

**SCENIC REGIONAL LIBRARY DISTRICT**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

For the Year Ended June 30, 2023

**SCENIC REGIONAL LIBRARY DISTRICT**  
**FINANCIAL REPORT**

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
**SCENIC REGIONAL LIBRARY DISTRICT**

### *Opinions*

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **SCENIC REGIONAL LIBRARY DISTRICT** (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Scenic Regional Library District (the District) as of June 30, 2023, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note A-3.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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 audit opinions.

### *Emphasis of Matter - Basis of Accounting*

We draw attention to Note A-3 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

## ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note A-3, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## ***Auditor's Responsibilities 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 auditor's report that includes our opinions. 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 GAAS 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.

In performing an audit in accordance with GAAS, 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 District'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 District's ability to continue as a going concern for a reasonable period of time.

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.

### *Other Matters*

#### *Supplemental Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison schedules and notes to the budgetary comparison schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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.

The 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 the modified cash basis of accounting. In our opinion, the budgetary comparison schedules and the notes to the budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### *Other Information*

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis and the pension information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*Sikich LLP*

Washington, Missouri  
January 19, 2024

# SCENIC REGIONAL LIBRARY DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE YEAR ENDED JUNE 30, 2023

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As management of the Scenic Regional Library District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2023. We encourage readers to consider the information presented here along with the District's financial statements, including the footnotes that follow this Management's Discussion and Analysis (MD&A).

#### FINANCIAL HIGHLIGHTS

- On a government-wide basis the liabilities of the District exceeded its assets for the most recent fiscal year by \$11,614,521. The District has a negative unrestricted net position of \$11,615,698.
- As of the close of the current fiscal year, the District's governmental funds reported an ending fund balance of \$6,615,479.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,614,302.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains supplemental information in addition to the basic financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position - modified cash basis presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities - modified cash basis presents information showing how the District's net position changed during the most recent fiscal year.

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The District has elected to utilize a modified cash basis of accounting as explained in Note A-3 of the notes to financial statements.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds. It should be noted that the District does not have any fiduciary or proprietary funds.

**SCENIC REGIONAL LIBRARY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023**

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**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements utilize a current financial resources measurement focus as applied to the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. Such information may be useful in evaluating a government's near-term financing requirements.

The District maintains three governmental funds. Information is presented separately in the governmental funds balance sheet - modified cash basis and in the governmental funds statement of revenues, expenditures, and changes in fund balances - modified cash basis for the General Fund, Debt Service Fund, and Building Fund all of which are considered major funds except the Building Fund.

The District adopts an annual appropriated budget for all governmental fund except the Building Fund. Budgetary comparison statements have been provided for budgeted funds to demonstrate legal compliance with the respective adopted budget.

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

**Supplemental information.** This MD&A, the budgetary comparison and pension schedules represent additional financial information. Such information provides users of this report with data that supplements the government-wide financial statements, fund financial statements, and notes (referred to as "the basic financial statements").

**GOVERNMENT-WIDE FINANCIAL ANALYSIS - FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

A condensed version of the statement of net position - modified cash basis follows:

**Governmental activities.** Governmental activities increased the District's net position by \$381,571. Key elements of this are as follows:

	<b>June 30</b>	
	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Cash and other assets	\$ 6,710,400	6,758,372
<b>LIABILITIES</b>		
Payroll taxes payable	94,921	59,464
Long-term liabilities	18,230,000	18,695,000
Total Liabilities	18,324,921	18,754,464
<b>NET POSITION</b>		
Restricted	1,177	572,486
Unrestricted	(11,615,698)	(12,568,578)
Total Net Position	\$ (11,614,521)	(11,996,092)

**SCENIC REGIONAL LIBRARY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023**

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	<b>For The Years Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
<b>REVENUES</b>		
Program revenues:		
Charges for services	\$ 156,067	103,383
Operating grants and contributions	332,960	310,386
Capital grants and contributions	-	-
General revenues:		
Taxes	6,509,465	5,991,889
Investment income	113,612	29,733
Sale of capital assets	3,330	903,965
Total Revenues	7,115,434	7,339,356
 <b>EXPENSES</b>		
Culture and recreation	6,733,863	7,406,591
 <b>CHANGE IN NET POSITION</b>	381,571	(67,235)
 NET POSITION, JULY 1	(11,996,092)	(11,928,857)
 <b>NET POSITION, JUNE 30</b>	<b>\$ (11,614,521)</b>	<b>(11,996,092)</b>

**Change in net position.** The increase in net position of \$381,571 was largely attributable to a decrease in expenses during the year.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the District's governmental funds is to provide information on inflows and balances of available expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At June 30, 2023, the General Fund's unassigned fund balance was \$6,614,302.

**LONG-TERM DEBT**

During the current year, the District's total debt decreased by \$465,000 due to scheduled principal payments.



**SCENIC REGIONAL LIBRARY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023**

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Additional information on the District's long-term debt can be found in Note E in the notes to the basic financial statements.

**SIGNIFICANT VARIANCES BETWEEN BUDGETS AND ACTUAL REVENUES AND EXPENDITURES**

In the General Fund, the following significant variances occurred between budget and actual revenues and expenditures:

- Actual revenue exceeded budgeted revenue by \$415,324 due to receiving unanticipated state aid and other various grants.
- Actual expenditures were under budget by \$68,846 due to automation and wages being under budget.

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

The District expects revenues and expenditures in the General Fund to stay about the same in 2024.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Scenic Regional Library District  
251 Union Plaza Drive  
Union, MO 63084

**SCENIC REGIONAL LIBRARY DISTRICT**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**JUNE 30, 2023**

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	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	<u>\$ 6,710,400</u>
<b>LIABILITIES</b>	
Payroll taxes payable	94,921
Long-term liabilities:	
Due within one year	485,000
Due in more than one year	<u>17,745,000</u>
Total Liabilities	<u>18,324,921</u>
<b>NET POSITION</b>	
Restricted for debt service	1,128
Restricted for capital	49
Unrestricted	<u>(11,615,698)</u>
Total Net Position	<u><u>\$ (11,614,521)</u></u>

**SCENIC REGIONAL LIBRARY DISTRICT**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Program Revenues			Net Revenues (Expenses) And Change In Net Position	
	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	
<b>FUNCTIONS/PROGRAMS</b>	<b>Expenses</b>				
<b>Governmental Activities</b>					
Culture and recreation	\$ 6,733,863	156,067	332,960	-	(6,244,836)
<b>General Revenues</b>					
Taxes					6,509,465
Investment income					113,612
Sale of capital assets					3,330
Total General Revenues					6,626,407
<b>CHANGE IN NET POSITION</b>					381,571
<b>NET POSITION, JULY 1</b>					(11,996,092)
<b>NET POSITION, JUNE 30</b>					\$ (11,614,521)

See notes to financial statements

**SCENIC REGIONAL LIBRARY DISTRICT**  
**BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor - Building</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and investments	\$ 6,709,223	1,128	49	6,710,400
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Payroll taxes payable	\$ 94,921	-	-	94,921
<b>Fund Balances</b>				
Restricted for debt service	-	1,128	-	1,128
Restricted for capital	-	-	49	49
Unassigned	6,614,302	-	-	6,614,302
Total Fund Balances	<u>6,614,302</u>	<u>1,128</u>	<u>49</u>	<u>6,615,479</u>
Total Liabilities And Fund Balances	<u>\$ 6,709,223</u>	<u>1,128</u>	<u>49</u>	<u>6,710,400</u>

**SCENIC REGIONAL LIBRARY DISTRICT**  
**RECONCILIATION OF THE BALANCE SHEET - MODIFIED CASH BASIS**  
**OF GOVERNMENTAL FUNDS TO THE STATEMENT**  
**OF NET POSITION - MODIFIED CASH BASIS**  
**JUNE 30, 2023**

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Total Fund Balances - Governmental Funds \$ 6,615,479

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

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and, accordingly, are not reported as liabilities within the governmental funds financial statements. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported on the government-wide statement of net position.

Certificates of Participation (18,230,000)

Total Net Position Of Governmental Activities \$ (11,614,521)

**SCENIC REGIONAL LIBRARY DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>General</b>	<b>Debt Service</b>	<b>Nonmajor - Building</b>	<b>Total</b>
<b>REVENUES</b>				
Taxes	\$ 6,509,465	-	-	6,509,465
State aid	110,973	-	-	110,973
Grants and donations	221,987	-	-	221,987
Investment income	111,153	1,500	959	113,612
Charges for services	156,067	-	-	156,067
Total Revenues	<u>7,109,645</u>	<u>1,500</u>	<u>959</u>	<u>7,112,104</u>
<b>EXPENDITURES</b>				
Current:				
Wages	2,525,145	-	-	2,525,145
Books	328,545	-	-	328,545
Periodicals	6,086	-	-	6,086
Electronic materials	405,162	-	-	405,162
Reciprocal lenders agreements	53,640	-	-	53,640
Utilities	181,377	-	-	181,377
Insurance	63,250	-	-	63,250
Repairs and maintenance	219,139	-	-	219,139
Supplies	70,227	-	-	70,227
Postage	16,847	-	-	16,847
Employee insurance	291,400	-	-	291,400
Employee retirement	317,789	-	-	317,789
Automotive	16,554	-	-	16,554
Professional fees	87,385	-	-	87,385
Travel and dues	42,559	-	-	42,559
Automation	43,381	-	-	43,381
Miscellaneous	90,632	-	-	90,632
Programs	190,908	-	-	190,908
Capital outlay	497,799	-	573,394	1,071,193
Debt service:				
Principal	-	465,000	-	465,000
Interest and other fiscal charges	-	712,644	-	712,644
Total Expenditures	<u>5,447,825</u>	<u>1,177,644</u>	<u>573,394</u>	<u>7,198,863</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,661,820</u>	<u>(1,176,144)</u>	<u>(572,435)</u>	<u>(86,759)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	3,330	-	-	3,330
Transfer in	-	1,177,270	-	1,177,270
Transfer out	(1,177,270)	-	-	(1,177,270)
Total Other Financing Sources (Uses)	<u>(1,173,940)</u>	<u>1,177,270</u>	<u>-</u>	<u>3,330</u>
<b>NET CHANGES IN FUND BALANCES</b>	487,880	1,126	(572,435)	(83,429)
FUND BALANCES, JULY 1	<u>6,126,422</u>	<u>2</u>	<u>572,484</u>	<u>6,698,908</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 6,614,302</u>	<u>1,128</u>	<u>49</u>	<u>6,615,479</u>

**SCENIC REGIONAL LIBRARY DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES -  
MODIFIED CASH BASIS OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2023**

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Net Change In Fund Balances - Governmental Funds \$ (83,429)

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

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position.

Principal payment on bonds 465,000

Change In Net Position Of Governmental Activities \$ 381,571

# SCENIC REGIONAL LIBRARY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **SCENIC REGIONAL LIBRARY DISTRICT** (the District) was formed on May 20, 1959 by a cooperative agreement between the Franklin, Gasconade, and Warren County Library Districts. A commission order was approved to establish the District as of December 31, 2014 in all three counties authorizing the consolidation of the Franklin County Library District with the Warren County and Gasconade County Library Districts. The order authorized each county to have the same rate of taxation on assessed valuation.

The District operates facilities in the cities of Warrenton, Wright City, Hermann, Owensville, Pacific, New Haven, St. Clair, Sullivan, and Union, Missouri. The Union facility also serves as headquarters for the District.

The more significant accounting policies consistently applied by the District in the preparation of the accompanying financial statements are summarized below:

#### 1. Reporting Entity

The financial statements of the District include the financial activities of the District and any component units, entities which are financially accountable to the District. The District does not currently have any component units.

**Friends of the Library** - The Friends of the Library is a group that raises money and encourages donations to the Library to help support the Library's operations and mission. The Friends of the Library is a potential component unit. However, the financial activity is insignificant in relation to the Library, and therefore not included in the Library's financial statements.

#### 2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position - modified cash basis and the statement of activities - modified cash basis) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities - modified cash basis demonstrates the degree to which the direct expenses of a given function or segment is 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 provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements. The District has no business-type activities.



**SCENIC REGIONAL LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Measurement Focus**

Measurement focus is a term used to describe “what” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

In the government-wide statement of net position - modified cash basis and the statement of activities - modified cash basis, the governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting. However, the District has elected not to report capital assets.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the modified cash basis of accounting, is used as appropriate. Fund financial statements utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as the measure of available spendable financial resources at the end of the period.

**Basis of Accounting**

In the government-wide statement of net position - modified cash basis and statement of activities - modified cash basis and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/ fund equity, revenues, and expenses/expenditures when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

If the District utilized the basis of accounting recognized as accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

The District reports the following major governmental funds:

**General Fund** -- The General Fund is the general operating fund of the District. It is used to account for all financial resources except those accounted for in another fund.

**SCENIC REGIONAL LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

**Debt Service Fund** -- The Debt Service Fund accounts for the payment of long-term debt principal and interest for the certificates of participation.

The other governmental fund, the Building fund is considered nonmajor.

**4. Cash and Investments**

State statutes authorize the District to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements. Investments, if any, are reported at cost which approximates fair value.

**5. Compensated Absences**

The District considers compensated absences as expenditures in the year paid. Unused amounts for holiday pay and vacation which are vested in the employee are payable only upon retirement.

Any unused sick days at the time of retirement are lost.

The District accrues hours for the compensated absences of employees. No liability for these accruals has been reported in the financial statements.

Vacation days accrue to exempt employees at 20 days per year and to nonexempt employees at between 10 and 15 days per year depending on length of service. Unused accrued vacation can be carried over for one year.

Sick leave accrues at one day per month and can accumulate up to sixty days.

The District's accrued compensated absences were as follows:

	<b>June 30, 2023</b>	
	<b>Hours</b>	<b>Amount</b>
Sick leave	3,633	\$ 95,495
Vacation	2,598	63,473
Total	<u>6,231</u>	<u>\$ 158,968</u>

The accompanying financial statements are prepared on the modified cash basis of accounting. Therefore, the liability for compensated absences is not required.

**SCENIC REGIONAL LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**6. Property Taxes**

Property taxes may be levied each year on the assessed value listed as of January 1 for all real and personal property in the counties. Property taxes attach as an enforceable lien on property as of January 1. Taxes levied in November are due and payable prior to December 31.

The following is a summary of the 2022 assessed valuation and tax rates per \$100 of assessed value:

	<u>Assessed Valuation</u>	<u>Tax Levy (Per \$100)</u>
Franklin County	\$ 2,258,408,519	0.1908
Warren County	725,698,528	0.1908
Gasconade County	291,589,160	0.1908
Crawford County	<u>21,856,680</u>	0.1908
Total	<u>\$ 3,297,552,887</u>	

**7. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters for which the District carries commercial insurance coverage. Health insurance is provided by a third-party insurance company. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**8. Use of Estimates**

The preparation of basic financial statements on the modified cash basis of accounting requires the District to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year-end and revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**9. Fund Balance Policies**

The fund balance amounts are reported in the following applicable categories listed from the most restrictive to the least restrictive:

**Nonspendable** -- The portion of fund balance that is not in a spendable form or is required to be maintained intact.

**SCENIC REGIONAL LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**9. Fund Balance Policies (Continued)**

**Restricted** -- The portion of fund balance that is subject to external restrictions and constrained to specific purposes imposed by agreement, through constitutional provisions, or by enabling legislation.

**Committed** -- The portion of fund balance with constraints or limitations by formal action (resolution) of the Board of Trustees, the highest level of decision-making authority.

**Assigned** -- The portion of fund balance that the District intends to use for a specific purpose; as determined by the applicable District officials to which the Board of Trustees has designated authority.

**Unassigned** -- Any residual fund balance in the General Fund or deficit fund balance in other funds is reports as unassigned.

When both restricted and unrestricted resources are available, the District will spend the most restricted amounts before the least restricted. The District will spend the unrestricted amounts in the following order: committed, assigned, and unassigned.

**10. Net Position**

In the government-wide financial statements, equity is classified as net position and displayed in three components. Net investment in capital assets, consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt attributable to the acquisition of the capital assets. Net position is reported as restricted when there are constraints imposed through external restrictions imposed by creditors, grantors, contributors, or laws or regulations. All other amounts of net position are reported as unrestricted.

**11. Pensions**

For purposes of measuring the net pension asset/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. LAGERS' investments are reported at fair value.

Because of the accounting method used, the District does not record the net pension liability, deferred outflows of resources, or deferred inflows of resources for the pension plan.

**SCENIC REGIONAL LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE B - CASH**

**1. Bank Deposits**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's bank deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. The District's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the District or trustee institution. The value of the securities must amount to the total of the District's cash not insured by the Federal Deposit Insurance Corporation.

As of June 30, 2023, the District's bank balances were entirely secured or collateralized with securities held by the pledging bank's agent.

**2. Investments**

As of June 30, 2023, the District had the following investments:

<u>Investments</u>	<u>Fair Value</u>	<u>Maturities</u>			<u>Credit Risk</u>
		<u>No Maturity</u>	<u>Less Than One Year</u>	<u>1-5 Years</u>	
<b>Primary Government</b> Certificates of Deposit	\$ 3,200,000	-	3,200,000	-	N/A

As of June 30, 2022, the District only maintained money market funds which are carried at cost and are not rated.

**Investment Policies**

The District's formal investment policies are as follows:

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District minimizes credit risk by investing in substantially risk-free investments.

**Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The District minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District minimizes concentration of credit risk by considering diversifying the investment portfolio.

**SCENIC REGIONAL LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE B - CASH (Continued)**

**2. Investments (Continued)**

**Custodial Credit Risk** for investments, is the risk that in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The District has no formal investment policy regarding custodial credit risk. The money market fund is not subject to the custodial credit risk for investments.

**3. Fair Value Measurements**

The District classifies its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are prices quoted in active markets for those securities; Level 2 inputs are significant other observable inputs using a matrix pricing technique; and Level 3 inputs are significant unobservable inputs. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The inputs and methodologies used for valuing investment securities are not necessarily an indication of risk associated with investing in those securities. The money market funds are not subject to fair value level classification.

**NOTE C - CAPITAL ASSETS**

Capital asset activity was as follows:

	<b>Balance June 30 2022</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30 2023</b>
Land	\$ 1,664,470	103,120	-	1,767,590
Construction in progress	1,877,244	-	1,871,820	5,424
Buildings	23,022,073	1,885,380	-	24,907,453
Automotive equipment	80,695	4,795	-	85,490
Equipment	27,982	34,388	-	62,370
Furniture and fixtures	936,615	234,401	-	1,171,016
Total Capital Assets	<u>\$ 27,609,079</u>	<u>2,262,084</u>	<u>1,871,820</u>	<u>27,999,343</u>

Capital assets are stated at cost and are defined as assets with an initial individual cost of \$1,000 or more and an estimated useful life of more than one year. Capital assets do not include the library book collection and are not depreciated. The accompanying financial statements are prepared on the modified cash basis of accounting. Therefore, capital assets are not included.

**SCENIC REGIONAL LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE D - PENSION PLANS**

***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 supplemental information. This report may be obtained by accessing the LAGERS' website at [www.molagers.org](http://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.

	<b><u>2023</u></b> <b><u>Valuation</u></b>
Benefit multiplier	2% for life
Final average salary	5 years
Member contributions	4%

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, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	23
Inactive employees entitled to but not yet receiving benefits	4
Active employees	<u>28</u>
Total	<u>55</u>

**SCENIC REGIONAL LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE D - PENSION PLANS (Continued)**

*Contributions*

The District 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 District contribute 4% to the pension plan. The District’s contribution rate is 21.3% of annual covered payroll.

*Net Pension Liability*

The District’s net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2023. The pension liability was then rolled forward to the measurement date of June 30, 2023, utilizing procedures incorporating the actuarial assumptions.

*Actuarial Assumptions*

The total pension liability in the February 28, 2023 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 allowance to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retire 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 Retirement 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.



**SCENIC REGIONAL LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE D - PENSION PLANS (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:

<b><u>Asset Class</u></b>	<b><u>Target Allocation</u></b>	<b><u>Weighted Average Long-term Expected Real Rate Of Return</u></b>
Alpha	15.00%	3.67%
Equity	35.00	4.78
Fixed income	31.00	1.41
Real assets	36.00	3.29
Strategic assets	8.00	5.25
Cash/leverage	(25.00)	(0.29)

***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.

**SCENIC REGIONAL LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE D - PENSION PLANS (Continued)**

**Changes in the Net Pension Liability**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a)-(b)</b>
<b>Balances at June 30, 2022</b>	\$ 5,455,503	4,771,764	683,739
<b>Changes for the year</b>			
Service cost	175,752	-	175,752
Interest	375,470	-	375,470
Difference between expected and actual experience	161,056	-	161,056
Contributions - employer	-	317,789	(317,789)
Contributions - employee	-	59,679	(59,679)
Net investment income	-	163,991	(163,991)
Benefit payments, including refunds	(362,202)	(362,202)	-
Administrative expense	-	(8,067)	8,067
Other	-	39,672	(39,672)
Net Changes	<u>350,076</u>	<u>210,862</u>	<u>139,214</u>
<b>Balances at June 30, 2023</b>	<u>\$ 5,805,579</u>	<u>4,982,626</u>	<u>822,953</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% point lower (6.00%) or 1% point higher (8.00%) than the current rate.

	<b><u>1% Decrease</u></b>	<b><u>Current Single Discount Rate Assumption</u></b>	<b><u>1% Increase</u></b>
Net pension liability	<u>\$ 1,506,355</u>	<u>822,953</u>	<u>247,714</u>

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

For the year ended June 30, 2023, the District's actuarially determined pension expense was \$166,118. Reported deferred outflows and inflows of resources are related to pensions from the following sources:

**SCENIC REGIONAL LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE D - PENSION PLANS (Continued)**

	<b>Outflows</b>	<b>Inflows</b>	<b>Net Inflows</b>
Differences in experience	\$ 248,670	(25,207)	223,463
Changes of assumptions	-	(101,726)	(101,726)
Net difference between projected and actual earnings on pension plan investments	76,945	-	76,945
Total	\$ 325,615	(126,933)	198,682

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

**For The Plan  
Years Ending  
June 30**

2024	\$ 27,433
2025	(50,080)
2026	143,806
2027	66,962
2028	10,561
Total	\$ 198,682

Because of the accounting method used, the District does not record the net pension asset, deferred outflows of resources, or deferred inflows of resources for the pension plan.

**NOTE E - LONG-TERM DEBT**

On February 1, 2017 the District issued \$18,210,000 of certificates of participation, Series 2017, due in annual installments from April 1, 2018 to April 1, 2047, interest payable at 2% to 4%. The certificates are being used to finance construction and improvement of various Library branches.

On September 23, 2021 the District issued \$2,315,000 of certificates of participation, Series 2021, due in annual installments from April 1, 2022 through April 1, 2046, interest payable at 2.5% to 4%. The certificates are being used to finance construction and improvements to the Library's facility located in Hermann.

The following is a summary of the District's long-term debt transactions:

	<b>Balance June 30 2022</b>	<b>Additions</b>	<b>Payments</b>	<b>Balance June 30 2023</b>	<b>Amounts Due Within One Year</b>
Certificates of participation	\$ 18,695,000	-	465,000	18,230,000	485,000

**SCENIC REGIONAL LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE E - LONG-TERM DEBT (Continued)**

The certificates of participation will be paid by the Debt Service Fund. Also, the certificates are recorded as a liability on the government-wide financial statements due to the District's receipt of cash for this liability on the modified cash basis of accounting.

Annual service requirements to maturity for the certificates of participation are as follows:

<b>For The Years Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 485,000	694,044	1,179,044
2025	500,000	674,644	1,174,644
2026	525,000	654,644	1,179,644
2027	540,000	633,644	1,173,644
2028	560,000	616,744	1,176,744
2029 - 2033	3,135,000	2,745,744	5,880,744
2034 - 2038	3,770,000	2,116,325	5,886,325
2039 - 2043	4,545,000	1,345,500	5,890,500
2044 - 2047	4,170,000	406,025	4,576,025
Total Of Minimum Payments Required	<u>\$ 18,230,000</u>	<u>9,887,314</u>	<u>28,117,314</u>

**NOTE F - COMMITMENTS**

The District has an agreement under which MO Evergreen provides software updates and support to its automated, online book access system. The support agreement amounted to \$21,493 for the year ended June 30, 2023. The agreement is in effect until cancelled by either party.

The District has an agreement under which the University of Missouri system provides internet connectivity, technical support, and training to the District. The agreement amounted to \$21,888 for the year ended June 30, 2023. The agreement is in effect until cancelled by either party.

The District also entered a reciprocal lending agreement with the Washington Municipal Library under which the District will pay a fee for materials borrowed by Library patrons that are in excess of the materials loaned to Washington patrons. The amounts paid under this agreement for the year ended June 30, 2023, was \$53,460.

The District also has other agreements in place for automation support, reciprocal lending, and electronic database access, but the total amounts paid during the year ended June 30, 2023 were not material to the financial statements taken as a whole.

**SCENIC REGIONAL LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE G - TAX ABATEMENT AGREEMENTS**

The cities served by the District utilize three types of tax abatement programs to attract jobs and industrial investments to their cities. They are Chapter 100, Chapter 353, and Enhanced Enterprise Zone.

**Chapter 100** -- At the end of 2022, the cities served by the District had six Chapter 100 projects. Chapter 100 is a means of using bonds to purchase the building and equipment with the City holding title to the property and the company paying a PILOT (payment in lieu of taxes) or a grant to the City each year. The cities share a portion of these taxes with the District. In 2022, \$32,162 of the District's share of the real estate property taxes were abated through the Chapter 100 Program.

**Chapter 353** -- At the end of 2022, the cities served by the District had three active Chapter 353 projects. Chapter 353 is taking a blighted piece of property and giving tax abatement for a limited number of years to a company who will improve the property and bring in jobs. In 2022, \$2,649 of the District's share of the real estate property taxes were abated through the Chapter 353 Program.

**Enhanced Enterprise Zone** -- At the end of 2022, the cities served by the District had eight active Enhanced Enterprise Zone Projects. The purpose is to encourage business development and job creation. Zone boundaries are established in conjunction with the Missouri Department of Economic Development and are based on areas of low income and high unemployment, the potential to create sustainable jobs in a target industry and the impact on local industry cluster development. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. In 2022, \$9,323 of the District's real estate property taxes were abated through this Program.

**NOTE H - INTERFUND TRANSFERS**

Individual interfund transfers are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>For The Year Ended June 30 2023</u>
Debt Service Fund	General Fund	<u>\$ 1,177,270</u>

The principal purpose of interfund transfers is to provide a financing source of funds to cover all debt service costs.

**NOTE I - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 19, 2024, the date which the financial statements were available for issue.

**SUPPLEMENTAL INFORMATION SECTION**

**SCENIC REGIONAL LIBRARY DISTRICT  
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,  
EXPENDITURES, AND CHANGE IN FUND BALANCE -  
MODIFIED CASH BASIS - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>REVENUES</b>				
Taxes	\$ 6,447,637	6,447,637	6,509,465	61,828
State aid	112,691	112,691	110,973	(1,718)
Grants and donations	-	-	221,987	221,987
Investment income	30,435	30,435	111,153	80,718
Other	103,558	103,558	156,067	52,509
Total Revenues	<u>6,694,321</u>	<u>6,694,321</u>	<u>7,109,645</u>	<u>415,324</u>
<b>EXPENDITURES</b>				
Current:				
Wages	2,663,451	2,663,451	2,525,145	(138,306)
Books	436,000	436,000	328,545	(107,455)
Periodicals	22,000	22,000	6,086	(15,914)
Electronic materials	428,400	440,400	405,162	(35,238)
Reciprocal lenders agreements	70,000	58,000	53,640	(4,360)
Utilities	178,500	178,500	181,377	2,877
Insurance	75,400	74,500	63,250	(11,250)
Repairs and maintenance	219,000	215,000	219,139	4,139
Supplies	55,200	55,200	70,227	15,027
Postage	8,000	8,000	16,847	8,847
Employee insurance	287,742	287,742	291,400	3,658
Employee retirement	348,370	348,370	317,789	(30,581)
Automotive	21,000	21,000	16,554	(4,446)
Professional fees	89,000	108,000	87,385	(20,615)
Travel and dues	60,000	60,000	42,559	(17,441)
Automation	97,300	106,200	43,381	(62,819)
Miscellaneous	79,500	78,500	90,632	12,132
Programs	60,000	60,000	190,908	130,908
Capital outlay	317,808	295,808	497,799	201,991
Total Expenditures	<u>5,516,671</u>	<u>5,516,671</u>	<u>5,447,825</u>	<u>(68,846)</u>
<b>REVENUES OVER EXPENDITURES</b>	<u>1,177,650</u>	<u>1,177,650</u>	<u>1,661,820</u>	<u>484,170</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	-	-	3,330	3,330
Transfer out	(1,177,650)	(1,177,650)	(1,177,270)	380
Total Other Financing Sources (Uses)	<u>(1,177,650)</u>	<u>(1,177,650)</u>	<u>(1,173,940)</u>	<u>3,710</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	487,880	<u>487,880</u>
FUND BALANCE, JULY 1			<u>6,126,422</u>	
<b>FUND BALANCE, JUNE 30</b>			<u>\$ 6,614,302</u>	

**SCENIC REGIONAL LIBRARY DISTRICT  
SUPPLEMENTAL INFORMATION - NOTES TO SCHEDULES OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2023**

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**Budgetary Data**

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

- a. The proposed budget is submitted to the Board of Trustees for the fiscal year. The operating budget includes proposed expenditures and means of financing them, not to exceed the total revenue of the preceding year plus any unassigned balance at the end of such year.
- b. Public meetings are conducted to obtain taxpayer input and comments.
- c. The budget must be adopted by the affirmative vote of a majority of the Board of Trustees for each fiscal year.
- d. The District prepares its budget on the modified cash basis of accounting, for all governmental funds except the Building Fund. Total fund expenditures may not legally exceed the budgeted expenditures.
- e. The Board of Trustees may authorize revisions. All appropriations not spent lapse at fiscal year-end.
- f. During the year the Board of Trustees may authorize supplemental appropriations to the budget.



**SCENIC REGIONAL LIBRARY DISTRICT**  
**SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,**  
**EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**MODIFIED CASH BASIS - BUDGET AND ACTUAL - DEBT SERVICE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>REVENUES</b>			
Investment income	\$ -	1,500	1,500
<b>EXPENDITURES</b>			
Debt service:			
Principal	481,635	465,000	(16,635)
Interest	696,015	712,644	16,629
Total Expenditures	<u>1,177,650</u>	<u>1,177,644</u>	<u>(6)</u>
<b>REVENUES UNDER EXPENDITURES</b>	(1,177,650)	(1,176,144)	1,506
<b>OTHER FINANCING SOURCES</b>			
Transfer in	<u>1,177,650</u>	<u>1,177,270</u>	<u>(380)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	1,126	<u>1,126</u>
<b>FUND BALANCE, JULY 1</b>		<u>2</u>	
<b>FUND BALANCE, JUNE 30</b>		<u>\$ 1,128</u>	

**PENSION INFORMATION SECTION**

**SCENIC REGIONAL LIBRARY DISTRICT**  
**PENSION INFORMATION - SCHEDULE OF CHANGES IN THE**  
**EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS**  
**FOR THE YEARS ENDED JUNE 30**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>									
Service cost	\$ 175,752	162,221	160,762	150,740	132,495	108,642	110,697	88,333	70,804
Interest on the total pension liability	375,470	354,078	374,380	349,936	331,878	312,932	302,152	273,154	265,163
Difference between expected and actual experience	161,056	137,009	(58,903)	167,442	103,498	108,225	(32,189)	87,487	(9,174)
Changes of assumptions	-	-	(237,710)	-	-	-	-	173,758	-
Benefit payments, including refunds	(362,202)	(346,785)	(342,864)	(329,161)	(326,381)	(235,612)	(226,459)	(240,799)	(210,094)
Net Change In Total Pension Liability	<u>350,076</u>	<u>306,523</u>	<u>(104,335)</u>	<u>338,957</u>	<u>241,490</u>	<u>294,187</u>	<u>154,201</u>	<u>381,933</u>	<u>116,699</u>
Total Pension Liability Beginning	<u>5,455,503</u>	<u>5,148,980</u>	<u>5,253,315</u>	<u>4,914,358</u>	<u>4,672,868</u>	<u>4,378,681</u>	<u>4,224,480</u>	<u>3,842,547</u>	<u>3,725,848</u>
Total Pension Liability Ending (a)	<u>\$ 5,805,579</u>	<u>5,455,503</u>	<u>5,148,980</u>	<u>5,253,315</u>	<u>4,914,358</u>	<u>4,672,868</u>	<u>4,378,681</u>	<u>4,224,480</u>	<u>3,842,547</u>
<b>Plan Fiduciary Net Position</b>									
Contributions - employer	\$ 317,789	274,980	244,694	223,722	193,667	157,492	140,091	131,712	87,255
Contributions - employee	59,679	54,183	50,712	48,901	44,779	38,648	35,472	35,561	25,193
Net investment income	163,991	2,945	1,037,102	49,406	253,293	385,851	356,435	(9,958)	61,127
Benefit payments, including refunds	(362,202)	(346,785)	(342,864)	(329,161)	(326,381)	(235,612)	(226,459)	(240,799)	(210,094)
Administrative expense	(8,067)	(5,856)	(5,444)	(6,992)	(6,037)	(3,585)	(3,371)	(3,281)	(3,355)
Other	39,672	6,182	(36,684)	(544)	32,730	18,090	34,065	23,469	(118,173)
Net Change In Plan Fiduciary Net Position	<u>210,862</u>	<u>(14,351)</u>	<u>947,516</u>	<u>(14,668)</u>	<u>192,051</u>	<u>360,884</u>	<u>336,233</u>	<u>(63,296)</u>	<u>(158,047)</u>
Plan Fiduciary Net Position Beginning	<u>4,771,764</u>	<u>4,786,115</u>	<u>3,838,599</u>	<u>3,853,267</u>	<u>3,661,216</u>	<u>3,300,332</u>	<u>2,964,099</u>	<u>3,027,395</u>	<u>3,185,442</u>
Plan Fiduciary Net Position Ending (b)	<u>\$ 4,982,626</u>	<u>4,771,764</u>	<u>4,786,115</u>	<u>3,838,599</u>	<u>3,853,267</u>	<u>3,661,216</u>	<u>3,300,332</u>	<u>2,964,099</u>	<u>3,027,395</u>
<b>Net Pension Liability Ending (a)-(b)</b>	<u>\$ 822,953</u>	<u>683,739</u>	<u>362,865</u>	<u>1,414,716</u>	<u>1,061,091</u>	<u>1,011,652</u>	<u>1,078,349</u>	<u>1,260,381</u>	<u>815,152</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.82 %	87.47	92.95	73.07	78.41	78.35	75.37	70.16	78.79
Covered Payroll (for February 28/29 Valuation)	\$ 1,358,962	1,348,349	1,203,686	1,245,569	1,122,771	972,377	777,804	895,239	597,692
Net Pension Liability as a Percentage of Covered Payroll	60.56 %	50.71	30.15	113.58	94.51	104.04	138.64	140.79	136.38

Note: Information is not available for fiscal years prior to 2015.

Changes of assumptions:

During the year ended June 30, 2021, assumption changes include a decrease in the discount rate from 7.25% to 7.0%; a reduction in wage inflation of 3.25% and price inflation of 2.5% to 2.75% and 2.25% respectively; salary increases from 3.25 - 6.55, to 2.75 - 6.75% respectively; and investment rate of return from 7.25% to 7.0%, respectively.

During the year ended June 30, 2016, new assumptions were adopted based on the 5-year experience study including change of wage inflation and price inflation to 3.25% and 2.5% from 3.5% and 3.0% respectively; and change in salary increases to 3.25% - 6.55% from 3.5% - 6.8% respectively.

**SCENIC REGIONAL LIBRARY DISTRICT**  
**PENSION INFORMATION - SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined pension contribution	\$ 358,072	315,618	290,483	282,247	273,148	213,533	198,661	206,122	148,146	108,273
Contributions in relation to the actuarially determined contribution	317,789	274,981	244,817	223,598	193,667	157,492	140,091	131,712	87,254	68,636
Contribution Deficiency (Excess)	<u>\$ 40,283</u>	<u>40,637</u>	<u>45,666</u>	<u>58,649</u>	<u>79,481</u>	<u>56,041</u>	<u>58,570</u>	<u>74,410</u>	<u>60,892</u>	<u>39,637</u>
Covered Payroll	\$ 1,491,967	1,354,583	1,268,485	1,221,850	1,119,460	966,211	886,812	889,038	629,835	535,425
Contributions as a Percentage of Covered Payroll	21.30 %	20.30	19.30	18.30	17.30	16.30	15.80	14.82	13.85	12.82

Notes to schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of February 28/29 prior to the end of the fiscal year in which contributions are reported.

Notes: The roll-forward of total pension liability from February 28, 2023 to June 30, 2023 reflects expected service costs and interest reduced by actual benefit payments.

Methods and assumptions used to determine contribution rates:

Actuarial cost method  
 Amortization method

Entry age normal and modified terminal funding  
 A level percentage of payroll amortization method is used to amortize the UAAL over 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  
 Asset valuation method  
 Inflation  
 Salary increases  
 Investment rate of return  
 Retirement age  
 Mortality

Multiple bases from 6 to 15 years  
 5 years smoothed market; 20% corridor  
 2.75% wage inflation; 2.25% price inflation  
 2.75% to 6.75%, including wage inflation  
 7.00%, net of investment expenses  
 Experience-based table of rates that are specific to the type of eligibility condition  
 The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances were 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 of the above described tables.

Other information:

There were no benefit changes during the year.

The discount rate decreased from 7.25% to 7% during the year ended June 30, 2021.

The District is paying the contributions LAGERS is requiring them to pay, however, the employer contribution rate for funding/payments is different then the actuarial required contribution rate because per state statue LAGERS will not increase the employer contribution rate more than 1% unless there is a benefit change.

Therefore the employer contribution rate is capped and the actuarial required contribution uses the uncapped rate.