Variance - Over (under)
Revenues:												
Investment income	\$ 6,000	\$ 3,373	\$ (2,627)	\$ 200	\$ 248	\$ 48	\$ -	\$ -	\$ -	\$ 30	\$ 29	\$ (1)
Grants and contributions	3,150	30,937	27,787	-	-	-	609,475	151,703	(457,772)	-	-	-
Total revenues:	<u>9,150</u>	<u>34,310</u>	<u>25,160</u>	<u>200</u>	<u>248</u>	<u>48</u>	<u>609,475</u>	<u>151,703</u>	<u>(457,772)</u>	<u>30</u>	<u>29</u>	<u>(1)</u>
Expenditures:												
Current:												
Library services	25,000	-	(25,000)	4,000	4,000	-	609,225	127,942	(481,283)	-	-	-
Total expenditures:	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>609,225</u>	<u>127,942</u>	<u>(481,283)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>\$ (15,850)</u>	34,310	<u>\$ 50,160</u>	<u>\$ (3,800)</u>	(3,752)	<u>\$ 48</u>	<u>\$ 250</u>	23,761	<u>\$ 23,511</u>	<u>\$ 30</u>	29	<u>\$ (1)</u>
Fund balances, beginning of year		<u>290,400</u>			<u>23,623</u>			<u>60,412</u>			<u>43,763</u>	
Fund balances, end of year		<u>\$ 324,710</u>			<u>\$ 19,871</u>			<u>\$ 84,173</u>			<u>\$ 43,792</u>	

Consolidated Public Library District No. 3
Known as
Mid-Continent Public Library
Schedule of Revenues & Expenditures - Budget and Actual - Capital Project Fund
For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under) with Final Budget</u>
Revenues:				
Investment income	\$ 250,000	\$ 250,000	\$ 2,290,722	\$ 2,040,722
Grants and contributions	1,029,000	1,029,000	827,880	(201,120)
 Total revenues	 <u>1,279,000</u>	 <u>1,279,000</u>	 <u>3,118,602</u>	 <u>1,839,602</u>
Expenditures:				
Capital outlay	36,555,878	36,555,878	20,927,783	(15,628,095)
 Total expenditures	 <u>36,555,878</u>	 <u>36,555,878</u>	 <u>20,927,783</u>	 <u>(15,628,095)</u>
 Excess of revenues over (under) expenditures	 <u>(35,276,878)</u>	 <u>(35,276,878)</u>	 <u>(17,809,181)</u>	 <u>17,467,697</u>
Other financing sources (uses):				
Transfers in	-	3,700,000	3,700,000	-
Proceeds from sale of capital assets	615,000	615,000	67,400	(547,600)
Total other financing sources (uses):	<u>615,000</u>	<u>4,315,000</u>	<u>3,767,400</u>	<u>(547,600)</u>
 Net change in fund balance	 <u>\$ (34,661,878)</u>	 <u>\$ (30,961,878)</u>	 <u>(14,041,781)</u>	 <u>\$ 16,920,097</u>
 Fund balance, beginning of year			 <u>96,220,246</u>	
 Fund balance end of year			 <u>\$ 82,178,465</u>	

Consolidated Public Library District No. 3
Known as
Mid-Continent Public Library
Schedule of Revenues & Expenditures - Budget and Actual - Debt Service Fund
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Over (Under) with Final Budget
Revenues:				
Property taxes	\$ 7,500,000	\$ 7,500,000	\$ 7,500,000	\$ -
Investment income	20,000	20,000	-	(20,000)
Total revenues	7,520,000	7,520,000	7,500,000	(20,000)
Expenditures:				
Debt service:				
Principal retirements	3,925,000	3,925,000	3,925,000	-
Interest and fiscal charges	2,662,210	2,662,210	2,651,937	(10,273)
Total expenditures	6,587,210	6,587,210	6,576,937	(10,273)
Net change in fund balance	\$ 932,790	\$ 932,790	923,063	\$ (9,727)
Fund balance, beginning of year			-	
Fund balance end of year			\$ 923,063	

Statistical Section

STATISTICAL SECTION*

This part of the Mid-Continent Public Library's (the Library) comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information indicates about the Library's overall financial health.

Contents

Table

Financial Trends

These tables contain trend information to help the reader understand how the Library's financial performance and well-being have changed over time.

1-4

Revenue Capacity

These tables contain information to help the reader assess the Library's most significant local revenue sources: Property Taxes.

5-9

Debt Capacity

These tables present information to help the reader assess the affordability of the Library's current levels of outstanding debt and the Library's ability to issue additional debt in the future.

10-11

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the Library's financial activities take place.

12-14

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

* Certain tables, generally required but irrelevant to the circumstances of the Library, are not presented in this section.

Table 1

**Consolidated Public Library District 3
Known As
Mid-Continent Public Library**

**Net Position by Component
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

	2010	2011	2012	2013	2014	2015	2016	2017 *	2018	2019
Government activities										
Net investment in capital assets	\$ 70,095,467	\$ 69,619,338	\$ 68,102,077	\$ 75,223,118	\$ 77,022,914	\$ 76,749,421	\$ 73,310,858	\$ 70,986,338	\$ 68,430,862	\$ 77,189,641
Restricted	115,629	124,868	192,894	222,426	281,111	553,394	689,075	1,028,423	5,434,536	1,280,603
Unrestricted	41,665,863	41,409,933	40,681,985	34,560,481	33,199,425	35,647,967	38,520,483	38,798,985	44,198,294	49,204,943
Total governmental activities net position	<u>\$ 111,876,959</u>	<u>\$ 111,154,139</u>	<u>\$ 108,976,956</u>	<u>\$ 110,006,025</u>	<u>\$ 110,503,450</u>	<u>\$ 112,950,782</u>	<u>\$ 112,520,416</u>	<u>\$ 110,813,746</u>	<u>\$ 118,063,692</u>	<u>\$ 127,675,187</u>

* - as restated for implementation of GASB Statement 75

Table 2

**Consolidated Public Library District 3
Known As
Mid-Continent Public Library**

**Changes in Net Position
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
Library services	\$ 41,337,454	\$ 42,388,659	\$ 42,970,829	\$ 40,650,429	\$ 41,528,266	\$ 44,134,199	\$ 45,785,512	\$ 48,194,204	\$ 50,446,612	\$ 51,332,295
Interest on long-term debt	329,932	288,227	277,749	223,179	122,163	872	205	-	268,063	2,530,095
Total expenses:	41,667,386	42,676,886	43,248,578	40,873,608	41,650,429	44,135,071	45,785,717	48,194,204	50,714,675	53,862,390
Program Revenues										
Governmental activities:										
Charges for services	820,287	801,269	830,558	979,373	787,753	824,765	833,619	828,851	760,974	697,549
Operating grants and contributions	844,858	747,198	989,130	932,375	1,018,802	1,109,312	1,032,349	829,643	805,493	1,008,768
Capital grants and contributions	-	-	-	50,000	-	250,000	-	59,672	227,187	1,015,771
Total program revenues:	1,665,145	1,548,467	1,819,688	1,961,748	1,806,555	2,184,077	1,865,968	1,718,166	1,793,654	2,722,088
Net (expense)/revenue:										
Governmental activities	(40,002,241)	(41,128,419)	(41,428,890)	(38,911,860)	(39,843,874)	(41,950,994)	(43,919,749)	(46,476,038)	(48,921,021)	(51,140,302)
General Revenues and Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	40,313,379	40,155,537	39,034,404	39,773,681	39,867,988	40,462,529	40,619,408	42,497,226	55,838,293	57,853,715
Investment earnings and other	341,671	250,062	280,297	(559,749)	473,311	193,847	332,833	56,833	332,674	2,898,082
Total general revenues:	40,655,050	40,405,599	39,314,701	39,213,932	40,341,299	40,656,376	40,952,241	42,554,059	56,170,967	60,751,797
Changes in Net Position										
Governmental activities	\$ 652,809	\$ (722,820)	\$ (2,114,189)	\$ 302,072	\$ 497,425	\$ (1,294,618)	\$ (2,967,508)	\$ (3,921,979)	\$ 7,249,946	\$ 9,611,495

Table 3

**Consolidated Public Library District 3
Known As
Mid-Continent Public Library**

**Fund Balances of Governmental Funds*
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Nonspendable	\$ 288,600	\$ 279,860	\$ 261,185	\$ 247,480	\$ 287,232	\$ 401,921	\$ 252,641	\$ 262,845	\$ 390,845	\$ 235,982
Restricted	-	-	8,031	-	-	-	100,000	-	20,000	-
Assigned	5,893,333	4,903,193	1,890,060	8,669,481	4,863,784	1,958,241	1,924,741	2,651,213	6,363,815	5,750,000
Unassigned	20,377,244	20,119,042	22,762,673	18,941,312	19,663,383	21,678,112	22,451,159	22,646,158	22,678,846	25,212,303
Total General Fund	<u>\$ 26,559,177</u>	<u>\$ 25,302,095</u>	<u>\$ 24,921,949</u>	<u>\$ 27,858,273</u>	<u>\$ 24,814,399</u>	<u>\$ 24,038,274</u>	<u>\$ 24,728,541</u>	<u>\$ 25,560,216</u>	<u>\$ 29,453,506</u>	<u>\$ 31,198,285</u>
All other governmental funds										
Nonspendable	\$ 27,877	\$ 29,916	\$ 52,093	\$ 62,422	\$ 65,109	\$ 66,383	\$ 38,713	\$ 38,726	\$ 38,736	\$ 73,746
Restricted	87,752	94,952	132,770	160,004	216,002	487,011	550,362	989,697	79,996,879	65,011,720
Committed	-	-	7,686,897	-	-	-	-	-	-	-
Assigned	17,990,066	19,652,858	11,945,609	9,800,518	9,550,534	8,958,572	9,475,970	8,905,476	16,602,829	18,523,608
Total all other governmental funds	<u>\$ 18,105,695</u>	<u>\$ 19,777,726</u>	<u>\$ 19,817,369</u>	<u>\$ 10,022,944</u>	<u>\$ 9,831,645</u>	<u>\$ 9,511,966</u>	<u>\$ 10,065,045</u>	<u>\$ 9,933,899</u>	<u>\$ 96,638,444</u>	<u>\$ 83,609,074</u>

* The fund balances have been restated to reflect the changes required by GASB 54.

Table 4

**Consolidated Public Library District 3
Known As
Mid-Continent Public Library**

**Changes in Fund Balances of Governmental Funds
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Property taxes	\$ 40,313,379	\$ 40,155,537	\$ 39,034,404	\$ 39,812,054	\$ 39,639,617	\$ 40,324,888	\$ 40,666,110	\$ 42,439,690	\$ 55,778,942	\$ 57,964,082
Fines, fees and other	820,287	801,269	830,558	979,373	787,753	824,765	833,619	828,851	760,974	697,549
Investment income	341,671	248,310	280,297	(559,749)	473,311	193,847	332,833	56,833	332,674	2,871,221
State aid	367,635	334,214	381,223	381,223	381,223	381,223	100,773	91,851	289,698	289,729
Grants and contributions	477,223	412,984	607,907	551,152	637,579	978,089	931,576	797,464	742,982	1,545,919
Total revenues:	42,320,195	41,952,314	41,134,389	41,164,053	41,919,483	42,702,812	42,864,911	44,214,689	57,905,270	63,368,500
Expenditures:										
Library services	39,064,717	38,502,087	37,395,422	37,877,675	39,860,926	40,720,405	41,646,044	42,343,071	45,166,418	47,215,771
Capital outlay	3,702,881	2,372,866	2,400,226	8,606,401	381,657	3,066,176	469,491	1,171,089	2,976,934	20,927,783
Debt service:										
Principal	1,160,838	1,122,303	1,302,425	1,326,755	4,731,989	11,163	5,825	-	-	3,925,000
Interest and fiscal charges	327,047	286,549	278,833	235,570	180,084	872	205	-	553,016	2,651,937
Total expenditures:	44,255,483	42,283,805	41,376,906	48,046,401	45,154,656	43,798,616	42,121,565	43,514,160	48,696,368	74,720,491
Excess of Revenues over (under) Expenditures	(1,935,288)	(331,491)	(242,517)	(6,882,348)	(3,235,173)	(1,095,804)	743,346	700,529	9,208,902	(11,351,991)
Other Financing Sources (Uses):										
Transfer in (out)	-	-	(300,000)	-	-	-	500,000	-	-	-
Certificates of participation and related premium	-	-	-	-	-	-	-	-	80,574,568	-
Proceeds from capital lease	64,593	746,440	202,014	24,247	-	-	-	-	814,365	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	67,400
Total other financing sources (uses):	64,593	746,440	(97,986)	24,247	-	-	500,000	-	81,388,933	67,400
Net Changes in Fund Balances	\$ (1,870,695)	\$ 414,949	\$ (340,503)	\$ (6,858,101)	\$ (3,235,173)	\$ (1,095,804)	\$ 1,243,346	\$ 700,529	\$ 90,597,835	\$ (11,284,591)
Debt service as a percentage of Noncapital expenditures	3.67%	3.53%	4.06%	3.96%	10.97%	0.03%	0.01%	0.00%	1.41%	14.35%

Table 5

**Consolidated Public Library District 3
Known As
Mid-Continent Public Library
Governmental Activities, Tax and Other Revenues By Source
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

Fiscal Year	Property Taxes	Investment Income	Fines and Fees	Grants & Contributions	Total
2009-2010	\$ 40,313,379	\$ 341,671	\$ 820,287	\$ 844,858	\$ 42,320,195
2010-2011	40,155,537	248,310	801,269	747,198	41,952,314
2011-2012	39,034,404	280,297	830,558	989,130	41,134,389
2012-2013	39,812,054	(559,749)	979,373	932,375	41,164,053
2013-2014	39,639,617	473,311	787,753	1,018,802	41,919,483
2014-2015	40,324,888	193,847	824,765	1,359,312	42,702,812
2015-2016	40,666,110	332,833	833,619	1,032,349	42,864,911
2016-2017	42,439,690	56,833	828,851	889,315	44,214,689
2017-2018	55,778,942	332,674	760,974	1,032,680	57,905,270
2018-2019	57,964,082	2,871,221	697,549	1,835,648	63,368,500

**Consolidated Public Library District 3
Known As
Mid-Continent Public Library**

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(In Thousands)**

Fiscal Year	Real Assessed Value*	Estimated Actual Real Value	Personal Assessed Value*	Estimated Actual Personal Value	Totals		Total Direct Tax Rate	Assessed Value as a percentage of Estimated Actual Value
					Assessed Value	Estimated Actual Value		
2009-2010	\$ 9,408,786	\$ 37,635,144	\$ 2,379,627	\$ 7,932,090	\$ 11,788,413	\$ 45,567,234	\$ 0.3200	25.87%
2010-2011	9,444,918	37,779,672	2,314,762	7,715,873	11,759,680	45,495,545	0.3200	25.85%
2011-2012	9,251,869	37,007,476	2,220,160	7,400,533	11,472,029	44,408,009	0.3200	25.83%
2012-2013	9,295,189	37,180,756	2,256,355	7,521,183	11,551,544	44,701,939	0.3200	25.84%
2013-2014	9,390,312	37,561,248	2,190,986	7,303,287	11,581,298	44,864,535	0.3200	25.81%
2014-2015	9,492,959	37,971,836	2,244,583	7,481,943	11,737,542	45,453,779	0.3200	25.82%
2015-2016	9,942,209	39,768,836	2,370,887	7,902,957	12,313,096	47,671,793	0.3146	25.83%
2016-2017	10,011,121	40,044,484	2,660,396	8,867,987	12,671,517	48,912,471	0.3153	25.91%
2017-2018	10,693,088	42,772,352	2,732,944	9,109,813	13,426,032	51,882,165	0.3963	25.88%
2018-2019	10,936,144	43,744,576	2,879,655	9,598,850	13,815,799	53,343,426	0.3963	25.90%

* The assessed values are provided by the county collector's office for properties residing in partial Jackson county, partial Clay county, and entire Platte county.

Table 7

**Consolidated Public Library District 3
Known As
Mid-Continent Public Library**

**PROPERTY TAX RATES MAJOR DIRECT AND OVERLAPPING GOVERNMENTS
PER \$100 ASSESSED VALUATION
LAST TEN FISCAL YEARS**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Mid-Continent Public Library	\$ 0.3200	\$ 0.3200	\$ 0.3200	\$ 0.3200	\$ 0.3200	\$ 0.3200	\$ 0.3146	\$ 0.3153	\$ 0.3963	\$ 0.3963
Counties - General, Debt, Park, Road/Bridge, Disabilities, and Senior Serv.										
Clay	0.2899	0.2899	0.2599	0.3790	0.3690	0.4693	0.4428	0.4224	0.4308	0.4308
Jackson	0.6178	0.6178	0.6058	0.6046	0.6046	0.7117	0.6892	0.6964	0.6309	0.8484
Platte	0.6238	0.6238	0.5939	0.5939	0.5939	0.4200	0.4200	0.4200	0.4125	0.4125
School Districts										
Blue Springs R-#4	5.5307	5.7290	5.7286	5.7286	5.7286	5.7286	5.7286	5.7286	5.7286	5.7286
Center District #58	5.8151	5.8151	6.5751	6.6651	6.8330	6.8630	6.7869	6.7828	6.5147	6.6139
East Buchanan Consolidated #1	5.3000	5.3000	5.3000	5.3000	5.3000	5.3000	5.2793	5.2988	5.2956	5.2644
Excelsior Springs #40	4.8592	5.1500	5.2000	5.2000	5.2000	5.2000	5.1724	5.1044	5.1272	5.1942
Fort Osage R-#1	4.9096	5.3810	5.5000	5.5000	5.6000	5.6998	5.7000	5.7000	6.3700	6.3700
Grain Valley R-#5	4.9919	5.4890	5.5656	5.5333	5.5229	5.5177	5.4612	5.4579	5.4255	5.4163
Grandview Consolidated #4	5.6132	5.8940	5.8936	5.8936	5.8936	5.8936	5.7856	5.8047	5.6094	5.6255
Hickman Mills Consolidated #1	6.1400	6.2720	6.3217	6.3217	6.3217	6.4217	6.5935	6.5575	6.2232	7.0402
Independence #30	5.0841	5.4300	5.5800	5.6700	5.7000	5.7000	5.9130	5.9130	5.8010	5.8010
Kearney R-#1	4.5105	4.6520	5.2123	5.3461	5.3461	5.3461	5.3461	5.3461	5.3506	5.3455
Lee's Summit R-#7	5.8359	6.0550	6.1050	6.0579	6.0627	6.1192	5.9813	5.9957	5.8777	5.8811
Liberty #53	5.6400	6.0950	6.0950	6.0950	6.0950	6.4550	6.4550	6.4550	6.4550	6.4550
Lone Jack Consolidated #6	4.5936	5.5140	5.5314	5.5106	5.5141	5.5106	5.4501	5.4287	5.3484	5.3484
Missouri City #56	4.0892	4.4040	4.2756	4.3433	4.3308	4.4525	4.3327	4.1383	4.2524	4.0352
North Kansas City #74	5.8900	5.8900	5.8898	5.8898	5.8898	6.5167	6.4333	6.4284	6.4280	6.4235
North Platte R-#1	3.9600	4.3900	4.6000	4.6000	4.5924	4.6400	4.7400	4.7400	4.7400	4.7400
Oak Grove R-#6	4.4329	4.8650	5.1200	5.0563	5.1361	5.1472	5.1024	5.1062	4.8288	5.0367
Park Hill R-#V	5.3000	5.4130	5.4133	5.5371	5.5324	5.5650	5.5290	5.5290	5.4035	5.3955
Platte County R-#3	4.2000	4.5290	4.5288	4.5288	4.5989	4.5989	5.0439	5.0439	5.0439	5.0193
Raytown Consolidated #2	5.5324	6.3200	6.3200	6.3200	6.3200	6.3200	6.3200	6.3200	6.3200	6.3200
Smithville Consolidated R-#11	4.1900	4.3450	4.4007	4.4048	4.4126	4.3988	4.3988	4.4275	5.2080	5.1790
West Platte R-#11	4.3300	4.4550	4.4500	4.1000	4.1000	4.1000	4.1000	4.1000	4.1000	4.0417
Metropolitan Community College	0.2266	0.2329	0.2335	0.2349	0.2369	0.2374	0.2343	0.2339	0.2297	0.2305
All other taxing districts (Estimated) *	60.2889	63.0834	69.7444	69.0328	69.0308	71.8366	71.8451	71.6181	72.0505	72.1293

* Includes Cities, Fire and Water Districts, and other special districts

Table 8

**Consolidated Public Library District 3
Known As
Mid-Continent Public Library
PRINCIPAL PROPERTY TAXPAYERS
FOR FISCAL YEAR ENDING 2019 AND NINE YEARS AGO**

<u>Taxpayer</u>	2019			2010 (2)		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
KCI Airport	\$ 276,174,382	1	36.92%			
KCPL - GMOC	119,575,153	2	15.98%			
KCPL	92,855,063	3	12.41%			
Ford Motor Company - WHQ	72,328,290	4	9.67%			
Google Fiber Missouri LLC	62,079,914	5	8.30%			
GLP Capital	34,744,602	6	4.64%			
Gold Merger Sub	24,569,890	7	3.28%			
Sprint Communications	22,953,953	8	3.07%			
Wal-Mart	22,478,994	9	3.00%			
WBCMT Independence Center	20,343,643	10	2.72%			
	\$ 748,103,884	(1)	5.41%			

(1) Total assessed valuation for 2018-2019 was \$13,815,799,114

(2) Information for 2010 is not available

Table 9

**Consolidated Public Library District 3
Known As
Mid-Continent Public Library
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009-2010	\$ 37,722,922	\$ 35,476,359	94.04%	\$ 1,088,812	\$ 36,565,171	96.93%
2010-2011	37,630,976	35,589,870	94.58%	1,494,165	37,084,035	98.55%
2011-2012	35,976,282	34,683,337	96.41%	1,292,945	35,976,282	100.00%
2012-2013	36,055,436	35,217,538	97.68%	837,898	36,055,436	100.00%
2013-2014	36,504,251	35,201,477	96.43%	1,058,908	36,260,385	99.33%
2014-2015	36,996,732	35,943,852	97.15%	1,052,880	36,996,732	100.00%
2015-2016	38,810,879	37,068,697	95.51%	1,308,178	38,376,875	98.88%
2016-2017	39,353,995	38,125,602	96.88%	959,604	39,085,206	99.32%
2017-2018	52,423,284	50,742,489	96.79%	1,305,049	52,047,538	99.28%
2018-2019	53,930,732	51,045,081	94.65%	-	51,045,081	94.65%

Table 10

**Consolidated Public Library District 3
Known As
Mid-Continent Public Library
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year	Certificates of Participation	Capital Leases	Total Primary Government	Per Capita (1)
2009-2010	\$ 7,354,210	\$ 165,900	\$ 7,520,110	\$ 11.25
2010-2011	6,415,808	730,074	7,145,882	9.37
2011-2012	5,442,406	604,663	6,047,069	7.93
2012-2013	4,434,004	312,155	4,746,159	6.22
2013-2014	-	20,166	20,166	0.03
2014-2015	-	9,003	9,003	0.01
2015-2016	-	-	-	-
2016-2017	-	-	-	-
2017-2018	80,574,568	-	80,574,568	105.68
2018-2019	76,235,217	-	76,235,217	99.99

(1) Population data can be found in the Miscellaneous Statistical Data

Table 11

**Consolidated Public Library District 3
Known As
Mid-Continent Public Library
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2019**

<u>Jurisdiction</u>	<u>Outstanding Debt</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Direct Debt:			
Library District, payable from taxes	<u>\$ 76,235,217</u>	100.00%	<u>\$ 76,235,217</u>
Overlapping Debt (2):			
Counties:			
Clay	58,863,566	93.66%	55,131,616
Jackson	500,262,712	67.03%	335,326,096
Platte	<u>28,538,051</u>	100.00%	<u>28,538,051</u>
	<u>587,664,329</u>		<u>418,995,763</u>

(1) Percentage based on the taxing entity's assessed property values within the Library district.

(2) School districts, cities, and other overlapping districts are not included, since their numbers are irrelevant to the circumstances of the Library.

**Consolidated Public Library District 3
Known As
Mid-Continent Public Library
Principal Employers
FOR FISCAL YEAR ENDING 2019 AND TEN YEARS AGO**

Employers	2019 (1)			2010 (2)		
	Local Employees	Rank	Percentage of Total District Employment (3)	Local Employees	Rank	Percentage of Total District Employment (3)
Saint Luke's Health System	8,020	1	1.53%			
Ford Motor	7,030	2	1.35%			
Honeywell	3,637	3	0.70%			
Burns & McDonnell	2,792	4	0.53%			
Lee's Summit School District	2,638	5	0.50%			
Independence School District	2,051	6	0.39%			
Blue Springs School District	2,020	7	0.39%			
Liberty School District	1,962	8	0.38%			
Northrop Grumman	1,900	9	0.36%			
Park Hill School District	1,600	10	0.31%			
Total	33,650		6.44%			

(1) Source: Kansas City Business Journal's Annual Book of Lists on July 20, 2018 for public employers, and July 20, 2018 for private employers

(2) Information for 2010 is not available

(3) The total employment figure was from the Quarterly Census of Employment and Wages for the 4th quarter of 2018.

Table 13

Consolidated Public Library District 3
Known As
Mid-Continent Public Library
Miscellaneous Demographic Data
Last Ten Fiscal Years

Fiscal Year	Full Time Equivalents	Number of Physical Collection Owned	Number of Materials Circulated	Number of Registered Borrowers	Population (1)
2009-2010	601.6	3,419,516	9,455,412	481,050	668,428
2010-2011	600.0	3,419,516	9,060,906	496,205	668,428
2011-2012	605.5	3,402,625	9,305,242	545,980	762,446
2012-2013	580.0	3,482,436	9,120,528	497,365	762,446
2013-2014	538.3	3,629,127	8,969,209	510,888	762,446
2014-2015	546.0	3,524,692	8,844,347	502,523	762,446
2015-2016	533.6	2,982,264	9,189,534	512,419	762,446
2016-2017	521.0	3,027,121	9,005,844	487,653	762,446
2017-2018	537.0	2,681,013	8,968,852	510,151	762,446
2018-2019	533.0	2,637,045	9,039,612	559,842	762,446

(1) Based on 2000 and 2010 U.S. census

Table 14

Consolidated Public Library District 3
Known As
Mid-Continent Public Library
Miscellaneous Statistical Data
Schedule of Service Locations
June 30, 2019

Branch Libraries	Address	Owned (O) Leased (L)	Square Feet	Open Hours per Week
Antioch	6060 N. Chestnut Gladstone, MO 64119	O	22,783	69
Blue Ridge	9253 Blue Ridge Blvd Kansas City, MO 64138	O	21,280	69
Blue Springs North	850 NW Hunter Dr. Blue Springs, MO 64015	O	15,204	69
Blue Springs South	2220 S 7 Highway Blue Springs, MO 64014	O	17,896	69
Boardwalk	8656 N Ambassador Dr. Kansas City, MO 64154	O	14,961	69
Buckner	19 E Jefferson Buckner, MO 64016	O	5,518	61
Camden Point	401 Hardesty St Camden Point, MO 64018	O	3,080	55
Claycomo	309 NE 69 Highway Claycomo, MO 64119	O	9,733	61
Colbern Road	1000 NE Colbern Road Lee's Summit, MO 64086	O	15,204	69
Dearborn	206 Maple Leaf Ave Dearborn, MO 64439	O	3,080	55
Edgerton	404 Frank St Edgerton, MO 64444	O	3,013	55
Excelsior Springs	1460 Kearney Road Excelsior Springs, MO 64024	O	10,133	69
Grain Valley	110 Front St. Grain Valley, MO 64029	L	7,000	61
Grandview	12930 Booth Ln Grandview, MO 64030	O	12,744	69
Kearney	100 S Platte-Clay Way Kearney, MO 64060	O	15,000	69
Lee's Summit	150 NW Oldham Parkway Lee's Summit, MO 64081	O	17,500	69
Liberty	1000 Kent St. Liberty, MO 64068	O	17,300	69
Lone Jack	211 N Bynum Road Lone Jack, MO	O	7,500	61
Midwest Genealogy Center	3440 S. Lee's Summit Independence, MO 64055	O	52,000	67
North Independence	317 W 24 Highway Independence, MO 64050	O	33,770	69

(continued)

**Consolidated Public Library District 3
Known As
Mid-Continent Public Library
Miscellaneous Statistical Data
Schedule of Service Locations
June 30, 2019**

Branch Libraries	Address	Owned (O) Leased (L)	Square Feet	Open Hours per Week
North Oak	8700 N Oak Street Trafficway Kansas City, MO 64155	O	15,580	69
Oak Grove	2320 S. Broadway Oak Grove, MO 64075	O	7,000	61
Parkville	8815 Tom Watson Parkway Parkville, MO 64152	O	17,664	69
Platte City	2702 Prairie View Road Platte City, MO 64079	O	15,638	61
Raytown	6131 Raytown Road Raytown, MO 64133	O	22,910	69
Red Bridge	11140 Locus Kansas City, MO 64131	L	14,352	69
Riverside	2700 NW Vivion Road Riverside, MO 64150	O	15,112	61
Smithville	120 Richardson St Smithville, MO 64089	O	15,000	69
South Independence	13700 E 35th Street Independence, MO 64055	O	17,887	69
Weston	18204 Library Drive Weston, MO 64098	O	7,244	57
Woodneath Library Center	8900 NE Flintlock Road Kansas City, MO 64157	O	35,000	69
Library-to-go 1	Hillcrest Community Center 10401 Hillcrest Road Kansas City, MO 64134	L	150	76
Library-to-go 2	Marlborough Community Center 8200 Paseo Blvd. Kansas City MO 64131	L	150	47
Farview	18109 E 12th St. N Independence, MO 64056	L	5,700	40