

***ST. CHARLES CITY-COUNTY
LIBRARY DISTRICT***

***FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2021***

ST. CHARLES CITY-COUNTY LIBRARY DISTRICT

ST. PETERS, MISSOURI

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INDEPENDENT AUDITORS' REPORT



To the Members of the Board of Trustees
ST. CHARLES CITY-COUNTY LIBRARY DISTRICT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, and the major fund of St. Charles City-County Library District as of and for the year ended June 30, 2021, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the aggregate discretely presented component unit and the major fund of St. Charles City-County Library District, as of June 30, 2021, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

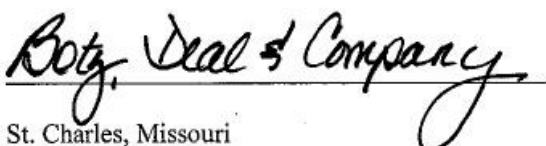
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and schedule of employer contributions on pages 3 through 7 and 29 through 32, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statement, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the St. Charles City-County Library District's basic financial statements. The schedules of expenditures-budget and actual-general fund on pages 33 through 34 for the year ended June 30, 2021, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.


St. Charles, Missouri

December 14, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

The St. Charles City-County Library District's (District) management discussion and analysis provides an overview of the District's financial activities for the fiscal year ended June 30, 2021. Since this information is designed to focus on the current year's activities, resulting changes and currently known facts, it should be read in conjunction with the financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

During Fiscal Year 2021:

- The District's net position increased \$3,024,970 as a result of this year's operations resulting in ending net position of \$48,070,083, an increase of 6.7%.
- The District's fund balance in the General Fund for the year increased \$781,557, or 3.8%, as a result of operations.
- The District's *2019-2023 Strategic Plan* links six goals to the Library's mission to be a catalyst and to inspire, inform, and enhance connections across St. Charles County. These goals include facilities for the future; experiences and outreach; service model; digital leadership; public relations and marketing and community support. As to facilities, three major projects were concluded at Cliff View Branch, Kathryn Linnemann Branch, and Administration. As to experiences, outreach and digital leadership, a custom Mobile Library Vehicle is in the production stage and a new web site is under development.
- Tax revenue for the fiscal year was based on assessment of the property valuation established by the St. Charles County Assessor. The District's tax rate is \$0.1996 per \$100 assessed valuation. Residential and commercial real estate, in addition to personal property, experienced an overall tax valuation increase of 2.6% for the fiscal year. This continued tax growth is evidence of a robust economy and housing market and continual St. Charles County development.

FINANCIAL STATEMENT OVERVIEW

This annual financial report contains three parts, including Management's Discussion and Analysis; Basic Financial Statements; and Supplementary Information. This discussion and analysis is intended to serve as an introduction to St. Charles City-County Library District's basic financial statements.

The basic financial statements consist of three components: 1.) Statement of Net Position and Governmental Fund Balance Sheet, 2.) Statement of Activities and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance, and 3.) Notes to the basic financial statements. The report also contains other supplementary information in addition to the basic financial statements, which provide information about District financial activities on both the accrual and modified accrual basis.

Statement of Net Position and Governmental Fund Balance Sheet

This statement (on page 10 of the Basic Financial Statements) provides detailed information about the general fund, the District's only fund, which is a governmental fund. The General Fund focuses on current financial resources, using the modified accrual basis of accounting. This method measures cash and all other financial assets that can be readily converted to cash.

The government-wide financial statement (i.e. the statement of net position) includes all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting. This method takes into account all current year revenues and expenses regardless of when cash is paid or received. It therefore presents a longer-term view of the District's finances.

Statement of Activities and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance

This statement (on page 11 of the Basic Financial Statements) presents detailed information about the General Fund (governmental fund), including all of the District's basic services, which helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's program and building needs. The statement of activities is government-wide, so earned revenues and incurred liabilities are recorded regardless of related cash flow timing.

Notes to the Financial Statements

The notes provide additional information that is necessary to fully understand the data provided in the general fund and government-wide financial statements. The notes to the financial statements can be found on pages 12 - 28 of the Basic Financial Statements.

Supplementary Information

Additional information concerning District budget and pension data is presented beginning on page 29 of the Required Supplementary Information. Although not a required part of the basic financial statements, general supplementary information providing more detailed budget figures is presented beginning on page 33 that might be useful to the reader.

THE DISTRICT AS A WHOLE

One of the most important questions posed is whether the District is in a better financial position at the end of this fiscal year as compared to the prior year. The Statement of Net Position and the Statement of Activities provide information about the District as a whole and about its activities in a manner that assists in answering this question. These two statements report the District's net position and changes in it. You can view net position as one way to measure the District's financial health, or financial position.

Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or declining. You will also need to consider other factors such as future capital needs, changes in the District's property tax base, financial health of District residents, the complete budget for the State of Missouri, and the overall economy in order to assess the complete health of the District.

Financial Overview

The following is a condensed financial overview for the current and prior year:

	<u>FY2021</u>	<u>FY2020</u>	<u>Dollar Change</u>
Assets:			
Current assets	\$ 22,472,821	\$ 22,143,466	\$ 329,355
Net pension asset	5,563,852	288,952	5,274,900
Net capital assets	25,241,231	24,063,312	1,177,919
Total Assets	<u>53,277,904</u>	<u>46,495,730</u>	<u>6,782,174</u>
Deferred Outflows	<u>378,102</u>	<u>1,140,958</u>	<u>(762,856)</u>
Liabilities:			
Current liabilities	678,861	957,764	(278,903)
Noncurrent liabilities	1,273,065	1,549,175	(276,110)
Total Liabilities	<u>1,951,926</u>	<u>2,506,939</u>	<u>(555,013)</u>
Deferred Inflows	<u>3,633,997</u>	<u>84,636</u>	<u>3,549,361</u>
Net Position:			
Net investment in capital assets	24,713,151	23,282,672	1,430,479
Restricted	244,000	31,541	212,459
Unrestricted	23,112,932	21,730,900	1,382,032
Total Net Position	<u>\$ 48,070,083</u>	<u>\$ 45,045,113</u>	<u>\$ 3,024,970</u>

The District's net position increased \$3,024,970 as a result of this year's operations, resulting in an ending net position of \$48,070,083, an increase of 6.7%. Net investment in capital assets increased \$1,430,479 due primarily to the completion of Cliff View Branch and renovations at Administration and Kathryn Linnemann Branch. Restricted net position of \$244,000 relates to funding for the purpose of a custom Mobile Library Vehicle. Unrestricted net position increased \$1,382,032 or 6.4%. While the unrestricted net position of \$23,112,932 is available for the District to spend at its discretion, approximately 10% of the assets and deferred outflows are pension related.

	<u>FY2021</u>	<u>FY2020</u>	<u>Dollar Change</u>
Revenues:			
Program Revenues:			
Charges for service	\$ 67,942	\$ 366,796	\$ (298,854)
Operating grants and contributions	255,324	102,216	153,108
Capital grants and contributions	244,000	31,541	212,459
Total Program Revenues	<u>567,266</u>	<u>500,553</u>	<u>66,713</u>
General Revenues:			
Property taxes and other	20,022,537	19,583,854	438,683
State aid, grants, and A&E taxes	227,242	229,242	(2,000)
Investment earnings	83,209	177,955	(94,746)
Donations	1,760	1,234	526
Miscellaneous	85,259	128,265	(43,006)
Total General Revenues	<u>20,420,007</u>	<u>20,120,550</u>	<u>299,457</u>
Total Revenues	<u>20,987,273</u>	<u>20,621,103</u>	<u>366,170</u>
Expenses:			
Library services:			
Salaries and benefits	10,719,735	12,851,053	(2,131,318)
Library materials	1,120,168	1,400,321	(280,153)
Technology and telecommunication	744,664	659,532	85,132
Depreciation and amortization	3,244,777	3,046,107	198,670
Other operational expenditures	2,114,450	2,240,031	(125,581)
Capital outlay	18,509	28,820	(10,311)
Total Expenses	<u>17,962,303</u>	<u>20,225,864</u>	<u>(2,263,561)</u>
Change in Net Position	3,024,970	395,239	<u>\$ 2,629,731</u>
Net Position - Beginning of Year	<u>45,045,113</u>	<u>44,649,874</u>	
Net Position - End of Year	<u>\$ 48,070,083</u>	<u>\$ 45,045,113</u>	

The majority of the District's activities are financed from property taxes, considered general revenues, collected by the St. Charles County Collector. The increase of \$438,683 in tax revenues from prior year is due to collection of prior year and protested taxes and intended reserve addition. Charges for services, considered program revenues, decreased \$298,854 from prior year due to elimination of customer fines and COVID-19 impacted passport services, meeting room fees, and other in branch customer offerings. Capital grants and contributions increased by \$212,459, due mainly to funding for a custom Mobile Library Vehicle. In total, Missouri State Per Capita Aid, grants and A&E taxes remained consistent with prior year. Investments earnings decreased \$94,746 from prior year, which reflects low interest rates throughout the year. Overall, District revenues increased \$366,170 or 1.7%.

The District's Salaries and Benefits decreased \$2,131,318 from prior year due to unfilled/vacant positions and a hiring freeze in effect through June 30, 2021. Library Materials, another major program expense, decreased \$280,153 or 20.0% from prior year. The District ended the year expending 15.0% of the overall revenues on materials before depreciation. The materials collection increased 2.6% before depreciation for the fiscal year. This reflects customer need assessment and making adjustments to branch physical materials and electronic resource availability.

Technology and Telecommunications program expense increased \$85,132 from prior year due to additional software and telecommunication needs. Other operational expenditures decreased \$125,581 from prior year due to continued COVID-19 impact. This includes reduced branch hours and related programming, travel and training, equipment, utilities, and supplies. The total cost of operations decreased by \$2,263,561 or 11.2%.

CAPITAL ASSETS

At the end of the year, the District had \$25,241,231 invested in capital assets net of depreciation, including land, buildings, furniture, equipment, and leasehold improvements. Capital asset additions, disposals, and depreciation resulted in a net increase in capital assets of \$1,177,919. The following is a prior year comparison of capital assets before taking into account depreciation:

	<u>2021</u>	<u>2020</u>
Land	2,333,430	2,333,430
Construction in progress	215,913	927,274
Buildings	24,008,599	21,646,095
Improvements	833,941	803,912
Furniture and equipment	6,541,494	6,160,512
Automobiles	216,556	216,556
Intangibles	1,485,466	1,485,466
Library materials	13,532,712	13,193,053
Total	<u>\$ 49,168,111</u>	<u>\$ 46,766,298</u>

More detailed information about capital assets is presented in Note 6 to the financial statements.

NONCURRENT LIABILITIES/ASSET

As of June 30, 2021, the District has no outstanding debt. Noncurrent liabilities consist of accrued compensated absences in the amount of \$728,169, a decrease of \$23,550, or 3.1% from the prior year. Also included is the five-year software license agreement (in third year) for the Polaris Integrated Library System in the amount of \$528,080. More detailed information about noncurrent liabilities is presented in Note 7 to the financial statements.

Also included as a noncurrent asset is a net pension asset of \$5,563,852, which was a \$288,952 net pension asset in the prior year. More detailed information about pension plan is presented in Note 8 to the financial statements.

ECONOMIC FACTORS AND FY22 BUDGET AND RATES

The Fiscal Year 2021 budget was prepared using a tax rate of \$0.1996 per \$100 assessed valuation, and the Fiscal Year 2022 budget was prepared using a projected tax rate of \$0.1930 per \$100 assessed valuation. The actual tax rate to be levied for 2021 is \$0.1908 per \$100 assessed valuation.

There is economic uncertainty concerning the District's reliance on property and other taxes for 95% of total revenues during the past year. The District has questioned the use of property tax abatements and incentives. However, the District realizes they are used to advance economic development goals.

Proposed state level legislation to eliminate personal property tax in St. Charles County has caused concern. The District eliminated fines for the community in order to remove barriers to access. This significantly reduced non-tax income, so a substantial decline in personal property taxes will impact District operations.

All major capital expenditures are from current revenues and reserves. To-date the District has maintained its building program along with continued expansion without debt. This may change considering St. Charles County growth and District strategic initiatives, including a Facilities Master Plan. Decision-making will be impacted by personal and real property tax funding.

BUDGET INFORMATION

Actual General Fund revenues and other financing sources were \$21,160,572 for the fiscal year ending June 30, 2021 compared to the budgeted amount of \$19,699,426. District revenues were over budget by \$1,461,146.

Actual General Fund expenditures were \$20,379,015 for the fiscal year ending June 30, 2021 compared to the final budgeted amount of \$22,657,193. Total budgeted expenditures were amended during the year with a net effect of a \$265,000 increase, primarily for Kathryn Linnemann Branch building repairs. District expenditures were under budget \$2,278,178.

COVID-19 PANDEMIC IMPACT

St. Charles County did not impose the same restrictions on activities and non-essential businesses as neighboring St. Louis County. For the District, this ongoing economic activity meant that there was no reduction in real and personal property tax revenues. It also resulted in the District envisioning new ways to connect with customers and engage the community.

The District received \$235,950 of CARES Act Funding, offsetting operating expenses and allowing customers access to 24-Hour Contactless Hold Kiosks at two branches. The District will continue to pursue grant opportunities as well as other available funding.

Reduced services negatively impacted program revenues such as passport services in FY2021. Six months of service revenue reduction was incorporated into the FY2022 budget.

District hiring and pay rate freezes included in the FY2021 budget were in effect until June 30, 2021. Combined with unfilled positions and altered branch activity, the District reduced branch hours of operation. Staff travel and training costs were decreased in addition to other operating expenses. Technology expenditures were increased based on updated branch, customer and employee needs.

In view of global supply chain issues, an inflation estimate was included in the fiscal year 2022 budgeted expenditures.

Protecting the District's fiscal health is a priority. The District has increased its reserve fund balance over time which should be sufficient to sustain the District in the short term if revenues are impacted for any reason.

COMPONENT UNIT

The District's component unit, St. Charles City-County Library Foundation (Foundation), is included in the basic financial statements. Foundation is a non-profit organization established for the purpose of providing funding for educational programs open to the public at the District and for promoting awareness of the availability of library services. Net assets for the Foundation's fiscal year ending June 30, 2021 increased \$18,754, or 2.2%, from prior year. The Foundation issues separate financial statements, which can be obtained from the Foundation Office at the below address.

CONTACTING THE ST. CHARLES CITY-COUNTY LIBRARY DISTRICT

This financial report is designed to provide St. Charles County citizens, consumers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funding it receives. If you have questions about this report or need additional financial information, contact:

Chief Financial Officer
St. Charles City-County Library District
77 Boone Hills Drive
P.O. Box 529
St. Peters, MO 63376

ST. CHARLES CITY-COUNTY LIBRARY DISTRICT

STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
JUNE 30, 2021

	GENERAL FUND	ADJUSTMENTS	STATEMENT OF NET POSITION	ST. CHARLES CITY-COUNTY LIBRARY FOUNDATION
ASSETS				
Cash and investments	\$ 21,893,950	\$ -	\$ 21,893,950	\$ 868,185
Taxes receivable	417,170	-	417,170	-
Accrued interest and other receivables	6,590	-	6,590	501
Prepaid expenses	149,306	-	149,306	10,394
Security and other deposits	5,805	-	5,805	-
Net pension asset	-	5,563,852	5,563,852	-
Capital assets:				
Nondepreciable capital assets	-	2,549,343	2,549,343	-
Other capital assets, net of accumulated depreciation/amortization	-	22,691,888	22,691,888	-
TOTAL ASSETS	22,472,821	30,805,083	53,277,904	879,080
DEFERRED OUTFLOWS				
Pension related deferred outflows	-	378,102	378,102	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 22,472,821	31,183,185	53,656,006	\$ 879,080
LIABILITIES				
Accounts payable	384,780	-	384,780	4,258
Accrued payroll	294,081	-	294,081	-
Unearned revenue	-	-	-	6,625
Noncurrent liabilities:				
Due within one year	-	988,306	988,306	-
Due in more than one year	-	284,759	284,759	-
TOTAL LIABILITIES	678,861	1,273,065	1,951,926	10,883
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	305,804	(305,804)	-	-
Pension related deferred inflows	-	3,633,997	3,633,997	-
TOTAL DEFERRED INFLOWS OF RESOURCES	305,804	3,328,193	3,633,997	-
FUND BALANCE/NET POSITION				
Fund balances:				
Nonspendable	149,306	(149,306)	-	-
Restricted	244,000	(244,000)	-	-
Assigned for:				
Projected use of reserves	1,037,775	(1,037,775)	-	-
Unassigned	20,057,075	(20,057,075)	-	-
TOTAL FUND BALANCE	21,488,156	(21,488,156)	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 22,472,821	\$ (16,886,898)		
Net position:				
Net investment in capital assets			24,713,151	-
Restricted			244,000	-
Unrestricted			23,112,932	868,197
TOTAL NET POSITION			\$ 48,070,083	\$ 868,197

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

ST. CHARLES CITY-COUNTY LIBRARY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT
OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2021

	GENERAL FUND	ADJUSTMENTS	STATEMENT OF ACTIVITIES	ST. CHARLES CITY-COUNTY LIBRARY FOUNDATION
EXPENDITURES/EXPENSES				
Library services:				
Salaries and benefits	\$ 11,705,968	\$ (986,233)	\$ 10,719,735	\$ -
Library materials	3,148,808	(2,028,640)	1,120,168	-
Technology and telecommunication	1,089,141	(344,477)	744,664	-
Depreciation and amortization	-	3,244,777	3,244,777	-
Contributions and scholarships	-	-	-	245,269
Other operational expenditures	2,134,399	(19,949)	2,114,450	54,843
Capital outlay	2,300,699	(2,282,190)	18,509	-
TOTAL EXPENDITURES/EXPENSES	20,379,015	(2,416,712)	17,962,303	300,112
PROGRAM REVENUES				
Charges for services	67,942	-	67,942	-
Operating grants and contributions	-	255,324	255,324	-
Capital grants and contributions	-	244,000	244,000	-
NET PROGRAM REVENUES	67,942	499,324	567,266	-
NET PROGRAM EXPENSE			(17,395,037)	
GENERAL REVENUES				
Property and other taxes	20,195,836	(173,299)	20,022,537	-
State aid, grants and A&E taxes	726,566	(499,324)	227,242	-
Investment earnings	83,209	-	83,209	203,151
Donations	1,760	-	1,760	114,095
Miscellaneous	85,259	-	85,259	1,620
TOTAL GENERAL REVENUES	21,092,630	(672,623)	20,420,007	318,866
NET CHANGE IN FUND BALANCE/NET POSITION	781,557	\$ 2,243,413	3,024,970	18,754
FUND BALANCE/NET POSITION - BEGINNING OF YEAR	20,706,599		45,045,113	849,443
FUND BALANCE/NET POSITION - END OF YEAR	\$ 21,488,156		\$ 48,070,083	\$ 868,197

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

ST. CHARLES CITY-COUNTY LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

1. DESCRIPTION OF OPERATIONS

The St. Charles City-County Library District (the “District”) provides library services to the residents of St. Charles County.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity - As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component units board, and either (a) the ability to impose will by the primary government or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- 2) Fiscal dependency on the primary government.

The accompanying financial statements present the St. Charles City-County Library District (the primary government) and its component units. The financial data of the component units are included in the District’s reporting entity because of the significance of operational financial relationships with the District.

Blended Component Unit - The St. Charles Library Building Corporation (the “Corporation”), an entity legally separate from the District, is governed by a five-member board appointed by the District’s Board of Trustees. For financial reporting purposes, the Corporation is reported as if it were a part of the District’s operations because its sole purpose is to finance certain land and building purchases which are leased to the District. During the fiscal year ended June 30, 2021, there was no activity for the Corporation.

Discretely Presented Component Unit - The St. Charles City-County Library Foundation (the “Foundation”), is a non-profit organization formed in April 2000. The Foundation is governed by a eleven-member board, of which one is appointed by the District’s Board of Trustees. The Foundation is reported in a separate column to emphasize that it is separate from the District. The Foundation issues separate financial statements.

The Foundation was formed to support the District. The Foundation partners with private donors to support programs not covered by tax dollars. Funds are generated through special events, individual and corporate giving, as well as planned giving for the benefit of the District. The District received payments from the Foundation of \$245,310 during the year ended June 30, 2021. In addition, the District paid salaries and benefits totaling \$84,744 for staff providing services to the Foundation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fund Accounting - The accounts of the District are organized on the basis of legally established funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. District resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Governmental Funds

Governmental Funds are those through which most functions of the District are financed. The District's expendable financial resources are accounted for through Governmental Funds. The measurement focuses on the determination of changes in the financial position rather than upon net income determination. Governmental Funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes 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 District uses the following governmental fund type, which is considered a major fund:

General Fund - This fund is the general operating fund (and only fund) of the District and accounts for all current financial resources.

Basis of Presentation

Government-wide Financial Statement:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions.

The statement of net position presents the financial condition of the governmental activities and the discretely presented component unit of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and clearly identifiable to a particular function. Amounts reported as program revenues include 1) charges paid by patrons for fees or goods and services offered by the District and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not restricted for use by a particular function are reported as general revenues.

Fund Financial Statements:

The fund financial statements provide information about the District's funds. Fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balance. The fund financial statements emphasize major governmental funds, each displayed in a separate column.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Measurement Focus/Basis of Accounting

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 related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Since the governmental fund financial statements and government-wide financial statements are combined, an adjustment column is provided to show the reconciliation between the two sets of financial statements. The notes to the financial statements further describe the adjustments by providing brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available. The term available is defined as collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For the District, available means expected to be received within sixty days of year end.

The District recognizes assets from imposed nonexchange revenue transactions in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Revenues are recognized in the period when the resources are available.

Intergovernmental revenues, representing grants, entitlements, donations and assistance received from other governmental units, are generally recognized as revenues in the period when all eligibility requirements have been met. Any resources received before eligibility requirements are met are reported as unearned revenues.

Charges for services in the governmental funds, which are exchange transactions and are, therefore; not subject to the provisions of GASB 33, are recognized as revenues when received in cash because they are generally not measurable until actually received.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from one source, property taxes earned but not yet available. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - An enforceable lien is attached to property as of January 1 if taxes are unpaid. Taxes are levied on November 1 and are payable on December 31. The County collects the property tax and remits it to the District. Revenue recognition of delinquent property taxes not collected within sixty (60) days of fiscal year end is deferred.

The assessed valuation of the tangible taxable property for the calendar year 2020 was \$9,826,213,907. The tax levy per \$100 of the assessed valuation of tangible property was \$0.1996.

Cash and investments - Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. The certificates of deposit are reported at cost.

Capital Assets - Capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the Governmental-wide statement of net position but are not reported in the fund financial statements.

All capital assets, except library materials are recorded at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. Library materials are capitalized based on a discounted average retail price for the year. The District capitalizes library materials and all other assets for financial reporting purposes with a useful life greater than one year.

The cost of normal maintenance and repairs that do not add value to the asset or materially extend the asset's life are not capitalized. The District does not possess any infrastructure.

Major outlays for capital assets and improvements are capitalized as projects are constructed and placed in service. Improvements are depreciated over the remaining useful lives of the related capital assets. Except for land and construction in progress, all reported capital assets are depreciated or amortized. Capital assets are depreciated over their estimated service lives using the straight-line method as follows:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Capital Assets - continued

Major Group	Method	Life
Buildings	Straight line	35 years
Land and building improvements	Straight line	10 years
Furniture and equipment	Straight line	3-7 years
Automobiles	Straight line	5 years
Intangibles	Straight line	5-10 years
Library materials	Straight line	5-10 years

Compensated Absences - Full-time employees earn annual leave time at 100 hours per year with increases at 3, 8 and 15 years of service. Exempt employees accrue annual leave based on the budgeted hours in a pay period. Nonexempt employees accrue annual leave based on actual hours worked in a pay period with increases at 3, 8 and 15 years of service. Annual totals vary depending on hours worked in a year. The maximum accrual for full-time employees is 240 hours. Part-time employees have a maximum accrual of either 120 hours or 60 hours, based on budgeted hours. Annual leave time earned but unused at year end has been recorded as a liability in the government-wide financial statements.

Full-time employees earn 96 hours of sick leave per year. Full-time employees have a maximum accrual of 600 hours. Part-time employees in budgeted positions accrue hours based on the number of hours worked in a pay period. Part-time employees have a maximum accrual of either 300 hours or 150 hours, based on budgeted hours. Unused sick leave accumulates but does not vest, and therefore, an accrual is not made in the financial statements.

Accrued Liabilities and Long-term Obligations - All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

Net Position And Fund Equity

In government-wide financial statements net position is reported in three categories: net investment in capital assets; restricted; and unrestricted. Net investment in capital assets represents capital assets less accumulated depreciation less outstanding principal on related debt. Net investment in capital assets, does not include the unspent proceeds of capital debt. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is considered unrestricted.

Fund Balance Classification - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Net Position And Fund Equity - continued

Nonspendable - Resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact. The District reports nonspendable fund balance for prepaid expenses and security and other deposits.

Restricted - Resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation. The District reports restricted fund balance for grants and contributions restricted by grantors and contributors.

Committed - Resources which are subject to limitations the government imposes upon itself at its highest level of decision making, the Board of Trustees. Formal action (resolution) must be taken by the Board of Trustees prior to the end of the fiscal year to commit funds. The same formal action must be taken to remove or change the limitations placed on the funds.

Assigned - Resources neither restricted nor committed for which a government has a stated intended use as established by the Board of Trustees or an official to which the Board of Trustees has delegated the authority to assign amounts for specific purposes. No formal policy exists for assigning fund balances. The District reports assigned fund balance for the projected use of fund balance reserves.

Unassigned - Resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

The District would typically use restricted fund balances first, followed by committed resources and assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first.

Restricted Resources - When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Budget And Budgetary Accounting

The Board of Trustees legally adopts an annual budget through passage of a motion for the General Fund, prior to the beginning of each fiscal year. The Board of Trustees follows the procedures outlined below in establishing the budgetary data reflected in the accompanying basic financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Budget And Budgetary Accounting - continued

- The annual budget is broken down to three areas, expenditures, capital projects, and revenue. Revenue estimates are projected by February but not finalized until the tax rate is passed in September.
- Department heads and managers prepare their requests for budget expenditures in four sublevel areas in the operating budget and their requests for capital projects. Reviews by the entire District with the appropriate parties including the Director are consolidated for presentation to the Board. The four levels and the time that they are presented to the Board of Trustees is Materials in March, Personnel in April, Technology and Telecommunications in April, and Operations in May. The presentations to the Board are to allow them input and to allow direction for the coming fiscal year. The Board passes the overall budget in June.
- Each area of the budget has line items that make up the total budget. In the Operations area of the budget, the Board will single out large ticket items for review. These line items usually are equipment, building and grounds projects, and travel expenditures.
- The Chief Financial Officer prepares the final presentation of the budget for the June Board meeting. The areas of the budget approved at that meeting are Personnel, Material, Operations, Technology and Telecommunications, and Capital Projects. These areas represent the total operations expenditure budget. The Chief Financial Officer gives updates to expected revenue during the entire process and provides a working capital and income statement to the Board for their considerations. It is understood at this time that if actual revenues do not obtain those levels, expenditures will be cut to assure a balanced budget before Capital Projects.
- During the entire process the Director reviews each area with other managers in the various budget areas and will include the Chief Financial Officer, Deputy Director, Chief Talent Officer and Director of Technology Services.
- The revenue budget is reviewed with the Board during the entire process and upon receipt of the final property assessment in September, the Chief Financial Officer presents the tax rate to be approved and passed by the Board after a public hearing. The County Registrar and the Missouri State Auditor then certify the tax rate.
- The District's budgets are prepared on the modified accrual basis. The legal level of budgetary control is at the fund level.

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.

3. CASH AND INVESTMENTS

The District is governed by the deposit and investment limitations of state law. The District's policy and state law authorized the following types of investments: United States Treasury Bills, Federal Agency Obligations, Obligations of Government Sponsored Corporations, Certificates of Deposits and Repurchase Agreements collateralized by government securities. At June 30, 2021, the District's idle funds were invested in negotiable certificates of deposit which are considered deposits.

The deposits and investments held at June 30, 2021, are as follows:

Type	FMV
District:	
Demand deposits	\$ 12,673,306
Cash on hand	7,644
Certificates of deposit	9,213,000
Total Deposits	<u>\$ 21,893,950</u>
Foundation:	
Demand deposits and cash held by broker/bank	\$ 70,701
Asset backed securities	913
Equity mutual funds	130,559
Equity exchange traded funds	364,709
Fixed income mutual funds	166,050
Fixed income exchange traded funds	135,253
Total Deposits and Investments	<u>\$ 868,185</u>

The discretely presented component unit is not required to adopt the provision of GASB 40, as amended by GASB 72.

Custodial Credit Risk - Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District has a custodial credit risk policy for deposits which requires these funds in excess of amounts federally insured to be collateralized and shall be granted safekeeping receipts specifying the type of collateral as allowed by law. As of June 30, 2021, none of the District's bank balances were exposed to custodial credit risk.

Custodial Credit Risk - Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District does not have a policy for custodial credit risk relating to investments. The District has no investments as of June 30, 2021.

Investment Interest Rate Risk

The District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District has no investments as of June 30, 2021.

3. **CASH AND INVESTMENTS - continued**

Concentration of Investment Credit Risk

Concentration of credit risk is required to be disclosed for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, and investments in external investment pools and investments in other pooled investments). The District has no policy in place to minimize the risk of loss resulting from over concentration of investments. The District has no investments as of June 30, 2021.

Investment Credit Risk

The District does not have policies in place to minimize credit risk, the risk of loss due to the failure of the security issuer. The District has no investments as of June 30, 2021.

4. **RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS	\$ 21,488,156
Amount reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.	25,241,231
Property taxes and other receivables not available to pay for current-period expenditures and therefore deferred in the fund.	305,804
Net Pension asset is not a current financial resource and therefore not reported in the fund.	5,563,852
Net deferred inflows of resources related to pension are not available to pay current expenditures and therefore are deferred in the fund.	(3,255,895)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund as follows:	
Software license agreement	(528,080)
Operating lease	(16,816)
Compensated absences payable	(728,169)
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u>48,070,083</u>

5. RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES

NET CHANGE IN TOTAL GOVERNMENTAL FUND BALANCE \$ 781,557

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

Capital outlays are reported as expenditure in the governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation or amortization expense. In the current period, these amounts are:

Capital asset purchases	\$ 4,424,130	
Depreciation or amortization expense	<u>(3,244,777)</u>	
Total		1,179,353

In the Statement of Activities, the (loss) gain on the sale of capital assets is reported. The (loss) gain is not a use of current resources and, thus, is not reported in the funds.

(1,434)

Revenues in the funds that provide current financial resources are not reported as revenues in the Statement of Activities.

(173,299)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore; are not reported as expenditures in governmental funds. These activities consist of:

Payment of software license agreement	252,560
Pension expense	962,683
Change in compensated absences	<u>23,550</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 3,024,970

6. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets, not being Depreciated and amortized:				
Land	\$ 2,333,430	\$ -	\$ -	\$ 2,333,430
Construction in progress	<u>927,274</u>	<u>162,819</u>	<u>(874,180)</u>	<u>215,913</u>
Total capital assets, not being depreciated and amortized	<u>3,260,704</u>	<u>162,819</u>	<u>(874,180)</u>	<u>2,549,343</u>
Capital assets being Depreciated and amortized:				
Buildings	21,646,095	2,536,125	(173,621)	24,008,599
Improvements	803,912	30,029	-	833,941
Furniture and equipment	6,160,512	540,698	(159,716)	6,541,494
Automobiles	216,556	-	-	216,556
Intangibles	1,485,466	-	-	1,485,466
Library materials	<u>13,193,053</u>	<u>2,028,639</u>	<u>(1,688,980)</u>	<u>13,532,712</u>
Total capital assets, being depreciated and amortized	<u>43,505,594</u>	<u>5,135,491</u>	<u>(2,022,317)</u>	<u>46,618,768</u>
Less: accumulated depreciation and amortization for:				
Buildings	(9,937,532)	(747,894)	173,621	(10,511,805)
Improvements	(233,861)	(68,147)	-	(302,008)
Furniture and equipment	(5,090,155)	(378,874)	158,282	(5,310,747)
Automobiles	(160,677)	(16,402)	-	(177,079)
Intangibles	(480,786)	(297,191)	-	(777,977)
Library materials	<u>(6,799,975)</u>	<u>(1,736,269)</u>	<u>1,688,980</u>	<u>(6,847,264)</u>
Total accumulated depreciation	<u>(22,702,986)</u>	<u>(3,244,777)</u>	<u>2,020,833</u>	<u>(23,926,880)</u>
Total capital assets, being depreciated and amortized, net	<u>20,802,608</u>	<u>1,890,714</u>	<u>(1,434)</u>	<u>22,691,888</u>
Total capital assets, net	<u>\$ 24,063,312</u>	<u>\$ 2,053,533</u>	<u>\$ 875,614</u>	<u>\$ 25,241,231</u>

7. LONG - TERM LIABILITIES

The following summary of changes in long-term liabilities for the year ended June 30, 2021:

	Beginning Balance	Additions	Deletions	Ending Balance	Amount Due Within One Year
Governmental activities:					
Software license	\$ 780,640	\$ -	\$ (252,560)	\$ 528,080	\$ 260,137
Operating lease	16,816	-	-	16,816	-
Compensated absences	751,719	540,933	(564,483)	728,169	728,169
	<u>\$ 1,549,175</u>	<u>\$ 557,749</u>	<u>\$ (833,859)</u>	<u>\$ 1,273,065</u>	<u>\$ 988,306</u>

Software License Agreement

The District entered into a five-year software license agreement in the amount of \$1,263,906. The District is required to make annual payments in the amount of \$238,062 each year for the term of the contract. Commencing in year two and thereafter, the annual rate may increase by a maximum percentage of 3.0% or the percentage increase in the Consumer Price Index over the previous year. For the year ended June 30, 2021, the District paid \$252,560 due to the 3.0% increase.

8. PENSION PLAN

Plan Description

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

Benefits Provided

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

	2021
Benefit Program	1.50% for life
Final Average Salary	3 years
Member Contribution Rate	0%

8. **PENSION PLAN** - continued

Benefits Provided - continued

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, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	60
Inactive employees entitled to but not yet receiving benefits	17
Active employees	105
TOTAL	<u>182</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 10.4% of annual covered payroll for the year ended June 30, 2021.

Net Pension Liability - The employer's net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2021.

Actuarial assumptions - The total pension liability in the February 28, 2021 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 and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups.

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

The actuarial assumptions used in the February 28, 2021 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

8. PENSION PLAN - continued

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	43%	5.16%
Fixed Income	26	2.86
Real Assets	21	3.23
Strategic Asset	10	5.59

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 (Asset)

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
Balances as of June 30, 2020	\$ 21,595,147	\$ 21,884,099	\$ (288,952)
Changes for the year:			
Service cost	546,941	-	546,941
Interest	1,548,727	-	1,548,727
Differences between expected and actual experience	(250,107)	-	(250,107)
Changes in assumptions	(831,954)		(831,954)
Contributions - employer	-	626,856	(626,856)
Net investment income	-	5,790,283	(5,790,283)
Benefit payments including Refunds of employee contributions	(1,022,020)	(1,022,040)	-
Administrative expense	-	(18,391)	18,391
Other (net transfer)	-	(110,241)	110,241
Net Changes	(8,433)	5,266,467	(5,274,900)
Balances as of June 30, 2021	\$ 21,586,714	\$ 27,150,566	\$ (5,563,852)

8. **PENSION PLAN** - continued

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 Discount Rate (7.00%)	1% Increase (8.00%)
Total pension liability (TPL)	\$ 24,348,783	\$ 21,586,714	\$ 19,287,055
Plan fiduciary net position	27,150,566	27,150,566	27,150,566
Net pension liability (asset)	\$ (2,801,783)	\$ (5,563,852)	\$ (7,863,511)

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

For the year ended June 30, 2021 the District recognized a negative pension expense of \$(335,827) in the government-wide financial statements. The District reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 378,102	\$ 204,812
Changes in assumptions	-	681,284
Net differences between projected and actual earnings on pension plan investments	-	2,747,901
Total	\$ 378,102	\$ 3,633,997

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

Year ended June 30:	
2022	\$ (764,965)
2023	(648,168)
2024	(709,207)
2025	(1,031,319)
2026	(102,236)
Total	\$ (3,255,895)

9. **SELF - INSURANCE PLAN**

The District has adopted a self-insured dental plan. This plan covers substantially all full-time employees of the District, and many employees also have family coverage.

9. **SELF - INSURANCE PLAN - continued**

The dental plan is fully self-insured and carries a limit on claims per year of \$1,200 per person. Claims are recognized as expenditures in the financial statements when paid. Actual dental claims paid during the fiscal year ended June 30, 2021 were \$58,032. There has not been a liability established for claims incurred but not paid as of June 30, 2021. The estimated amounts of those claims were not considered significant to the financial statements.

10. **RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; thefts or, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The District has transferred these risks by purchasing insurance from a commercial enterprise. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

11. **LEASES - LESSEE**

The District leases a portion of a building and parking lot for a library branch. The lease is \$3,900 per month on a month-to-month basis. The lease termed effective November 30, 2020. The total expense incurred during the year ending June 30, 2021, was \$19,500.

The District leases space for a library branch. The monthly rental payment is \$2,170 and the lease expires on November 30, 2029. The annual expense incurred on this lease was \$26,040 for the year ended June 30, 2021.

The District leases a parking lot adjacent to one of its libraries for \$500 per month on a month-to-month basis. The lease termed effective June 30, 2021. Total expense for the fiscal year ended June 30, 2020 was \$6,000.

The District entered into a lease agreement for building space effective August 1, 2018 through October 31, 2023, with an option for two additional five-year terms. The lease includes an abatement period of August 1, 2018 through October 1, 2018. The lease also includes scheduled rent increases annually. The annual expense incurred on this lease was \$60,056 for the year ended June 30, 2021.

The following is a schedule of the future minimum rental payments anticipated under the leases as of June 30:

2022	\$ 90,500
2023	95,305
2024	49,262
2025	26,040
2026	26,040
Thereafter	88,970
Total	<u>\$ 376,117</u>

12. LEASES - LESSOR

The District leases excess space to another organization under an operating lease on a month-to-month basis. Rental income for the year-ended June 30, 2021 was \$40,270.

13. TAX ABATEMENTS

As of June 30, 2021, the District is subject to the following tax abatement programs initiated by other governmental entities:

Real Property Chapter 100 RSMo:

City of O'Fallon	\$ 10,071
City of Wentzville	62,348
City of St. Charles	4,589
City of St. Peters	<u>228,970</u>
Total	<u>305,978</u>

Real Property Chapter 353 RSMo:

City of Wentzville	\$ 8,050
City of St. Peters	5,679
City of Dardenne Prairie	4,107
City of Weldon Spring	<u>1,973</u>
Total	<u>19,809</u>

Grand Total	\$ <u>325,787</u>
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14. FUTURE ACCOUNTING PRONOUNCEMENTS

The effect on the District's financial statements of the following statements issued, but not yet adopted, has not yet been determined.

This report does not incorporate GASB Statement No. 87, *Leases*; GASB Statement No. 92, *Omnibus 2020*; GASB Statement No. 93, *Replacement of Interbank Offered Rates*; GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements*; and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment to GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The effects on the District's financial statements as a result of adoption of these new pronouncements are unknown. The District will adopt and implement these statements at the required time.

15. CONTINGENCIES

During the first quarter of 2020, there was a global outbreak of a novel strain of the coronavirus (COVID-19), which resulted in a significant disruption to businesses and individuals throughout the world. This outbreak of COVID-19 could affect the operations and future revenue of the District. At the time these financial statements were issued, the District is unable to fully quantify the current and future effects of COVID-19 on its financial position and future revenues and expense. However, the District's management does not expect a significant effect on future revenues and expenses at this time.

REQUIRED SUPPLEMENTARY INFORMATION

ST. CHARLES CITY-COUNTY LIBRARY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Taxes	\$ 19,300,000	\$ 19,300,000	\$ 20,195,836	\$ 895,836
State aid, grants and A&E taxes	50,000	50,000	726,566	676,566
Investment earnings	110,025	110,025	83,209	(26,816)
Donations	380	380	1,760	1,380
Miscellaneous	35,971	35,971	85,259	49,288
Charges for service	203,050	203,050	67,942	(135,108)
Total Revenues	19,699,426	19,699,426	21,160,572	1,461,146
EXPENDITURES:				
Current Operations:				
Salaries and benefits	12,917,882	12,680,882	11,705,968	974,914
Library materials	3,355,850	3,355,850	3,148,808	207,042
Technology and telecommunications	875,129	977,129	1,089,141	(112,012)
Other operational expenditures	2,394,689	2,475,689	2,134,399	341,290
Capital outlay	2,848,643	3,167,643	2,300,699	866,944
Total Expenditures	22,392,193	22,657,193	20,379,015	2,278,178
NET CHANGE IN FUND BALANCE	(2,692,767)	(2,957,767)	781,557	\$ 3,739,324
FUND BALANCE, BEGINNING OF YEAR	20,706,599	20,706,599	20,706,599	
FUND BALANCE, END OF YEAR	\$ 18,013,832	\$ 17,748,832	\$ 21,488,156	

ST. CHARLES CITY-COUNTY LIBRARY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
NOTE TO REQUIRE SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

1. BUDGETARY INFORMATION

The District prepares its budget on the modified accrual basis of accounting. The budgetary process is detailed in Note 2 of the notes to the financial statements.

ST. CHARLES CITY-COUNTY LIBRARY DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND INVESTMENT RETURNS AND RELATED RATIOS

	June 30,						
	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service cost	\$ 546,941	\$ 505,048	\$ 476,462	\$ 447,644	\$ 421,570	\$ 389,111	\$ 378,332
Interest on the total pension liability	1,548,727	1,458,989	1,377,747	1,282,663	1,236,011	1,161,392	1,099,646
Benefit changes	-	-	-	-	-	-	-
Difference between expected and actual experience	(250,107)	298,186	244,876	441,966	(267,166)	(612,950)	12,218
Assumption changes	(831,954)	-	-	-	-	734,926	-
Benefit payments	(1,022,040)	(1,067,244)	(920,425)	(830,979)	(690,984)	(628,502)	(658,605)
Refunds	-	-	-	-	-	-	-
Net change in total pension liability	(8,433)	1,194,979	1,178,660	1,341,294	699,431	1,043,977	831,591
Total pension liability beginning	21,595,147	20,400,168	19,221,508	17,880,214	17,180,783	16,136,806	15,305,215
Total pension liability ending	<u>\$ 21,586,714</u>	<u>\$ 21,595,147</u>	<u>\$ 20,400,168</u>	<u>\$ 19,221,508</u>	<u>\$ 17,880,214</u>	<u>\$ 17,180,783</u>	<u>\$ 16,136,806</u>
Plan Fiduciary Net Position							
Contributions-employer	\$ 626,856	\$ 607,079	\$ 539,708	\$ 559,910	\$ 533,440	\$ 530,110	\$ 518,531
Contributions-employee	-	-	-	-	-	16,868	-
Pension plan net investment income	5,790,283	284,965	1,380,399	2,373,575	2,112,685	(46,751)	329,825
Benefit payments	(1,022,040)	(1,067,244)	(920,425)	(830,979)	(690,984)	(628,502)	(658,605)
Refunds	-	-	-	-	-	-	-
Pension plan administrative expense	(18,391)	(24,609)	(20,529)	(13,659)	(13,233)	(11,693)	(11,650)
Other (net transfer)	(110,241)	(34,412)	123,849	152,379	102,051	119,866	138,977
Net change in plan fiduciary net position	5,266,467	(234,221)	1,103,002	2,241,226	2,043,959	(20,102)	317,078
Plan fiduciary net position beginning	21,884,099	22,118,320	21,015,318	18,774,092	16,730,133	16,750,235	16,433,157
Plan fiduciary net position ending	<u>\$ 27,150,566</u>	<u>\$ 21,884,099</u>	<u>\$ 22,118,320</u>	<u>\$ 21,015,318</u>	<u>\$ 18,774,092</u>	<u>\$ 16,730,133</u>	<u>\$ 16,750,235</u>
Employer net pension liability (asset)	<u>\$ (5,563,852)</u>	<u>\$ (288,952)</u>	<u>\$ (1,718,152)</u>	<u>\$ (1,793,810)</u>	<u>\$ (893,878)</u>	<u>\$ 450,650</u>	<u>\$ (613,429)</u>
Plan fiduciary net position as a percentage of the							
Total pension liability	125.77 %	101.34 %	108.42 %	109.33 %	105.00 %	97.38 %	103.80 %
Covered employee payroll	\$ 5,963,525	\$ 5,700,616	\$ 5,144,247	\$ 4,957,433	\$ 4,595,378	\$ 4,394,956	\$ 4,075,046
Employer's net pension asset as a percentage							
of covered employee payroll	(93.30) %	(5.07) %	(33.40) %	(36.18) %	(19.45) %	10.25 %	(15.05) %

Notes to schedule:

This schedule is intended to show information for ten years. GASB 68 was implemented during the year ended June 30, 2015; therefore, prior years are not available.

ST. CHARLES CITY-COUNTY LIBRARY DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year ended June 30,	Actuarial Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2012	\$ 466,624	\$ 336,580	\$ 130,044	\$ 3,824,787	8.8 %
2013	496,139	376,913	119,226	3,846,038	9.8
2014	542,187	450,436	91,752	4,170,673	10.8
2015	553,119	502,063	51,056	4,254,760	11.8
2016	530,109	530,111	(2)	4,530,851	11.7
2017	533,440	533,440	-	4,762,857	11.2
2018	559,895	559,895	-	5,232,659	10.7
2019	539,708	539,708	-	5,343,648	10.1
2020	607,079	607,079	-	5,837,294	10.4
2021	626,973	626,973	-	6,028,589	10.4

Notes to Schedule of Contributions

Valuation date: 02/28/21

Notes: The roll-forward of total pension liability from February 28, 2021 to June 30, 2021 reflects expected service costs 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	Level percent of payroll, closed
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% - 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	<p>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.</p> <p>Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.</p>

Summary of changes from February 28, 2020 valuation: None

SUPPLEMENTARY INFORMATION

ST. CHARLES CITY-COUNTY LIBRARY DISTRICT

SCHEDULE OF EXPENDITURES
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
SALARIES AND RELATED EXPENDITURES:				
Salaries	\$ 10,159,046	\$ 9,922,046	\$ 9,103,687	\$ 818,359
Payroll taxes	742,537	742,537	683,876	58,661
Employee benefits	1,358,300	1,358,300	1,290,352	67,948
Pension	657,999	657,999	628,053	29,946
Total Salaries and Related Expenditures	12,917,882	12,680,882	11,705,968	974,914
LIBRARY MATERIALS:				
Books:				
Adult circulating	1,030,900	1,185,900	1,071,698	114,202
Juvenile	421,500	421,500	427,135	(5,635)
Data base services	187,800	187,800	188,939	(1,139)
Periodicals	128,200	128,200	121,053	7,147
Reference and electronic resources	483,800	463,800	464,658	(858)
Audio media	256,500	276,500	256,865	19,635
Video media	365,000	230,000	319,942	(89,942)
Streaming	350,000	330,000	180,000	150,000
Circulating equipment	22,650	22,650	23,399	(749)
Binding	103,300	103,300	89,495	13,805
Consortia	6,200	6,200	5,624	576
Total Library Materials	3,355,850	3,355,850	3,148,808	207,042
TECHNOLOGY AND TELECOMMUNICATION EXPENDITURES:				
Software	407,753	422,753	481,607	(58,854)
Consulting/professional fees	35,000	122,000	118,271	3,729
Equipment	200,011	200,011	242,804	(42,793)
Telecommunications	226,365	226,365	237,207	(10,842)
Cabling	6,000	6,000	9,252	(3,252)
Total Technology and Telecommunication Expenditures	875,129	977,129	1,089,141	(112,012)

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ST. CHARLES CITY-COUNTY LIBRARY DISTRICT
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
OTHER OPERATIONAL EXPENDITURES:				
Supplies	\$ 332,326	\$ 277,326	\$ 262,512	\$ 14,814
Insurance	96,427	96,427	99,683	(3,256)
Utilities	349,136	349,136	302,468	46,668
Programs and promotions	172,000	159,000	46,721	112,279
Vehicle operations and maintenance	38,000	38,000	22,530	15,470
Rent	129,624	129,624	129,234	390
Travel, training, and dues	72,861	72,861	25,111	47,750
Building maintenance	814,496	814,496	790,424	24,072
Miscellaneous	1,399	1,399	5,082	(3,683)
Publications	46,500	46,500	15,116	31,384
Advertising and other marketing	72,200	72,200	63,543	8,657
Equipment rental	1,801	2,801	2,375	426
Equipment service contracts	27,010	27,010	11,831	15,179
Equipment repair	3,359	3,359	300	3,059
Postage	18,775	31,775	32,794	(1,019)
Professional fees	121,375	271,375	247,473	23,902
Data processing	97,400	82,400	77,202	5,198
Total Other Operational Expenditures	2,394,689	2,475,689	2,134,399	341,290
CAPITAL OUTLAY:				
Capital projects	2,848,643	3,167,643	2,300,699	866,944
Total Capital Outlay	2,848,643	3,167,643	2,300,699	866,944
Total Expenditures	\$ 22,392,193	\$ 22,657,193	\$ 20,379,015	\$ 2,278,178