

**MARYVILLE PUBLIC LIBRARY
FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

MARYVILLE PUBLIC LIBRARY

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INDEPENDENT AUDITORS' REPORT

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

Disclaimer of Opinion and Unmodified Opinions

We have audited the accompanying financial statements of Maryville Public Library, as of and for the year ended September 30, 2022, and the related notes to the financial statements. We were not engaged to audit the financial statements of the discretely presented component unit. These financial statements collectively comprise the Library's basic financial statements as listed in the table of contents.

Disclaimer of Opinion

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

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Maryville Public Library as of September 30, 2022, and the changes in financial position and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Disclaimer of Opinion and Unmodified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Maryville Public Library, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified audit opinion.

Matter Giving Rise to 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.

Responsibility of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Because of the matter described in the "Basis for Disclaimer of Opinion" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the discretely presented component unit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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 Library'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 Library'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 are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for a reasonable period of time.

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 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 21, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS



Maryville Public Library Financial Reports for FY 2022 ending September 30, 2022

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 .2740 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 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. Along with Foundation Funds, Friends funds are overseen by the Maryville Public Library Executive Board of Trustees.*
4. Price and Hawkins Endowments consists of one Certificate of Deposit with a balance of \$5,473.61 as of September 12, 2022; and one checking account (Price/Hawkins Expendable Funds) with a balance of \$299.45 as of September 30, 2022. 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 2022, the library received a check for \$23,150 from this Foundation, which is included in the general revenue of the Library Operating Fund. In September of 2021, the Friends/Foundation Board merged with the Maryville Public Library Executive Board of Trustees. The new bylaws of each organization now states: " The FFMPL Board of Directors shall be interlocked and the same as the Maryville Public Library (MPL) Executive Board of Trustees, a public body. The MPL Executive Board of Trustees shall oversee and administer the Second Century Library Endowment Fund Foundation and the Friends of the Library Checking Account."*

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.¹

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.

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.

¹ *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 2022

Library Operating Fund

From the previous year, the library's levy rate dropped from .28 per \$100 of valuation to .274.

Plans to make a large payment toward maintenance of the library's 109-year-old exterior were again pushed to the next fiscal year due to a delay in the completion of that contracted work. A deposit of \$6,620 transferred from a \$14,100 ARPA Grant to

cover nonresident library card fees for Nodaway County kids increased the library's non-resident fee income substantially. An increase in nonrestricted donations came from the sale of art items donated by Ken and Barb Nelsen. Spending in the Circulating Materials/Electronic Resources expense line item finished under budget, mostly due to alternative book funding sources and adjustments made in ebook spending from the previous year. The result of these outcomes contributed to a budget net surplus of \$77,440 in the library's cash accounts, earmarked for a FY2023 payment for the delayed limestone work.

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

Annual Budget Goal	FY2022 Actual
Personnel Expenditures 60%-70%	51%
Books and digital content 15%	9% <i>(Does not include restricted funds spent on patron resources.)</i>
Unrestricted reserves balance 30%--40%	50% of regular annual revenues.

In FY2023, library management recommends directing the surplus unrestricted reserves toward building maintenance priorities identified in the library's recent Facility Condition Assessment.

Attachment 1 represents Library Operating Fund revenue and expenses in FY2022. Attachment 2 provides a comparison of 2022 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 (asset):

	LAGERS Actuarial unfunded liability balance*	Library required contribution rate
2021	(16,208) credit balance	14.3%
2022	(24,638) credit balance	9.7%
2023		9.5%

*Reflects February 28, 2022 LAGERS Actuarial Valuation.

Memorials/Restricted Gifts Account:

With a beginning balance of \$2,512.21, this account received \$24,635.06 in deposits during FY2022, the biggest including a \$14,100 ARPA Grant, as well as substantial gifts from two local service clubs. \$10,788.67 was expended from this account for non-resident library card fees paid by that ARPA grant, other restricted expenses, and ebooks and children's giveaway books to spend out some memorials carried over from previous years. In September, a series of transfers reassigned expenses between this fund and the library's operating fund for Summer Reading Program prizes, and balanced out overspending in some memorial accounts from current and previous years. As of September 30, 2022, the Memorial/Restricted Gifts Fund balance was \$16,358.60.

Friends Checking Account:

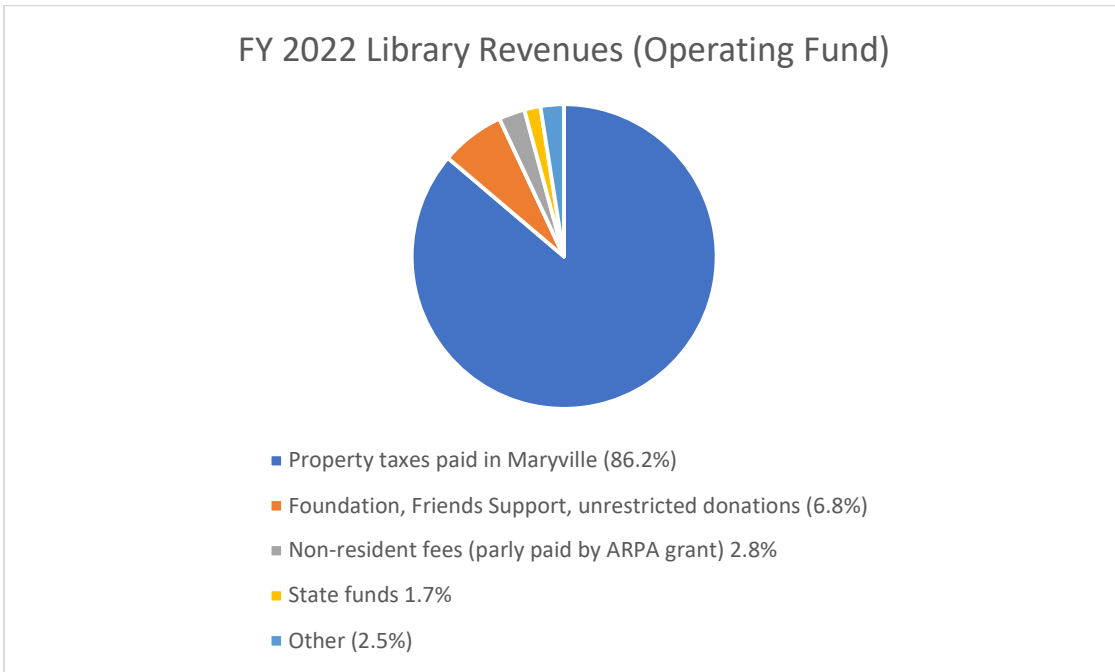
The Friends of the Library received \$6,435 in membership dues and donations in FY2022. Expenditures included \$12,642 in direct library operating fund support and \$200 to cover non-resident library card fees for food-stamp eligible adults. As of September 30, 2022, the Friends of the Library checking account balance stood at \$5,552.02.

CHANGE IN NET POSITION: Spending on capital assets, a net positive asset in the pension account, and an increase in the Restricted Gifts fund all contributed to a reported change in net position to \$1,048,606 as reported in the following audited financial statements, showing an increase of around 8% from the previous year.

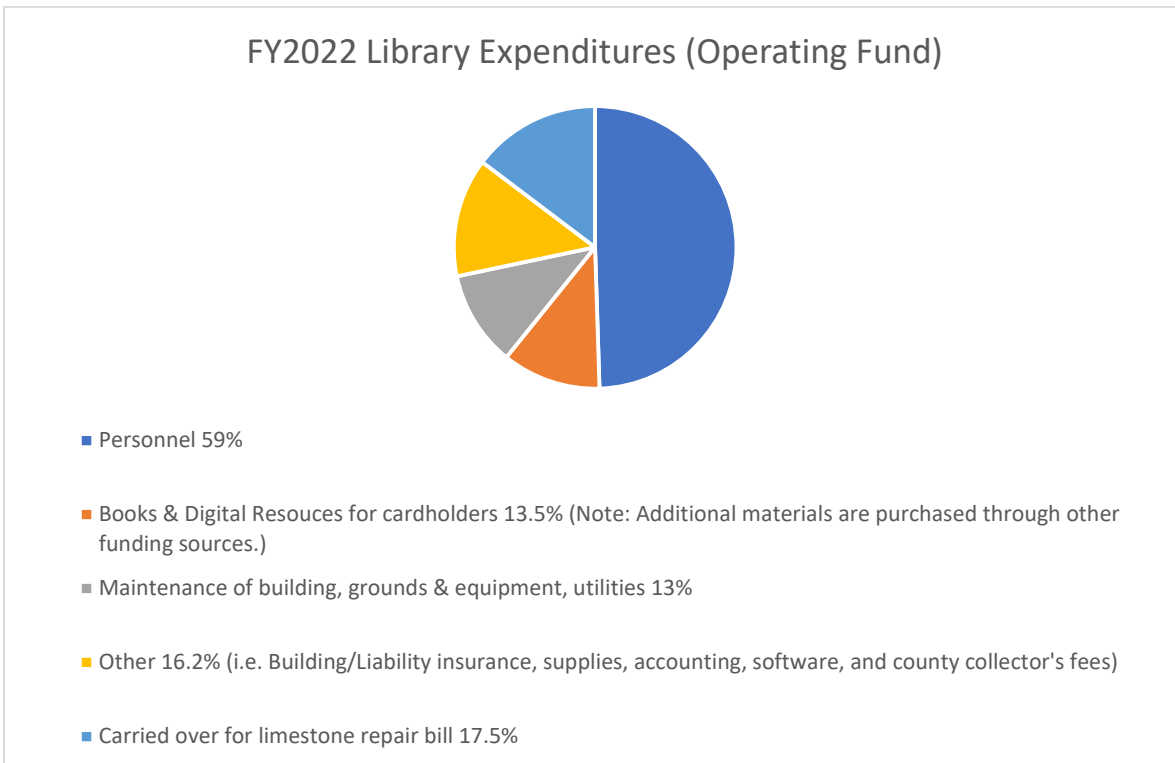
Second Century Library Fund Foundation:

The portfolio value of the library's foundation fund investments dropped from \$571,153.77 on October 1, 2021 to \$443,895.72. Cash transactions included one check in the amount of \$23,150 dated July 14, 2022 to support the library's operating budget, one deposit in the amount of \$500, and \$4,144.48 deducted for financial management fees.

Attachment 1



Attachment 2



Attachment 3

FY2023 Budget Adopted

		2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Budget Adopted
REVENUE						
1	Advalorem Taxes	407,864	424,487	440,927	451,100	463,000 (4.3% increase)
2	MO State Aid	4,550	5,986	5,986	5,986	6,646
3	Non Resident Fee	9,018	11,200	6,420	14,736	5,000
4	Fines	3,157	2,462	1,377	1,700	1,000
5	Copies, Bags, Rentals	4,247	1,928	2,249	2,262	1,700
6	Sale/Donated Books	6,402	1,560	3,534	2,470	2,300
7	Miscellaneous ILL fee, fax fees	639	544	453	386	500
8	Foundation	0	30,000	21,500	23,150	22,303
9	Community Room Fees	720	660	0	0	0
10	Interest on Investments	547	769	578	540	550
11	Total Revenues	437,144	479,596	483,024	502,330	502,999
12	<i>[Spending out of RESERVES]</i>	0	0	0	0	70,122

EXPENSE						
	<i>Personnel Services</i>					
13	Payroll Expenses	162,288	167,565	172,008	189,600	212,000
14	FICA (around 7.7% of payroll)	12,514	12,909	13,154	14,598	16,324
15	Group Insurance/Employee	22,516	23,093	29,583	32,980	36,073 (estimated 9% increase January 2023)
16	Health Incentive	156	0	0	0	0
17	Retirement/LAGERS	21,085	23,619	24,568	20,074 (14.3% of eligible wages)	13,981 (9.7% of eligible wages)
18	Longevity	1,139	1,210	1,200	1,271	1,458
19	Tuition Reimbursement benefit	443	1,600	1,545	0	0
20	Total Personnel Services	220,141	229,996	242,058	258,523	279,836 (56% of general revenues)
	<i>Commodities</i>					
21	Circulation Materials (includes electronic)	54,690	72,704	71,271	59,767	75,450 (15% of Regular Revenues)

	resources for patron use)					
22	General Supplies (Book processing supplies, programming supplies, janitorial supplies, office furniture, etc.)	6,651	10,914	13,383	10,373	16,000
23	Total Commodities	61,341	83,618	84,654	70,140	91,450
	<i>Contractual Services</i>					
24	Utilities	10,360	9,081	9,855	11,539	13,650
25	Co. Tax Collection Fee... (estimate: 4.5% of tax income)	18,142	18,627	19,286	19,257	20,835
26	Independent Audit	0	3,300	9,000	5,000	6,000
27	Building Maintenance	16,553	8,562	31,917	29,083	25,000
28	Other Contractual Services (i.e. snow removal, landscaping, network	12,846	11,513	14,999	14,139	15,000

	support, ILS, copier/printer support)					
	Beanstack, public performers, etc.					
29	Bookkeeping	0	4,150	2,450	880	2,600
30	ILL Postage	0	17	16	0	
31	Postage and Delivery	475	509	849	513	1,000
32	Printing and Advertising	1,096	2,799	1,432	4,669	7,000
33	Telephone	2,707	2,597	3,082	3,329	4,500
34	Internet Provider	1,207	1,189	1,199	1,200	1,200
35	Programming (Contract based costs)	0	0	0	0	
36	Travel/Registratio n	375	526	168	532	2,000
37	Total Contractual Services	63,761	62,870	94,253	90,141	98,785
	<i>Other Charges</i>					
38	Other Charges	2,118	643	723	1,514	1,000
39	Dues and Subscriptions	165	245	185	185	500

40	Insurance (Building & Workman's Comp)	13,534	16,459	18,003	20,170	21,780
41	Licenses/Permits/ Bk chgs.	338	2,349	865	316	500
42	MO Sales Tax	468	375	269	864	500
43	Total Other Charges	16,623	20,071	20,045	23,049	24,280
44	Total Expense	361,866	441,010	431,025	441,853	494,351
	<i>Other Income (Expense)</i>					
45	Donations (Unrestricted)	978	1,252	1,252	4,626	500
46	Donations- Restricted	0	0	0	0	
47	Restricted Expenditures	0	0	0	0	
48	Athletes & Entertainers Tax income	2,080	2,431	2,407	3,169	3,168
49	A&E Tax Expenditures	(0)	0	(2,409)	(3,168)	(3,168)
50	Grant income	16,552	15,322	12,971	0	\$60,000

				(includes 2,500 in extra state funds)	(ARPA grant deposited in Restricted Funds)	
51	Grant expenditures	(19,709)	(21,250)	(8,903)	(306)	(12,500)
52	Capital Outlay	(0)	0	0	0	(130,770)
53	Total Other Income (Expense)	(99)	(3,375)	5,318	4,321	(82,770)
54	Transfer to Restricted [Friends Funds]	7,000	(286)	5,000	12,642	4,000
55	Debt Service/Liability	(45,000)	(45,000)	(45,000)	0	0
56	<u>Excess of revenues over expenses: See Item 12</u>	0	34,380	7,332	77,440	(70,122)

57	Fund Balance, unreserved, September 30, 2018	94,073
58	Fund Balance, unreserved, September 30, 2019	176,252
59	Fund Balance, unreserved, October 1, 2020 as adjusted	196,171

60	Fund balance, unreserved, September 30, 2021	203,490
61	Fund balance, unreserved, September 30, 2022	328,245
62	Estimated fund balance September 30, 2023	258,123

FY 2023 Budget Proposal Notes:

REVENUE

Item 1 Advalorem Tax Revenue:

Preliminary Reports from the County Clerk’s Office and Board of Equalization report a 4.4% increase in Assessed Valuation within the Library taxing district. A Missouri State Tax Commission Report shows a CPI increase of 7% for the year. Verification from the Missouri State Auditor’s Office assigns MPL’s max allowable levy at its current rate of .2740. Given the information above, it’s expected to allow for a 4.4% increase in property tax income for MPL. In addition, tax revenue on some new construction, interest and penalties for overdue tax payments, and some declining Kawasaki PILOT payments are also included in this line-item estimate.

Item 2 Missouri State Aid: Overall Missouri State Aid for libraries is expected to increase around 25%, but this will be slightly offset by Maryville’s 11.18% drop in Census population between 2010 and 2020.

Item 4 Foundation Support: This estimate of available Foundation support is based on the Second Century Library Fund Foundation’s June 30 Portfolio value. Actual available support will be 4.5% of the September 30 value of investments.

EXPENSES

Item 20 Personnel Services: 2022 Missouri Public Library Standards were revised in 2022, resulting in a drop in the minimum budget allocation toward personnel from 60% to 40% with a tiered system rating library efforts as *Essential*, *Enhanced*, or *Exemplary*. This budget proposal designates 56% of regular revenues be spent on personnel (Enhanced). This line item accommodates the proposed Salary Schedule, Extra Duty Pay Schedule, and the possibility of the library adding up to 3 weekly operating hours of service.

Item 27 Building Maintenance: Includes \$12,450 for Facility Condition Assessment, \$2,400 for nighttime custodial services, \$2,000 for Elevator maintenance, and \$8,150 for additional maintenance work.



Item 50 Grant income: This line item anticipates \$50,000 from the ARPA-funded Façade Improvement Grant Reimbursement, and up to \$10,000 from other grant sources.

Item 50 Grant Expenditures: Includes \$12,500 to cover expenses for possible matching grant.

Item 52 Capital Outlay: Includes \$108,920 for contracted limestone repairs, and another \$21,850 for any other property-related costs that meet MPL's policy of capitalizing expenses over \$5,000 that add value to the library's assets.

Item 62 Estimated Fund Balance: This estimate leaves MPL with an unrestricted fund balance of 25.7% of regular operating expenses. This is under the minimum target of 30%, but may be recovered in the following year, given income remains stable.

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

FINANCIAL STATEMENTS

**Maryville Public Library
Statement of Net Position
September 30, 2022**

Assets	
Cash and cash equivalents	\$ 337,268
Receivables, net	5,946
Prepaid Insurance	12,003
Property, plant and equipment	684,846
Restricted assets-cash and certificates of deposit	26,304
Net pension asset	82,858
	1,149,225
Deferred Outflows of Resources	
Deferred outflows	21,897
Liabilities	
Accounts payable	77,420
Accrued expenses	21,419
	98,839
Deferred inflows of Resources	
Deferred inflows	23,677
Net Position	
Invested in capital assets	684,846
Restricted	
Nonexpendable	4,500
Expendable	21,804
Unrestricted	337,456
	\$ 1,048,606
	1,048,606

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

**Maryville Public Library
Statement of Activities
For the Year Ended September 30, 2022**

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	\$ (430,639)	\$ 21,556	\$ 51,936	\$ (357,147)
Depreciation	<u>(25,910)</u>	<u>-</u>	<u>-</u>	<u>(25,910)</u>
Total Governmental Activities	<u>\$ (456,549)</u>	<u>\$ 21,556</u>	<u>\$ 51,936</u>	<u>(383,057)</u>
General Revenues:				
Property taxes				451,103
Intergovernmental				9,154
Unrestricted investment earnings				<u>522</u>
Total general revenues				<u>460,779</u>
Change in net position				77,722
Net assets, beginning of year				<u>970,884</u>
Net assets, end of year				<u>\$ 1,048,606</u>

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

**Maryville Public Library
Balance Sheet - Governmental Fund
September 30, 2022**

Assets		
Cash and cash equivalents	\$	337,268
Receivables, net		5,946
Prepaid insurance		12,003
Restricted assets:		
Cash and certificates of deposit		26,304
Total Assets	\$	381,521
Liabilities		
Accounts payable	\$	77,420
Accrued expenses		21,419
Total Liabilities		98,839
Fund Balances		
Nonspendable		16,502
Spendable		
Restricted		21,804
Unrestricted		
Unassigned		244,376
Total Fund Balance		282,682
Total Liabilities and Fund Balances	\$	381,521

**Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
September 30, 2022**

Total Governmental Fund Balances	\$	282,682
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.		684,846
Certain items are not a financial resource and, therefore are not reported in the governmental funds. These consist of :		
Net deferred inflows, pension related		(1,780)
Net pension asset		82,858
Net Position of Governmental Activities	\$	1,048,606

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, 2022

Revenues:

Property taxes	\$	451,103
Intergovernmental		9,154
Fines		1,700
Gifts		37,836
Interest		522
Grants		14,100
Copier		1,639
Other		18,217
		534,271
Total revenues		534,271

Expenditures:

Current:

Salaries		190,872
Payroll taxes		14,598
Health insurance		32,980
Pension expense		20,073
General insurance		20,170
Professional fees		5,240
Other charges		48,793
Books, materials and binding		61,351
Travel and conferences		532
Equipment maintenance		250
Supplies		10,887
Building maintenance		28,831
Utilities		14,866
Capital Outlay		
Building		77,420
		526,863
Total expenditures		526,863

Excess (deficiency) of revenues over (under) expenditures		7,408
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Fund balances, beginning of year		275,274
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Fund balances, end of year	\$	282,682
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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, 2022**

Net Change in Governmental Fund Balances	\$	7,408
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Amounts reported for the governmental activities in the Statement of Activities are different because:

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 capital outlays exceeded depreciation in the current period.		51,510
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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.		18,804
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Change in net position of governmental activities	\$	77,722
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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, 2022

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Property taxes	\$ 443,000	\$ 444,000	\$ 451,103	\$ 7,103
Intergovernmental	8,394	8,394	9,154	760
Fines	1,000	1,000	1,700	700
Gifts	27,206	25,820	37,836	12,016
Interest	500	400	522	122
Grants	10,000	10,000	14,100	4,100
Copier	2,000	2,000	1,639	(361)
Other	7,000	7,500	18,217	10,717
Total Revenues:	499,100	499,114	534,271	35,157
Expenditures:				
Current:				
Salaries	196,834	196,834	190,872	5,962
Payroll taxes	15,058	15,058	14,598	460
Health insurance	35,949	35,949	32,980	2,969
Employee retirement	19,565	19,565	20,073	(508)
General insurance	20,000	20,000	20,170	(170)
Professional fees	5,000	5,000	5,240	(240)
Other charges	64,024	64,024	48,793	15,231
Books, materials and binding	72,929	65,091	61,351	3,740
Travel and conferences	500	500	532	(32)
Equipment maintenance	-	-	250	(250)
Supplies	17,025	17,025	10,887	6,138
Building maintenance	16,500	24,338	28,831	(4,493)
Utilities	16,000	16,000	14,866	1,134
Capital Outlay:				
Buildings	90,000	40,000	77,420	(37,420)
Total expenditures	569,384	519,384	526,863	(7,479)
Excess (deficiency) of revenues over (under) expenditures	(70,284)	(20,270)	7,408	27,678
Transfers in (out)	12,642	12,642	-	(12,642)
Fund balances, beginning of year	275,274	275,274	275,274	-
Fund balances, end of year	\$ 217,632	\$ 267,646	\$ 282,682	\$ 15,036

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

Second Century Library Endowment Fund Corporation
Statement of Financial Position
Unaudited
September 30, 2022

Assets

Cash and cash equivalents	\$	15,953
Investments		443,898
		<hr/>
Total Assets	\$	459,851
		<hr/> <hr/>

Net assets

Net assets without donor restrictions	\$	459,851
		<hr/>
Total Net assets	\$	459,851
		<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, 2022

Revenue

Contributions	\$ 500
Investment earnings	21,078
Realized gain (loss) on investments	(1,049)
Unrealized gain (loss) on investments	(104,536)

Total revenue	<u>(84,007)</u>
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Expenses

Program	
Library support	23,150
General and Administrative	
Investment fees	4,144

Total expenses	<u>27,294</u>
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Change in net assets	(111,301)
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Net assets without donor restrictions, beginning of year	<u>571,152</u>
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Net assets without donor restrictions, end of year	<u><u>\$ 459,851</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, 2022

Cash flows from operating activities	
Change in net assets	\$ (111,301)
Adjustments to reconcile change in net assets cash provided by (used by) operating activities:	
Unrealized (gain) loss on investments	104,536
(Gain) loss on sale of investments	1,049
	<hr/>
Total Adjustments	105,585
	<hr/>
Net cash provided by (used in) operating activities	(5,716)
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Cash flows from investing activities	
Purchases of investments	(241,038)
Proceeds from the sale of investments	241,457
	<hr/>
Net cash provided by (used in) investing activities	419
	<hr/>
Net increase (decrease) in cash and cash equivalents	(5,297)
Cash and cash equivalents at beginning of year	21,250
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Cash and cash equivalents at end of year	<u>\$ 15,953</u>

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

Maryville Public Library
Notes to Financial Statements
September 30, 2022

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, 2022

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, 2022

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 \$5,946, are shown net of the allowance for uncollectible taxes of \$1,869, at September 30, 2022.

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. Improvements costing \$5,000 or more 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, 2022, was approximately \$21,000.

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, 2022

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 capital 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	\$ 21,804
Restricted, nonexpendable net position	<u>4,500</u>
Total restricted net position	<u>\$ 26,304</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 capital assets, net of related debt."

Maryville Public Library
Notes to Financial Statements
September 30, 2022

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	\$ 12,002
Price fund principal	<u>4,500</u>
Total nonspendable	16,502
Spendable	
Restricted by donor and grantor requirements	21,804
Unrestricted	
Unassigned	<u>244,376</u>
Total fund balance	<u>\$282,682</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, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Date of Management's Review

Management has evaluated subsequent events through March 21, 2023, 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, 2022, the carrying amount of deposits, including certificates of deposit, was \$363,432, and the bank balance was \$363,228.

The cash and certificates of deposits balances were as follows:

Restricted cash	\$ 21,804
Restricted certificates of deposit	<u>4,500</u>
Total restricted cash and certificates of deposit	26,304
Unrestricted cash on hand	140
Unrestricted cash on deposit	<u>337,128</u>
Cash and certificates of deposits	<u>\$363,572</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, 2022, 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, 2021 on which the 2021 levy was based, was \$141,979,958. The corresponding levy was .2740 per \$100 assessed valuation.

**Maryville Public Library
Notes to Financial Statements
September 30, 2022**

NOTE 4: PLANT, PROPERTY AND EQUIPMENT

A summary of changes in plant, property and equipment at September 30, 2022, is as follows:

	Balance, October 1, 2021	Additions	Dispositions	Balance, September 30, 2022
Equipment and furnishings	\$ 111,162	\$ -	\$(36,984)	\$ 74,178
Building	1,105,369	77,420	(23,085)	1,159,704
Other	<u>2,250</u>	<u>-</u>	<u>-</u>	<u>2,250</u>
Total	1,218,781	77,420	(60,069)	1,236,132
Less accumulated depreciation	<u>(585,445)</u>	<u>(25,910)</u>	<u>60,069</u>	<u>(551,286)</u>
Total	<u>\$ 633,336</u>	<u>\$ 51,510</u>	<u>\$ -</u>	<u>\$ 684,846</u>

Depreciation expense of the library, which is reported in the government-wide financial statements, totaled \$25,910.

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.

**Maryville Public Library
Notes to Financial Statements
September 30, 2022**

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>2022 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, 2022 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 9.7% of annual covered payroll.

Net Pension Liability. The employer's net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2022.

Maryville Public Library
Notes to Financial Statements
September 30, 2022

NOTE 5: EMPLOYEES RETIREMENT SYSTEM (continued)

Actuarial assumptions. The total pension liability in the February 28, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75% wage inflation, 2.25% price inflation
Salary Increase	2.75% to 6.75% including wage inflation
Investment rate of return	7.00%, net of investment expenses

The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups.

Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above-described tables.

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, 2022**

NOTE 5: EMPLOYEES RETIREMENT SYSTEM (continued)

Discount rate. The discount rate used to measure the total pension liability is 7.00%. 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, 2021	<u>\$476,562</u>	<u>\$589,666</u>	<u>\$ (113,104)</u>
Changes for the year:			
Service cost	12,860	-	12,860
Interest	33,214	-	33,214
Difference between expected and actual experience	5,642	-	5,642
Change of Assumptions	-	-	-
Contributions – employer	-	20,853	(20,853)
Contributions – employee	-	-	-
Net investment income	-	378	(378)
Benefit payments, including refunds	(17,070)	(17,070)	-
Administrative expense	-	(442)	442
Other changes (Net transfer)	-	681	(681)
Net changes	<u>34,646</u>	<u>4,400</u>	<u>(30,246)</u>
Balance at June 30, 2022	<u>\$511,208</u>	<u>\$594,066</u>	<u>\$ (82,858)</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 7.00%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
<u>\$(17,331)</u>	<u>\$(82,858)</u>	<u>\$(137,994)</u>

**Maryville Public Library
Notes to Financial Statements
September 30, 2022**

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, 2022, the employer recognized pension expense of \$1,269. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows <u>Of Resources</u>	Deferred Inflows <u>of Resources</u>	<u>Total</u>
Differences in experience	\$16,983	\$ (1,512)	\$ 15,471
Differences in assumptions	17	(14,676)	(14,659)
Excess (deficit) investment returns	-	(7,489)	(7,489)
Contributions subsequent to the Measurement date*	<u>4,530</u>	<u>-</u>	<u>4,530</u>
Total	<u>\$21,530</u>	<u>\$ (23,677)</u>	<u>\$ (2,147)</u>

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

Year ended:	
2023	\$ 2,221
2024	(3,189)
2025	(8,844)
2026	7,261
2027	174
Thereafter	<u>230</u>
Total	<u>\$(2,147)</u>

Payable to the Pension Plan

Maryville Public Library had no outstanding payable to the pension plan required for the year ended September 30, 2022.

Maryville Public Library
Notes to Financial Statements
September 30, 2022

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, 2022.

Total assessments to the Library for the year ended September 30, 2022, were \$19,970.

NOTE 7: SUBSEQUENT EVENTS

The Library entered into a contract for the re-pointing, repair and cleaning of the library's limestone exterior. The contract was approximately 75% completed at year-end and \$77,420 has been reported as capital outlay and accounts payable at September 30, 2022. The completion of the project and final payment will be \$30,940.

Maryville Public Library
Notes to Financial Statements
September 30, 2022

**NOTE 8: 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, 2022

**NOTE 8: 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 9: 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 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, 2022**

**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, 2022		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
Mutual funds		
Exchange traded funds	\$ 43,842	\$ 43,842
Equity funds	222,520	222,520
Fixed income funds	<u>177,536</u>	<u>177,536</u>
Total investments	<u>\$443,898</u>	<u>\$443,898</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, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
1. Service Cost	\$12,860	\$ 12,691	\$ 11,907	\$ 8,714	\$ 7,448	\$ 7,203	\$ 6,935	\$ 6,784
2. Interest on Total Pension Liability	33,2214	33,277	30,856	28,625	27,690	25,897	24,092	23,084
3. Changes of Benefit Terms	0	0	0	0	0	0	0	0
4. Difference between expected and actual experience of the Total Pension Liability	5,642	7,698	6,716	8,110	(6,984)	7,081	(3,781)	(754)
5. Changes of Assumptions	0	(21,446)	0	0	0	0	12,925	0
6. Benefit payments, including refunds of employee contributions	<u>(17,070)</u>	<u>(16,547)</u>	<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	34,646	15,673	33,078	29,361	12,468	24,722	24,833	13,869
8. Total pension liability – beginning	<u>476,562</u>	<u>460,889</u>	<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>511,208</u>	<u>476,562</u>	<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	20,853	69,403	69,063	65,555	14,046	11,611	10,528	9,469
2. Contributions – employee	0	0	0	0	0	0	0	0
3. Net investment income	378	116,709	4,780	19,312	31,185	27,487	(554)	4,641
4. Benefit payments, including refunds of employee contributions	(17,070)	(16,547)	(16,401)	(16,088)	(15,686)	(15,459)	(15,338)	(15,245)
5. Pension Plan Administrative Expense	(442)	(411)	(538)	(483)	(342)	(253)	(252)	(280)
6. Other (Net Transfer)	<u>681</u>	<u>(3,063)</u>	<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	4,400	166,091	58,359	69,595	30,105	25,612	(2,352)	(7,866)
8. Plan fiduciary net position – beginning	<u>589,666</u>	<u>423,575</u>	<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>594,066</u>	<u>589,666</u>	<u>423,575</u>	<u>365,216</u>	<u>295,621</u>	<u>265,516</u>	<u>239,904</u>	<u>242,256</u>
C. Net pension liability/(asset)	<u>\$(82,858)</u>	<u>\$(113,104)</u>	<u>\$ 37,314</u>	<u>\$ 62,595</u>	<u>\$102,829</u>	<u>\$120,466</u>	<u>\$121,356</u>	<u>\$ 94,171</u>
D. Plan fiduciary net position as a percentage of the total pension liability	116.21%	123.73%	91.90%	85.37%	74.19%	68.79%	66.41%	72.01%
E. Covered-employee payroll	\$135,526	\$131,035	\$125,594	\$117,325	\$78,344	\$78,863	\$73,650	\$71,785
F. Net pension liability as a percentage of covered employee payroll	(61.14)%	(89.32)%	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**

Fiscal Year	Actuarially Determined Contribution	Contribution In Relation	Contribution Deficiency	Covered Employee Payroll	Contribution As Percentage
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
2021	24,547.21	24,547.21	0.00	133,408.86	18.40
2022	19,724.84	19,724.92	(0.08)	137,936.11	14.30

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

Valuation Date: February 28, 2022

Notes: The roll-forward of total pension liability from February 28, 2022 to June 30, 2022 reflects expected service cost and interest reduced by actual benefit payments.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal and Modified Terminal Funding
Amortization Method	A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.
Remaining Amortization Period	Multiple bases from 10 to 15 years
Asset Valuation Method	5-Year smoothed market; 20% corridor
Inflation	2.75% wage inflation; 2.25% price inflation
Salary Increases	2.75% to 6.75% including wage inflation
Investment Rate of Return	7.00%, net of investment expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups. Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above-described tables.
Other Information:	None