

**MARYVILLE PUBLIC LIBRARY  
FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

# MARYVILLE PUBLIC LIBRARY

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Maryville Public Library  
Maryville, MO 64468

We have audited the accompanying financial statements of Maryville Public Library, as of and for the year ended September 30, 2020, 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 misstatement, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Except for the matter described in the "Basis for Disclaimer of Opinion" paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Basis for Disclaimer of Opinion**

The financial statements of Second Century Library Endowment Fund Corporation (Foundation) have not been audited, and we were not engaged to audit the Foundation's financial statements as part of our audit of the Library's basic financial statements. The Foundation's financial activities are included in the Library's financial statements as a discretely presented component unit.

### **Disclaimer of Opinion**

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the discretely presented financial statements of Second Century Library Endowment Fund Corporation.

### **Opinion**

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the governmental activities of the Maryville Public Library as of September 30, 2020, and the changes in financial position and the budgetary comparison for the general fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Changes in Net Pension Liability and Related Ratios Multiyear, Schedule of Contributions and the Notes to the Schedule of Contributions on pages 3-10 and 35-37 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 principally 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.

*Harden, Cummins, Moss & Miller, L.L.C.*

Maryville, Missouri

March 22, 2021

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



Maryville Public Library Financial Reports for FY 2020 ending September 30, 2020

## Management Discussion and Analysis

### OVERVIEW OF ANNUAL FINANCIAL STATEMENTS

Maryville Public Library currently maintains the following four (4) individual governmental funds\*, all of which are included in the Maryville Public Library's financial statements and overseen by the Maryville Public Library Executive Board of Trustees:

1. Library Operating Fund consisting of two interest-bearing checking accounts held at Nodaway Valley Bank in Maryville. One account serves to receive real and personal property tax deposits in accordance with the library's current levy of .2852. per \$100 Assessed Valuation. The other serves as an account out of which to pay the library's main operating expenditures including payroll, utilities, book purchases, and other expenses.
2. Memorials/Restricted Gifts Fund serves to hold deposits made in memory of individuals, or small monetary gifts given for specific purposes.
3. Friends of the Maryville Public Library Fund holds deposits from Friends membership dues and any other fundraising activities undertaken by members of the Friends of the Maryville Public Library. Friends funds are used to both support the library's operating funds directly in the form of an annual check, and occasionally to directly pay for expenses related to Friends-sponsored library activities such as the annual Children's Business Fair and non-resident fees for Nodaway County residents who are food stamp eligible.
4. Price and Hawkins Endowments consists of one Certificate of Deposit with a balance of \$5,4777.11 as of September 10, 2020; and one checking account (Price/Hawkins Expendable Funds) with a balance of \$299.15 as of September 30, 2020. Both of these accounts are held at Bank Midwest in Maryville.

*\*NOTE: In addition to the four governmental funds listed above, the library also benefits from the Second Century Library Fund Foundation, a Type 1 501 (c)(3) Supportive Organization. In 2020, the library received a check for \$30,000 from this Foundation, which is included in the general revenue of the Library Operating Fund. The Second Century Library Fund Foundation is not audited on its own and but a summary of activities within this foundation fund is included as a separate item in these annual financial statements.*

For the purpose of allowing trustees, administration, and other stakeholders to track both the overall financial health of the organization as well as activities within individual revenue and expense items in the library's line-item annual budget, these financial statements are presented in the following three formats:

1. **Balance Sheet:** Shows current assets and liabilities. (Current assets are cash and assets expected to be converted to cash within one year. Current liabilities are liabilities obligated to be paid within one year.)
2. **Statement of Revenue, Expenditures, and Changes in Fund Balances** show categories of Revenues and Expenditures collected and spent by the organization within the fiscal year being reported.\*\*
3. **Statement of Net Position:** Similar to the Balance Sheet, but also includes noncurrent assets and noncurrent liabilities in addition to current assets and liabilities. Noncurrent assets can include property, equipment, and long term investments.



Management Discussion and Analysis  
September 30, 2020

Both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities

*\*\* There is a difference between the Statement of Revenues, Expenses, and Changes in Fund Balances presented in these annual financial statements and the more detailed Monthly Statement of Revenues, Expenses, and Changes in Fund Balance presented at public monthly meetings of the government board in that the former encompasses all four governmental funds, while the latter is limited to the Library Operating Fund and usually accompanied by separate reports detailing restricted funds activities.*

**SUMMARY OF SIGNIFICANT FINANCIAL ACTIVITY IN FY2020**

**Library Operating Fund:**

The library’s main income source, property tax revenue collected with the City of Maryville taxing district, slightly increased in 2020, with Assessed Valuation showing a modest net increase for the first time in years. Relatively high jumps in Missouri minimum wage and Maryville R-II base teacher salary—both of which influence the library’s salary schedule—as well as decreases in smaller income streams due to an 8-week pandemic shutdown—led the library to seek and receive \$30,000 in support from the Second Century Library Fund Foundation in order to keep the budget balanced. However, in late summer, over \$8,000 in unexpected property tax revenue from Walmart arrived. (Those tax payments had been previously contested by Walmart and detained by the State.) Along with some capital expenditures being deferred, the end result was over \$34,000 in surplus added to the library’s unrestricted cash reserves, raising it 19.5% above the year prior.

The table below shows how the fiscal year’s net balances compared with the library’s budget goals.

<b>Annual Budget Goal</b>	<b>FY2020 Actual</b>
Personnel Expenditures 60%-70%	50% <i>(Note: An additional 10% of expenditures went toward LAGERS unfunded liability (see below).</i>
Book and digital content 15%	16%
Unrestricted Reserves 30%--40%	53% as of Sept. 30; 39% as of Nov. 30

Attachment 1 provides pie charts showing major revenue and expenditures by source.

Attachment 2 provides a comparison of 2020 actual revenue and expenses in the library’s main operating fund compared with actual revenue and expenses in the four preceding years.

**Net pension liability:**

In January 2020, the library made a second of three planned lump sum payments to pay down the libraries unfunded liability balance in its MoLAGERS (Missouri Local Government Employees’ Retirement System) account. The lump sum payments, in addition to a favorable market in 2019 and early 2020, have cut the library’s liability by more than half. As a result, the library is on target to save several thousand dollars in interest, and annual required contribution rates paid by the library have reversed course and are now dropping. The library plans to make a final lump sum payment in January 2021. In upcoming years, library management recommends directing that revenue towards



Management Discussion and Analysis  
September 30, 2020

building maintenance and improvements, in addition to absorbing increases in personnel costs due to additional state minimum wage increases.

	LAGERS unfunded liability balance	Library required contribution rate
2017	132,109	16.4%
2018	128,951	17.4%
2019	87,804	18.4%
<b>2020</b>	<b>49,009</b>	<b>18.4%</b>
<b>2021</b>	<b>5,000 (projected)</b>	<b>14.3%</b>

**Memorials/Restricted Gifts Account:**

In FY2020, Maryville Public Library made a concerted effort to spend down numerous small funds within its Memorials/Restricted Gifts account, some memorials which had been sitting unused for a decade or more. At the beginning of FY2020, the balance of this fund stood at \$8,599.78. With a new board-approved Gift Policy in place to allow unused memorial funds and small gifts to be used toward the library’s goals and objectives, \$15,294 was spent in the fiscal year. The money went toward six new library tables for public use, 14 matching solid oak chairs, and 321 books and audiobooks for public use. During this spending spree, a few individual memorials were accidentally overspent, however a transfer from Operating Funds to Memorial/Restricted Gifts Funds late in the year in the amount of \$360.50 rectified that error. At year’s end the Memorials/Restricted Funds balance stood reconciled at \$2,951.33.

**Friends Checking Account:**

Coming into FY2020, the Friends Account Balance was \$9,690.32. A mailing for membership dues yielded \$4,424. During the same fiscal year, the Friends fund provided \$2,000 to pay for non-resident library card fees for food-stamp eligible households in Nodaway County, and another \$762.35 toward co-supporting Children’s Business Fair and providing giveaway books for local children. The balance for this fund as of September 30, 2020 was \$11,351.97.

**CHANGE IN NET POSITION**

As noted above, in FY2020 Maryville Public Library saw a 19.5% increase in unrestricted cash reserves and a significant drop in our net pension liability. A drop in the much smaller Memorials/Restricted Gifts Account, a small gain in Friends Funds, and the straight-line depreciation of fixed assets such as the library building as calculated by the accounting firm of Hardin, Cummins, Moss & Miller, all contribute to a change in net position to \$889,489 (see Page 3), up around 5.2% from the year prior (\$843,980).

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET**

Since real and personal property tax revenue provides up 85%-90% of the library’s annual operating budget, the library depends upon local property values remaining stable or ideally, in a state of modest and sustained growth. In FY2021 the library is expecting a comparable amount of property tax revenue: an estimated \$390,645 in property tax revenue from real property, personal property, and utilities within



Management Discussion and Analysis  
September 30, 2020

the City of Maryville taxing district. (2020 AV: \$138,472,261 – estimated Tax Increment Financing (TIF) of 1,500,000=136,972,261 x library tax ceiling .002852 = \$390,645)

In addition, this line item includes rough estimates of interest on delinquent tax payments and penalties collected by the County Collector's Office on those properties, as well as an annual, albeit diminishing Chapter 100 Payment In Lieu of Taxes (PILOT) made by Kawasaki.

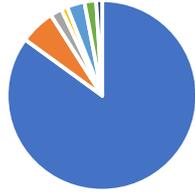
Regarding FY2021 expenditures, the library will be absorbing another increase in payroll expenses due to the planned voter-approved minimum wage increases at the state level. There is also currently a White-House led initiative to increase minimum wages to \$15 an hour, which could have a significant effect on the number of staff hours that could be covered by the library budget.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Library's finances for local stakeholders and anyone who is interested on this topic. Requests for additional information or questions concerning any of the information provided in this report can be addressed to Stephanie Patterson, Library Director, Maryville Public Library, 509 North Main Street, Maryville, MO.

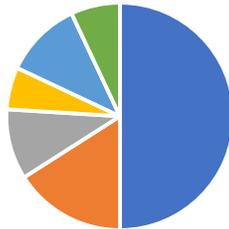
Stephanie Patterson  
Director  
Maryville Public Library

### FY2020 Library Income



- Property taxes paid in Maryville (85%)
- Foundation Support/Unrestricted Donations (6%)
- Non-resident library card fees (2%)
- Fines, other fees (1%)
- Grants (3%)
- State funds (2%)
- Other (1%)

### FY2020 Library Expenditures



- Personnel (50%)
- Books and digital resources for cardholders (16%)
- LAGERS unfunded liability lump sum payment (10%)
- Maintenance of building, grounds and equipment, utilities (6%)
- Other expenses i.e. building insurance, tax collector's fee, software licenses, phone, Internet (11%)
- Added to reserves (7%)

**Maryville Public Library**  
**FY2021 Operating Budget Approved**

Attachment 2

		<b>FY2016 Actual</b>	<b>FY2017 Actual</b>	<b>FY2018 Actual</b>	<b>2019 Actual</b>	<b>2020 Actual</b>	<b>2021 Budget Approved</b>
REVENUE							
1	Advalorem Taxes	228,668	242,502	402,337	407,864	424,487	420,000
2	MO State Aid	1,582	1,442	4,549	4,550	5,986	0
3	Non Resident Fee	6,615	7,083	6,726	9,018	11,200	5,000
4	Fines	3,776	2,650	3,443	3,157	2,462	1,000
5	Copies, Bags, Rentals	5,798	5,099	7,699	4,247	1,928	3,000
6	Sale/Donated Books	919	1,162	2,824	6,402	1,560	1,000
7	Miscellaneous ILL fee, fax fees	583	1,800	1,783	639	544	500
8	Foundation	4,000	10,000	10,000	0	30,000	21,500
9	Community Room Fees	775	900	855	720	660	0
10	Interest on Investments	399	308	433	547	769	500
11	<b>Total Revenues</b>	<b>254,234</b>	<b>274,936</b>	<b>429,049</b>	<b>437,144</b>	<b>479,596</b>	<b>452,500</b>
12	<i>[Spending out of RESERVES]</i>	4,386	55,972	0	0	0	0
EXPENSE							
	<i>Personnel Services</i>						
13	Payroll Expenses	119,766	125,734	157,927	162,288	167,565	175,400
14	FICA (around 7.7% of payroll)	9,240	9,698	12,209	12,514	12,909	13,525
15	Group Insurance/Employee	12,462	14,959	24,550	22,516	23,093	32,000
16	Health Incentive			228	156	0	0
17	Retirement/LAGERS (18.4% of eligible wages)	11,919	10,997	15,323	21,085	23,619	25,000
18	Longevity	1,022	1,038	1,158	1,139	1,210	1,350
19	Tuition Reimbursement benefit				443	1,600	1,600
20	<b>Total Personnel Services</b> (approx., 55% of regular revenues)	<b>154,409</b>	<b>162,426</b>	<b>211,395</b>	<b>220,141</b>	<b>229,996</b>	<b>248,875</b>

**Maryville Public Library**  
**FY2021 Operating Budget Approved**

	<i>Commodities</i>						
21	Circulation Materials (includes electronic resources for patron use)	34,383	35,034	60,405	54,690	72,704	67,825
22	General Supplies (Book processing supplies, programming supplies, janitorial supplies, office furniture, etc.)	8,614	6,988	8,608	6,651	10,914	10,000
23	<b>Total Commodities</b>	<b>42,997</b>	<b>42,022</b>	<b>69,013</b>	<b>61,341</b>	<b>83,618</b>	<b>77,825</b>
	<i>Contractual Services</i>						
24	Utilities	12,167	10,098	11,420	10,360	9,081	11,000
25	Co. Tax Collection Fee... (estimate: 4.5% of tax income)	9,939	10,417	17,808	18,142	18,627	19,350
26	Independent Audit	3,300	0	3,300	0	3,300	3,300
27	Building Maintenance	7,917	10,183	13,061	16,553	8,562	10,125
28	Other Contractual Services (i.e. snow removal, landscaping, network support, ILS, copier/printer support) Beanstack, public performers, etc.	11,573	11,852	14,613	12,846	11,513	13,600
29	Bookkeeping	1,485	0	1,800	0	4,150	1,800
30	ILL Postage	2	0	25	0	17	25
31	Postage and Delivery	855	550	716	475	509	500
32	Printing and Advertising	771	2,046	1,094	1,096	2,799	1,000
33	Telephone	2,101	2,380	2,781	2,707	2,597	2,500
34	Internet Provider	1,204	1,314	1,100	1,207	1,189	1,200
35	Programming (Contract based costs)	50	345	?	0	0	0
36	Travel/Registration	518	875	1,352	375	526	1,000
37	<b>Total Contractual</b>	<b>51,882</b>	<b>50,060</b>	<b>67,245</b>	<b>63,761</b>	<b>62,870</b>	<b>65,400</b>

**Maryville Public Library**  
**FY2021 Operating Budget Approved**

	<b>Services</b>						
	<i>Other Charges</i>						
38	Other Charges	2,315	5,750	367	2,118	643	2,000
39	Dues and Subscriptions	696	563	388	165	245	500
40	Insurance (Building & Workman's Comp)	11,252	11,844	12,814	13,534	16,459	17,000
41	Licenses/Permits/Bk chgs.	1,119	1,232	690	338	2,349	500
42	MO Sales Tax	353	240	390	468	375	400
43	<b>Total Other Charges</b>	<b>15,735</b>	<b>19,629</b>	<b>14,649</b>	<b>16,623</b>	<b>20,071</b>	<b>20,400</b>
44	<b>Total Expense</b>	<b>265,023</b>	<b>274,137</b>	<b>362,302</b>	<b>361,866</b>	<b>396,555</b>	<b>412,500</b>
	<i>Other Income (Expense)</i>						
45	Donations (Unrestricted)	460	673	664	978	122	500
46	Donations-Restricted	0	0	0	0	0	5,000
47	Restricted Expenditures	(53)	0	0	0	0	(5,000)
48	Athletes & Entertainers Tax income	1,799	1,990	2,039	2,080	2,431	0
49	A&E Tax Expenditures	0	(1,990)	(2,039)	(0)	0	0
50	Grant income	9,769	8,160	118	16,552	15,322	10,000
51	Grant expenditures	(10,911)	(3,925)	(797)	(19,709)	(21,250)	(10,500)
52	Capital Outlay	(13,161)	(67,686)	(13,246)	(0)	0	0
53	Total Other Income (Expense)	<b>(13,896)</b>	<b>(64,768)</b>	<b>(13,261)</b>	<b>(99)</b>	<b>(3,375)</b>	<b>0</b>
54	Transfer to Restricted [Friends Funds]	18,500	7,997	9,000	7,000	(286)	5,000
55	Debt Service/Liability			0	45,000	45,000	(45,000)
56	<b>Excess of revenues over expenses</b>	<b>0</b>	<b>See reserve spending (Item 13)</b>	74,086	0	34,380	0

**Maryville Public Library**  
**FY2021 Operating Budget Approved**

57	Fund Balance, unreserved, September 30, 2018	94,073
58	Fund Balance, unreserved, September 30, 2019	176,252
59	<b>Fund Balance, unreserved, September 30, 2020</b>	<b>210,632</b>

**FY2021 Budget Notes:**

REVENUE

**Item 1:** Ad Valorem Taxes: Includes an estimated \$390,645 in property tax revenue from real property, personal property, and utilities within the City of Maryville taxing district. (2020 AV: \$138,472,261 – estimated Tax Increment Financing (TIF) of 1,500,000=136,972,261 x library tax ceiling .002852 = \$390,645)

In addition, this line item includes rough estimates of interest on delinquent tax payments and penalties collected by the County Collector’s Office on those properties, as well as an annual, albeit diminishing Chapter 100 Payment In Lieu of Taxes (PILOT) made by Kawasaki.

**Item 2:** Estimates zero dollars in direct funding from the State of Missouri due to COVID-19 - related spending and reductions in revenue.

**Item 8:** Projected amount available for library support is based on 4.5% of the current investment portfolio value, although that could change dramatically before September 30, 2020.

**Item 12:** This budget proposal aims to avoid spending out of the library’s unrestricted reserves. However, the library’s reserves are expected to remain within our projected goal of 30%-40% of one year’s regular operating expenses.

EXPENSES

**Item 15:** 2021 Health insurance premium information is not yet available from the City of Maryville. As a precaution, this budget allows for a 13% increase in cost. With new information later in the fiscal year, this line item could be used to cover dental and basic life insurance premiums for the library’s three full-time employees.

**Item 28:** This line item expense was increased, mostly to cover an estimated \$2,700 for the library’s new landscaping service.

**Item 55:** Reflects the library’s third consecutive lump sum payment toward a longstanding unfunded liability with MoLAGERS (Missouri Local Government Employee Retirement System).

ADDITIONAL NOTES:

This document reflects Maryville Public Library’s main operating budget and does not include separate funds such as the library’s Memorial/Restricted Gifts Fund, nor details of the Friends of the Library checking account or the Second Century Library Fund Foundation. For more information on those funds, contact the director at [director@maryvillepubliclibrary.org](mailto:director@maryvillepubliclibrary.org).

## **FINANCIAL STATEMENTS**

**Maryville Public Library  
Statement of Net Position  
September 30, 2020**

<b>Assets</b>	
Cash and cash equivalents	\$ 260,213
Receivables, net	5,945
Prepaid Insurance	7,774
Property, plant and equipment	631,174
Restricted assets-cash and certificates of deposit	12,368
Deferred outflow, net	32,631
	950,105
<b>Total Assets</b>	950,105
<b>Liabilities</b>	
Accrued expenses	19,802
Accounts payable	3,500
	23,302
<b>Total Liabilities</b>	23,302
Net pension liability	37,314
<b>Net Position</b>	
Invested in capital assets	631,174
Restricted	
Nonexpendable	4,500
Expendable	7,868
Unrestricted	245,947
	889,489
<b>Total Net Position</b>	\$ 889,489

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

**Maryville Public Library  
Statement of Activities  
For the Year Ended September 30, 2020**

Functions/Programs	Expenses	Program Revenues		Net Revenue and Change in Net Assets
		Charges for Services	Capital Grants and Contributions	Governmental Activities
Governmental Activities:				
General Government	\$ (446,631)	\$ 16,365	\$ 62,287	\$ (367,979)
Depreciation	<u>(23,969)</u>	<u>-</u>	<u>-</u>	<u>(23,969)</u>
Total Governmental Activities	<u>\$ (470,600)</u>	<u>\$ 16,365</u>	<u>\$ 62,287</u>	<u>(391,948)</u>
General Revenues:				
Property taxes				427,899
Intergovernmental				8,721
Unrestricted investment earnings				<u>836</u>
Total general revenues				<u>437,456</u>
Change in net position				45,508
Net assets, beginning of year				<u>843,981</u>
Net assets, end of year				<u>\$ 889,489</u>

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

**Maryville Public Library  
Balance Sheet - Governmental Fund  
September 30, 2020**

<b>Assets</b>	
Cash and cash equivalents	\$ 260,213
Receivables, net	5,945
Prepaid Insurance	7,774
Restricted assets:	
Cash and certificates of deposit	12,368
<b>Total Assets</b>	<b>\$ 286,300</b>
<b>Liabilities</b>	
Accrued expenses	\$ 19,802
Accounts payable	3,500
<b>Total Liabilities</b>	<b>23,302</b>
<b>Fund Balances</b>	
Nonspendable	12,273
Spendable	
Restricted	7,868
Unrestricted	
Unassigned	242,857
<b>Total Fund Balance</b>	<b>262,998</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 286,300</b>

**Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities  
September 30, 2020**

Total Governmental Fund Balances	\$ 262,998
Amounts reported in governmental activities in the statement of net assets are different because:	
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.	631,174
Certain items are not a financial resource and, therefore are not reported in the governmental funds. These consist of :	
Net deferred outflows, pension related	32,631
Net pension liability	(37,314)
<b>Net Position of Governmental Activities</b>	<b>\$ 889,489</b>

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

**Maryville Public Library**  
**Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund**  
**For The Year Ended September 30, 2020**

<b>Revenues:</b>	
Property taxes	\$ 427,899
Intergovernmental	8,721
Fines	2,521
Gifts	46,965
Interest	836
Grants	15,322
Copier	1,735
Other	12,109
	516,108
Total revenues	516,108
<b>Expenditures:</b>	
Current:	
Salaries	174,845
Payroll taxes	12,909
Health insurance	27,942
Pension expense	68,622
General insurance	16,459
Professional fees	3,300
Other charges	77,762
Books, materials and binding	79,733
Travel and conferences	526
Office supplies	11,441
Building maintenance	8,561
Utilities	11,676
	493,776
Total expenditures	493,776
Excess (deficiency) of revenues over (under) expenditures	22,332
Fund balances, beginning of year	240,666
Fund balances, end of year	\$ 262,998

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

**Maryville Public Library  
 Reconciliation of the Statement of Revenues,  
 Expenditures and Changes in Fund Balances of the Governmental Fund  
 to the Statement of Activities  
 For the Year Ended September 30, 2020**

Net Change in Governmental Fund Balances	\$	22,332
<p>Amounts reported for the governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>		
		(23,969)
<p>Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount the cost of pension contributions paid exceeded the pension benefits earned.</p>		
		47,145
Change in net position of governmental activities	\$	45,508

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

**Maryville Public Library**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual - Governmental Fund**  
**For The Year Ended September 30, 2020**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>				
Property taxes	\$ 410,000	\$ 426,000	\$ 427,899	\$ 1,899
Intergovernmental	6,589	8,025	8,721	696
Fines	2,000	2,000	2,521	521
Gifts	30,500	30,500	46,965	16,465
Interest	300	547	836	289
Grants	10,000	12,917	15,322	2,405
Copier	5,000	2,500	1,735	(765)
Other	9,500	6,000	12,109	6,109
<b>Total Revenues:</b>	<b>473,889</b>	<b>488,489</b>	<b>516,108</b>	<b>27,619</b>
<b>Expenditures:</b>				
Current:				
Salaries	173,200	173,200	174,845	(1,645)
Payroll taxes	13,500	13,500	12,909	591
Health insurance	28,244	28,244	27,942	302
Employee retirement	68,883	68,883	68,622	261
General insurance	15,000	15,000	16,459	(1,459)
Professional fees	3,300	3,300	3,300	-
Other charges	50,039	62,142	77,762	(15,620)
Books, materials and binding	67,700	67,700	79,733	(12,033)
Travel and conferences	1,000	1,000	526	474
Office supplies	11,975	14,472	11,441	3,031
Building maintenance	17,548	17,548	8,561	8,987
Utilities	13,500	13,500	11,676	1,824
Capital Outlay:				
Equipment and furnishings	10,000	10,000	-	10,000
<b>Total expenditures</b>	<b>473,889</b>	<b>488,489</b>	<b>493,776</b>	<b>(5,287)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>-</b>	<b>-</b>	<b>22,332</b>	<b>22,332</b>
<b>Fund balances, beginning of year</b>	<b>240,666</b>	<b>240,666</b>	<b>240,666</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 240,666</b>	<b>\$ 240,666</b>	<b>\$ 262,998</b>	<b>\$ 22,332</b>

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

**Second Century Library Endowment Fund Corporation**  
**Statement of Financial Position**  
**Unaudited**  
**September 30, 2020**

**Assets**

Cash and cash equivalents	\$	12,377
Investments		502,067
		<hr/>
Total Assets	\$	514,444
		<hr/> <hr/>

**Net assets**

Net assets without donor restrictions	\$	514,444
		<hr/>
Total Net assets	\$	514,444
		<hr/> <hr/>

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

**Second Century Library Endowment Fund Corporation**  
**Statement of Activities**  
**Unaudited**  
**For The Year Ended September 30, 2020**

**Revenue**

Investment earnings	17,631
Realized gain (loss) on investments	17,717
Unrealized gain (loss) on investments	6,164

Total revenue	<u>41,512</u>
---------------	---------------

**Expenses**

Program	
Library support	30,000
General and Administrative	
Investment fees	3,781

Total expenses	<u>33,781</u>
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Change in net assets	7,731
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Net assets without donor restrictions, beginning of year	<u>506,713</u>
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Net assets without donor restrictions, end of year	<u><u>\$ 514,444</u></u>
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The accompanying notes are an integral part of these financial statements.

**Second Century Library Endowment Fund Corporation**  
**Statement of Cash Flows**  
**Unaudited**  
**For The Year Ended September 30, 2020**

<b>Cash flows from operating activities</b>	
Change in net assets	\$ 7,731
Adjustments to reconcile change in net assets cash provided by (used by) operating activities:	
Unrealized (gain) loss on investments	(6,164)
(Gain) loss on sale of investments	(17,717)
	<hr/>
Total Adjustments	(23,881)
	<hr/>
Net cash provided by (used in) operating activities	(16,150)
	<hr/>
<b>Cash flows from investing activities</b>	
Purchases of investments	(140,572)
Proceeds from the sale of investments	163,073
	<hr/>
Net cash provided by (used in) investing activities	22,501
	<hr/>
Net increase (decrease) in cash and cash equivalents	6,351
Cash and cash equivalents at beginning of year	6,026
	<hr/>
Cash and cash equivalents at end of year	<u>\$ 12,377</u>

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

**Maryville Public Library**  
**Notes to Financial Statements**  
**September 30, 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Maryville Public Library (the Library), a political subdivision, was formed in 1904 as a tax-exempt organization for the purpose of providing library services to residents of Maryville, Missouri. As required by accounting principles generally accepted in the United States of America, the financial statements herein present the financial position, results of operations and changes in fund balances of the Maryville Public Library and its discretely presented component unit, for which the Library is considered to be financially accountable.

The Second Century Library Endowment Fund Corporation (Foundation) is a legally separate, tax-exempt component unit of the Library. The Foundation was organized as a fund-raising organization for the benefit of the Maryville Public Library. As a nonprofit organization, the Foundation reports under the Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation differs from GASB revenue recognition and presentation. No modifications have been made to the Foundation's separately presented financial statements for these differences.

The Foundation's significant disclosures are summarized in Note 8.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Library.

The Library's statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges and 2) grants and contributions that are restricted to meeting the operational or capital requirements. Other items not properly included among program revenues are reported instead as general revenues.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Maryville Public Library**  
**Notes to Financial Statements**  
**September 30, 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within thirty-one days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Grants, entitlements and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the Library receives cash.

*Fund Accounting*

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Library uses only governmental funds.

*Governmental Funds*

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The following is the Library's Governmental Fund Type:

**The General Fund** is the principal operating fund of the Library and accounts for all financial transactions not accounted for in other funds. The general operating expenditures, fixed charges and capital improvement costs that are not paid for through other funds are financed through revenues received by the General Fund.

**D. Cash and Cash Equivalents**

The Library considers cash and cash equivalents to consist of checking, savings accounts, money market accounts and certificates of deposit with an initial maturity of three months or less.

**E. Restricted Assets**

Restricted assets are cash and cash equivalents and investments whose use is limited by donor or grantor requirements.

**Maryville Public Library**  
**Notes to Financial Statements**  
**September 30, 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Taxes Receivable**

Taxes receivable are stated at the amount expected to be collected. Personal property taxes outstanding for more than two years are estimated to be uncollectible and included as an allowance for uncollectible taxes. After five years, the outstanding balances are written off. Real estate taxes receivable are always considered to be collectible. Taxes receivable of \$5,945, are shown net of the allowance for uncollectible taxes of \$1,869, at September 30, 2020.

**G. Property, plant and equipment**

Capital assets generally result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position, but are not reported as an asset in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The Library does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are expensed.

**H. Compensated Absences**

Paid time off (PTO) benefits are granted to employees based on position, length of service and hours worked. Full time employees that work 38 hours or more a week earn PTO at the rate of six hours and fifteen minutes per bi-weekly pay period for a total of 20.31 days per year for employees with 1 to 5 years of employment. This benefit increases for length of service up to seven hours and eight minutes per pay period accumulating 23.18 days per year for employees with 6 to 9 years of employment and up to eight hours per pay period accumulating for 26 days per year for employees over 10 years of employment. PTO may be accrued up to 480 hours for full-time employees. Part time employees are eligible to earn PTO after three full continuous years of employment, but are not allowed to carry over time. Accrued PTO, included in accrued expenses at September 30, 2020, was approximately \$17,000.

**I. Pensions**

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

**Maryville Public Library**  
**Notes to Financial Statements**  
**September 30, 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. Net position**

The government-wide financial statements utilize a net asset presentation. Net position are classified in the following components:

**Investment in fixed assets, net of related debt** - This component of net position consists of fixed assets, net of accumulated depreciation, and reduced by the outstanding balances of any notes or other borrowings that are attributable to the acquisition, construction or improvement of these assets.

**Restricted net position** - This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

The following net asset balances have been restricted by donors for specific uses by the Library. The restricted nonexpendable net positions are to be held in perpetuity, with earnings available for use. The restricted expendable net positions are available for expenditure as specified by the donor. The restricted expendable and nonexpendable net positions are as follows:

Restricted, expendable net position	\$7,868
Restricted, nonexpendable net position	<u>4,500</u>
Total restricted net position	<u>\$12,368</u>

When an expense is incurred for purposes for which both restricted and unrestricted assets are available, the District's policy is to apply restricted assets first.

**Unrestricted net position** - This component of net position consists of net position that do not meet the definition of "restricted" or "investment in fixed assets, net of related debt."

**Maryville Public Library**  
**Notes to Financial Statements**  
**September 30, 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**K. Fund Balances**

The fund balance of the governmental fund financial statements is comprised of two categories, nonspendable and spendable. The nonspendable fund balance is amounts that cannot be spent because they are not in spendable form or are legally required to be maintained intact. The spendable fund balance is further classified as restricted, committed or assigned by the Board of Directors or unassigned based upon the extent by which the Library must observe constraints on the use of resources. The nonspendable and spendable fund balances are as follows:

Nonspendable	
Prepaid expenses	\$ 7,773
Price fund principal	<u>4,500</u>
Total nonspendable	12,273
Spendable	
Restricted by donor and grantor requirements	7,868
Unrestricted	
Unassigned	<u>242,857</u>
Total fund balance	<u>\$262,998</u>

It is management's policy to first apply assigned resources when an expenditure is incurred for which both assigned and unassigned fund balances are available.

**L. Budgetary Data**

The reported budgetary data represents the approved budget as adopted by the Board of Directors. The Board of Directors follows these outlined procedures in establishing the budgetary data reflected in the financial statements:

- 1) In August or September, the Library Director submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following October 1.
- 2) Prior to October 1, the budget is approved by the Board of Directors.
- 3) The budgeted expenditures cannot legally be exceeded unless the amounts are subsequently amended by the Board of Directors. The Library is a political subdivision of the State of Missouri and, therefore, is subject to the regulations of the Revised Statutes of Missouri.
- 4) Appropriations lapse at the end of each fiscal year.

**M. Use of Estimates in Preparing Financial Statements**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Maryville Public Library**  
**Notes to Financial Statements**  
**September 30, 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**N. Date of Management's Review**

Management has evaluated subsequent events through March 22, 2021, the date on which the financial statements were available to be issued.

**NOTE 2: CASH AND CERTIFICATES OF DEPOSIT**

Although the Library does not have an investment policy, it follows Missouri State Statutes, which authorize the Library, with certain restrictions, to deposit funds in open accounts, time deposits and certificates of deposit. Statutes also require that collateral pledged have a fair market 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.

At September 30, 2020, the carrying amount of deposits, including certificates of deposit, was \$272,439, and the bank balance was \$279,359.

The cash and certificates of deposits balances were as follows:

Restricted cash	\$ 7,868
Restricted certificates of deposit	<u>4,500</u>
Total restricted cash and certificates of deposit	12,368
Unrestricted cash on hand	142
Unrestricted cash on deposit	<u>260,071</u>
Cash and certificates of deposits	<u>\$272,581</u>

Custodial credit risk is the risk that in the event of the failure of the counterparty, the Library will not be able to recover the value of its deposits. As of September 30, 2020, the Library's deposits were fully collateralized.

**NOTE 3: ASSESSED VALUATION AND TAX LEVY**

The Library's property tax is levied each November on the assessed value as of the prior January 1 for all property located in the City of Maryville. Assessed valuations are established by the county assessor. The assessed value for property located in the City of Maryville, Missouri, as of January 1, 2019 on which the 2019 levy was based, was \$136,792,364. The corresponding levy was .28 per \$100 assessed valuation.

**Maryville Public Library  
Notes to Financial Statements  
September 30, 2020**

**NOTE 4: PLANT, PROPERTY AND EQUIPMENT**

A summary of changes in plant, property and equipment at September 30, 2020, is as follows:

	Balance, October 1, 2019	Additions	Dispositions	Balance, September 30, 2020
Equipment and furnishings	\$ 114,584	\$ -	\$ -	\$ 107,167
Building	1,074,563	-	-	1,081,980
Other	<u>2,250</u>	<u>-</u>	<u>-</u>	<u>2,250</u>
Total	1,191,397		-	1,191,397
Less accumulated depreciation	<u>(536,254)</u>	<u>(23,969)</u>	<u>-</u>	<u>(560,223)</u>
Total	<u>\$ 655,143</u>	<u>\$ (23,969)</u>	<u>\$ -</u>	<u>\$ 631,174</u>

Depreciation expense of the library, which is reported in the government-wide financial statements, totaled \$23,969.

**NOTE 5: EMPLOYEES RETIREMENT SYSTEM**

**General Information about the Pension Plan**

**Plan description.** The Maryville Public Library defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The Maryville Public 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](http://www.molagers.org).

**Maryville Public Library  
Notes to Financial Statements  
September 30, 2020**

**NOTE 5: EMPLOYEES RETIREMENT SYSTEM (continued)**

**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>2020 Valuation</u>
Benefit Multiplier:	1.50%
Final Average Salary:	5 Years
Member Contributions:	0%

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

**Employees covered by benefit terms.** At June 30, 2020 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	0
Active employees	<u>3</u>
	<u>4</u>

**Contributions.** The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 18.4% (general) of annual covered payroll.

**Net Pension Liability.** The employer's net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2020.

**Maryville Public Library  
Notes to Financial Statements  
September 30, 2020**

**NOTE 5: EMPLOYEES RETIREMENT SYSTEM (continued)**

**Actuarial assumptions.** The total pension liability in the February 28, 2020 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 inflation
Investment rate of return	7.25%

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, 2020 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equity	35.00%	4.78%
Fixed Income	31.00%	1.41%
Real Assets	36.00%	3.29%
Strategic Assets	8.00%	5.25%
Alpha	15.00%	3.67%
Cash/Leverage	-25.00%	-0.29%

**Maryville Public Library  
Notes to Financial Statements  
September 30, 2020**

**NOTE 5: EMPLOYEES RETIREMENT SYSTEM (continued)**

**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**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at June 30, 2019	<u>\$427,811</u>	<u>\$365,216</u>	<u>\$62,595</u>
Changes for the year:			
Service cost	11,907	-	11,907
Interest	30,856	-	30,856
Difference between expected and actual experience	6,716	-	6,716
Change of Assumptions	-	-	-
Contributions – employer	-	69,063	(69,063)
Contributions – employee	-	-	-
Net investment income	-	4,780	(4,780)
Benefit payments, including refunds	(16,401)	(16,401)	-
Administrative expense	-	(538)	538
Other changes (Net transfer)	-	1,455	(1,455)
Net changes	<u>33,078</u>	<u>58,359</u>	<u>(25,281)</u>
Balance at June 30, 2020	<u>\$460,889</u>	<u>\$423,575</u>	<u>\$ 37,314</u>

**Sensitivity of the net pension liability to changes in the discount rate.** The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability 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%
<u>\$99,493</u>	<u>\$37,314</u>	<u>\$(14,398)</u>

**Maryville Public Library  
Notes to Financial Statements  
September 30, 2020**

**NOTE 5: EMPLOYEES RETIREMENT SYSTEM (continued)**

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** For the year ended September 30, 2020, the employer recognized pension expense of \$21,725. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences in experience	\$13,921	\$ (4,918)
Differences in assumptions	3,705	-
Excess (deficit) investment returns	14,410	-
Contributions subsequent to the Measurement date*	<u>5,513</u>	<u>-</u>
Total	<u>\$37,549</u>	<u>\$ (4,918)</u>

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended:	
2021	\$ 10,167
2022	6,758
2023	7,600
2024	6,720
2025	1,066
Thereafter	<u>320</u>
Total	<u>\$32,631</u>

**Payable to the Pension Plan**

Maryville Public Library had no outstanding payable to the pension plan required for the year ended September 30, 2020.

**Maryville Public Library**  
**Notes to Financial Statements**  
**September 30, 2020**

**NOTE 6: RISK MANAGEMENT POOL**

The Library is a member of the Missouri Intergovernmental Risk Management Association (MIRMA), a not-for-profit association formed by political subdivisions of the State of Missouri organized to operate as a group self-insurer. The purpose of the self-insurance pool is to seek the prevention or lessening of casualty and property losses to member political subdivisions and injuries to persons or employees which might result in claims being made against such subdivisions. MIRMA provides property, liability, and workers' compensation coverage to its participating members. The Maryville Public Library has no direct control over budgeting, financing, the governing body or management selection.

MIRMA is fully funded by its member participants. Funds are used to pay losses within specific risk retention limits shared equally by all members, purchase excess insurance which provides a transfer of catastrophic risk to private insurance carriers, purchase services such as claims administration and data processing, and pay administrative expenses. Coverage obtained by the Maryville Public Library through the Association includes property, crime, general liability, workers' compensation, and public officials' professional liability. Per occurrence coverage limits provided by the Association (the Association's self-insured retention limits combined with excess insurance contract limits) vary by type of insurance coverage. Losses from individual claims in excess of these limits remain the responsibility of the respective entities.

Additionally, the Articles of the Association provide for supplemental assessments in the event the annual assessment is not sufficient to meet obligations. No supplemental assessments were required by the Association during fiscal year ending June 30, 2020.

Total assessments to the Library for the year ended September 30, 2020, were \$16,139.

**Maryville Public Library  
Notes to Financial Statements  
September 30, 2020**

**NOTE 7: SECOND CENTURY LIBRARY ENDOWMENT FUND CORPORATION  
ACCOUNTING POLICIES AND DISCLOSURES**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Accounting**

The financial statements of the Second Century Library Endowment Fund Corporation (the Foundation) have been prepared on the accrual basis of accounting.

**B. Basis of Presentation**

The financial statements of the Foundation have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United State of America and, accordingly, reflect all significant receivables, payables and other liabilities.

In accordance with the implementation of ASU 2016-14, Not-for-profit Entities (Topic 958)-Presentation of Financial Statements for Not-for-profit Entities, the Foundation reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions or with donor restrictions.

Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. The Foundation's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**C. Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**D. Contributed Support**

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributed support is reported as without donor restrictions or as with donor restrictions depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activity as net assets released from restrictions.

**Maryville Public Library**  
**Notes to Financial Statements**  
**September 30, 2020**

**NOTE 7: SECOND CENTURY LIBRARY ENDOWMENT FUND CORPORATION  
ACCOUNTING POLICIES AND DISCLOSURES (continued)**

**D. Contributed Support (continued)**

Long-lived assets acquired with gifts of cash restricted for those acquisitions are reported as without donor restrictions or as with donor restrictions depending on whether there is an explicit, donor-imposed time requirement as to how long the assets must be maintained. Long-lived assets are reported as with donor restrictions only if the Foundation must maintain the assets in perpetuity or if the donor explicitly restricted the proceeds from any future disposition of the assets to reinvestment in long-lived assets.

**E. Estimates**

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

**F. Income Taxes**

The Foundation is exempt from federal and state income taxes under Internal Revenue Service Code Section 501(c) (3) as a public charity.

**NOTE 8: SECOND CENTURY LIBRARY ENDOWMENT FUND CORPORATION  
INVESTMENTS**

The Organization reports its investments in accordance with generally accepted accounting principles for not-for-profit organizations, which establish accounting standards for investments in certain equity securities and for all debt securities. The guidance prescribes that covered investments be reported in the statement of financial position at fair value with any realized or unrealized gains or losses reported in the statement of activities. Investment income is recognized as revenue in the period it is earned and gains and losses are recognized as changes in net assets in the accounting period in which they occur.

**Maryville Public Library  
Notes to Financial Statements  
September 30, 2020**

**NOTE 9: SECOND CENTURY LIBRARY ENDOWMENT FUND CORPORATION INVESTMENTS (continued)**

**Fair value measurements**

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 or Level 2 inputs are not available.

The following presents the Foundation's fair value hierarchy for the investments measured at fair value on a recurring basis:

September 30, 2020		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
Mutual funds		
Exchange traded funds	\$ 51,878	\$ 51,878
Equity funds	247,745	247,745
Fixed income funds	<u>202,444</u>	<u>202,444</u>
Total investments	<u>\$502,067</u>	<u>\$502,067</u>

Level 1: The fair value of investments is based on quoted net asset values of the shares held by the Foundation at year-end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Foundation management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Maryville Public Library**  
**Required Supplementary Information**  
**Schedule of Changes in Net Pension Liability and Related Ratios Multiyear**  
**September 30, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
1. Service Cost	\$ 11,907	\$ 8,714	\$ 7,448	\$ 7,203	\$ 6,935	\$ 6,784
2. Interest on Total Pension Liability	30,856	28,625	27,690	25,897	24,092	23,084
3. Changes of Benefit Terms	0	0	0	0	0	0
4. Difference between expected and actual experience of the Total Pension Liability	6,716	8,110	(6,984)	7,081	(3,781)	(754)
5. Changes of Assumptions	0	0	0	0	12,925	0
6. Benefit payments, including refunds of employee contributions	<u>(16,401)</u>	<u>(16,088)</u>	<u>(15,686)</u>	<u>(15,459)</u>	<u>(15,338)</u>	<u>(15,245)</u>
7. Net change in total pension liability	33,078	29,361	12,468	24,722	24,833	13,869
8. Total pension liability – beginning	<u>427,811</u>	<u>398,450</u>	<u>385,982</u>	<u>361,260</u>	<u>336,427</u>	<u>322,558</u>
9. Total pension liability – ending	<u>460,889</u>	<u>427,811</u>	<u>398,450</u>	<u>385,982</u>	<u>361,260</u>	<u>336,427</u>
1. Contributions – employer	69,063	65,555	14,046	11,611	10,528	9,469
2. Contributions – employee	0	0	0	0	0	0
3. Net investment income	4,780	19,312	31,185	27,487	(554)	4,641
4. Benefit payments, including refunds of employee contributions	(16,401)	(16,088)	(15,686)	(15,459)	(15,338)	(15,245)
5. Pension Plan Administrative Expense	(538)	(483)	(342)	(253)	(252)	(280)
6. Other (Net Transfer)	<u>1,455</u>	<u>1,299</u>	<u>902</u>	<u>2,226</u>	<u>3,264</u>	<u>(6,451)</u>
7. Net change in plan fiduciary net position	58,359	69,595	30,105	25,612	(2,352)	(7,866)
8. Plan fiduciary net position – beginning	<u>365,216</u>	<u>295,621</u>	<u>265,516</u>	<u>239,904</u>	<u>242,256</u>	<u>250,122</u>
9. Plan fiduciary net position – ending	<u>423,575</u>	<u>365,216</u>	<u>295,621</u>	<u>265,516</u>	<u>239,904</u>	<u>242,256</u>
<b>C. Net pension liability/(asset)</b>	<u>\$ 37,314</u>	<u>\$ 62,595</u>	<u>\$102,829</u>	<u>\$120,466</u>	<u>\$121,356</u>	<u>\$ 94,171</u>
<b>D. Plan fiduciary net position as a percentage of the total pension liability</b>	91.90%	85.37%	74.19%	68.79%	66.41%	72.01%
<b>E. Covered-employee payroll</b>	\$125,594	\$117,325	\$78,344	\$78,863	\$73,650	\$71,785
<b>F. Net pension liability as a percentage of covered employee payroll</b>	29.71%	53.35%	131.25%	152.75%	164.77%	131.18%

**Maryville Public Library  
Required Supplementary Information  
Schedule of Contributions  
Last 10 Fiscal Years**

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Contribution In Relation</b>	<b>Contribution Deficiency</b>	<b>Covered Employee Payroll</b>	<b>Contribution As Percentage</b>
2011	11,140.34	6,627.81	4,512.53	70,508.49	9.40
2012	12,949.65	7,440.66	5,508.99	71,545.09	10.40
2013	13,420.84	8,052.49	5,368.35	70,635.82	11.40
2014	14,553.91	9,160.76	5,393.15	73,877.51	12.40
2015	14,836.74	9,698.18	5,138.56	72,374.44	13.40
2016	15,908.46	10,805.66	5,102.80	75,039.66	14.40
2017	16,773.20	11,903.46	4,869.74	77,295.50	15.40
2018	22,884.62	15,835.92	7,048.70	96,559.88	16.40
2019	30,236.11	21,299.94	8,936.17	122,413.63	17.40
2020	32,691.06	23,869.65	8,821.41	129,726.17	18.40

**Maryville Public Library  
Required Supplementary Information  
Notes to the Schedule of Contributions**

**Valuation Date:** February 29, 2020

**Notes:** The roll-forward of total pension liability from February 29, 2020 to June 30, 2020 reflects expected service cost and interest reduced by actual benefit payments.

**Methods and Assumptions Used to Determine Contribution Rates:**

<b>Actuarial Cost Method</b>	Entry Age Normal and Modified Terminal Funding
<b>Amortization Method</b>	A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.
<b>Remaining Amortization Period</b>	Multiple bases from 12 to 17 years
<b>Asset Valuation Method</b>	5-Year smoothed market; 20% corridor
<b>Inflation</b>	3.25% wage inflation; 2.50% price inflation
<b>Salary Increases</b>	3.25% to 6.55% including wage inflation
<b>Investment Rate of Return</b>	7.25%, net of investment
<b>Retirement Age</b>	Experience-based table of rates that are specific to the type of eligibility condition.
<b>Mortality</b>	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.
<b>Other Information:</b>	None