

MISSISSIPPI VALLEY
LIBRARY DISTRICT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2021

MISSISSIPPI VALLEY LIBRARY DISTRICT

TABLE OF CONTENTS
JUNE 30, 2021

	<u>Page</u>
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 7
Financial Statements:	
Governmental Funds Balance Sheet/Statement of Net Position	8
Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances/Statement of Activities	9
Notes to Financial Statements	10 – 19
Required Supplementary Information:	
Budgetary Comparison Schedule (Cash Basis)	20
Schedule of Changes in Net Pension Liability and Related Ratios	21
Schedule of Contributions	22

INDEPENDENT AUDITOR'S REPORT

To the Chairman and Board of Trustees
Mississippi Valley Library District:

Report on the Financial Statements

We have audited the accompanying financial statements of the of the Mississippi Valley Library District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Mississippi Valley Library District as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 to 7), the budgetary comparison schedule (page 20) and schedules of pension related information (pages 21 and 22) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Certified Public Accountants
Alton, Illinois

November 30, 2021

MISSISSIPPI VALLEY LIBRARY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Mississippi Valley Library District's (Library District) annual audit presents a management's discussion and analysis (MD&A) of the Library District's financial activity during the fiscal year ended June 30, 2021. The MD&A is designed to focus on current activities, resulting changes and currently known facts and should be read in conjunction with the basic financial statements and footnotes. Responsibility for the completeness and fairness of this information rests with the Library District.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the Library District's basic financial statements. There are two components to the basic statements:

1. Government-wide/Fund financial statements
2. Notes to the basic financial statements

This report also contains required supplementary 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 Library District's finances, in a manner similar to a private-sector business.

Both of the government-wide financial statements report only the functions of the Library District. The Library District is principally supported by taxes and intergovernmental revenues and supplemented with user fees and charges. The Library District's sole function is considered that of governmental activities.

The statement of net position presents information on all the Library 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 Library District is improving or deteriorating.

The statement of activities presents information showing how the Library District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found in the far right column of pages 8 and 9 of this report.

MISSISSIPPI VALLEY LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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 Library District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Library District is comprised of one general governmental fund.

Governmental Fund. Governmental fund statements report how general government services were financed in the short term as well as what remains for future spending. The Library District maintains only one governmental fund. The governmental fund statements can be found in the first column of pages 8 and 9 of this report.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10 to 19 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Library District has presented its financial statements under the reporting model pursuant to Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Library District, assets exceeded liabilities by \$2,050,274 at the close of the most recent fiscal year.

The largest portion of the Library District's net position reflects its investment in capital assets (e.g. land, building, furniture, and equipment). The Library District uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. The condensed statement of net position is as follows:

	Governmental Activities	
	June 30, 2021	June 30, 2020
ASSETS		
Current and other assets	\$ 1,924,379	\$ 1,728,842
Capital assets, net	1,345,590	1,403,422
Total assets	<u>3,269,969</u>	<u>3,132,264</u>
DEFERRED OUTFLOWS	<u>120,056</u>	<u>158,184</u>
LIABILITIES		
Current liabilities	48,242	97,712
Net pension liability	87,738	137,445
Total liabilities	<u>135,980</u>	<u>235,157</u>
DEFERRED INFLOWS	<u>1,203,771</u>	<u>1,198,433</u>
NET POSITION		
Net investment in capital assets	1,345,590	1,403,422
Unrestricted	704,684	453,436
Total net position	<u>\$ 2,050,274</u>	<u>\$ 1,856,858</u>

MISSISSIPPI VALLEY LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Total net position increased by \$193,416 resulting in a balance of \$2,050,274 as of June 30, 2021. Current and other assets, which include cash, accounts receivable, and prepaid expenses, increased \$195,537. Non-current assets decreased \$57,832 due to current year additions of \$46,062 being less than depreciation of \$101,297.

Liabilities, which are largely comprised of the net pension liability and accrued absences, decreased \$99,177.

ANALYSIS OF NET POSITION

<u>Analysis of Net Position</u>	<u>2021</u>		<u>2020</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Net investment in capital assets	65.6%	\$ 1,345,590	75.6%	\$ 1,403,422
Unrestricted	34.4%	704,684	24.4%	453,436
Total net position	100.0%	\$ 2,050,274	100.0%	\$ 1,856,858

Total net position balances increased by \$193,416 in fiscal year 2021 to a total ending balance of \$2,050,274. Capital net assets decreased due to current year additions being less than current year depreciation expense. The unrestricted net position balance changed by the net income of operating activities and the current year reporting of the net pension liability. The revenues and expenditure comparisons that comprise the current year decrease follow.

REVENUE COMPARISON BY TYPE

<u>Revenues by type</u>	<u>2021</u>	<u>2020</u>
Property tax	\$ 1,071,817	\$ 1,034,344
Charges for services	6,086	22,435
Operating grants	96,844	77,704
Replacement tax	41,135	40,456
Gifts and donations	18,092	13,417
Investment income	102	808
Miscellaneous	27,440	22,036
	<u>\$ 1,261,516</u>	<u>\$ 1,211,200</u>

Total revenues increased \$50,316 in the year ended June 30, 2021. Property tax increased by \$37,473 due to an increased in the assessed valuation. Charges for services decreased due to restrictions related to COVID.

MISSISSIPPI VALLEY LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

EXPENDITURES BY CATEGORY

<u>Expenditures by category</u>	<u>2021</u>		<u>2020</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Personal services	59.3%	\$ 633,154	67.4%	\$ 719,596
Contractual services	18.3%	195,182	17.9%	190,829
Commodities	7.2%	76,880	5.6%	59,985
Miscellaneous/grant expenses	5.5%	58,990	4.3%	45,532
Loss on disposal	0.2%	2,597	0.0%	-
Depreciation	9.5%	101,297	9.2%	98,401
	<u>100.0%</u>	<u>\$ 1,068,100</u>	<u>104.3%</u>	<u>\$ 1,114,343</u>

Total expenses decreased by \$46,243 in the year ended June 30, 2021. The primary reason for the decrease relates to a decrease in personal services in the current year.

As a result of the above revenues and expenses, the Library District's governmental activities reported an increase in net position of \$193,416 in the current year.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

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

The focus of the Library District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Library District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Library District's governmental funds reported an ending fund balance of \$795,506, an increase of \$201,061 in comparison with the prior year. The total amount constitutes unreserved, undesignated fund balance, which is available for spending at the Library District's discretion.

The primary difference in income between the government-wide financial statements and the governmental funds results from the different method of expensing capital outlay as opposed to capitalizing the assets and depreciating the assets over the estimated useful lives. Other differences arise from the accounting policies related to long term liabilities and deferred revenues.

MISSISSIPPI VALLEY LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

CAPITAL ASSETS

	June 30, <u>2021</u>	June 30, <u>2020</u>
Land	\$ 43,006	\$ 43,006
Buildings and Improvements	1,235,431	1,313,897
Furniture, Fixtures and Equipment	<u>67,153</u>	<u>46,519</u>
Total Capital Assets	<u>\$ 1,345,590</u>	<u>\$ 1,403,422</u>

The Library District's investment in capital assets for its governmental activities as of June 30, 2021, amounts to \$1,345,590, net of accumulated depreciation. This investment in capital assets includes land, building and improvements as well as furniture, fixtures, and equipment. The Library District expended \$46,062 for equipment and building improvements in 2021. Depreciation expense on all of the Library District's capital assets was \$101,297 for the period ended June 30, 2021. Additional information related to capital assets can be found in Note 5 of the financial statements.

BUDGETARY HIGHLIGHTS

The Library District approved an appropriation ordinance which provides the budgetary amounts reported in the financial statements. The appropriations ordinance is presented on the modified cash basis of accounting. The appropriations were approved for \$1,259,491 of which the Library District spent \$1,072,633 in the current period using the modified cash basis of accounting. The appropriation ordinance was not amended for the current period.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Mississippi Valley Library District's finances for all those with an interest in the Library District's finances. Questions concerning any of the information provided in this report or requests for financial information should be addressed to the Library Director, Mississippi Valley Library District, 408 West Main Street, Collinsville, Illinois, 62234.

MISSISSIPPI VALLEY LIBRARY DISTRICT

GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION JUNE 30, 2021

	General Fund	Adjustments	Statement of Net Position
<u>Assets</u>			
Cash and Cash Equivalents	\$ 887,739	\$ -	\$ 887,739
Property Tax Receivable	1,020,500	-	1,020,500
Prepaid Expenses	16,140	-	16,140
Capital Assets (Net of accumulated depreciation):			
Land	-	43,006	43,006
Buildings and Improvements	-	1,235,431	1,235,431
Furniture, Fixtures and Equipment	-	67,153	67,153
Total Capital Assets, Net	-	1,345,590	1,345,590
Total Assets	<u>\$ 1,924,379</u>	<u>\$ 1,345,590</u>	<u>\$ 3,269,969</u>
<u>Deferred Outflows of Resources</u>			
Future Pension Expense	-	120,056	120,056
<u>Liabilities</u>			
Accounts Payable	\$ 20,378	\$ -	\$ 20,378
Accrued Wages and Compensated Absences	27,864	-	27,864
Net Pension Liability	-	87,738	87,738
Total Liabilities	<u>48,242</u>	<u>87,738</u>	<u>135,980</u>
<u>Deferred Inflows of Resources</u>			
Deferred Property Taxes	1,080,631	-	1,080,631
Future Pension Expense	-	123,140	123,140
	<u>\$ 1,080,631</u>	<u>\$ 123,140</u>	<u>\$ 1,203,771</u>
<u>Fund Balance/Net Position</u>			
Fund Balance/Net Position:			
Unrestricted	<u>795,506</u>	(90,822)	704,684
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 1,924,379</u>		
Net Investment in Capital Assets		1,345,590	1,345,590
Total Net Position		<u>\$ 1,254,768</u>	<u>\$ 2,050,274</u>
Amount reported for governmental fund balance is different because:			
Fund balance - governmental fund			\$ 795,506
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on the balance sheet of the governmental funds.			1,345,590
Long-term net pension liability net of deferred pension expense, is not recorded on the balance sheet of the governmental funds			(90,822)
Change in net position of governmental activities			<u>\$ 2,050,274</u>

The notes to the financial statements are an integral part of this statement

MISSISSIPPI VALLEY LIBRARY DISTRICT

STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Adjustments	Statement of Activities
Revenues:			
Property Tax	\$ 1,071,817	\$ -	\$ 1,071,817
Intergovernmental:			
Corporate Property Replacement Tax	41,135	-	41,135
Operating Grants	96,844	-	96,844
Charges for Services	6,086	-	6,086
Investment Earnings	102	-	102
Gifts and Donations	18,092	-	18,092
Miscellaneous	27,440	-	27,440
Total Revenues	<u>1,261,516</u>	<u>-</u>	<u>1,261,516</u>
Expenses/Expenditures:			
Culture and Recreation:			
Personal Services	683,341	(50,187)	633,154
Contractual Services	195,182	-	195,182
Commodities	76,880	-	76,880
Miscellaneous/Grant Expenditures	58,990	-	58,990
Depreciation	-	101,297	101,297
Loss on Disposal	-	2,597	2,597
Capital Outlay	46,062	(46,062)	-
Total Expenditures/Expenses	<u>1,060,455</u>	<u>7,645</u>	<u>1,068,100</u>
Excess (Deficiency) of Revenues Over Expenditures/Change in Net Position	201,061	(7,645)	193,416
Beginning of the Year	<u>594,445</u>	<u>1,262,413</u>	<u>1,856,858</u>
End of the Year	<u>\$ 795,506</u>	<u>\$ 1,254,768</u>	<u>\$ 2,050,274</u>

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

Net change in fund balances - total governmental funds	\$ 201,061
Capital assets that are purchased in governmental activities are reported as expenditures in governmental funds. However, in the statement of activities, those assets are allocated over their estimated useful lives and reported as depreciation expense.	(55,235)
The net pension liability is not recorded as an expense in the fund financial statements. In the statement of activities, this amount is recorded currently as expense. This amount is the fiscal year change in the net pension liability.	13,092
Long-term compensated absences are not recorded as an expense in the fund financial statements. In the statement of activities, these amounts are recorded currently as expense. This amount is the fiscal year change in long-term compensated absences.	<u>37,095</u>
Change in net position of governmental activities	<u>\$ 196,013</u>

The notes to the financial statements are an integral part of this statement

MISSISSIPPI VALLEY LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Mississippi Valley Library District (Library District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. These financial statements are presented in accordance with GASB 34. The more significant of the government's accounting policies are described below.

The financial reporting entity:

The Library District was created pursuant to the Library District Act for the purpose of providing materials and services to meet the personal, intellectual, educational and recreational needs and interests of the members of the community. The Library District is a political subdivision of the State of Illinois and is governed by an elected Board of seven trustees for terms of six years each. The assets and liabilities of the Library District were formerly held and maintained in the accounting records of the City of Collinsville, Illinois. On October 1, 2004, the Library District was created as a separate entity and the assets and liabilities were transferred to the new Library District.

Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. The Library District is comprised of only governmental activities, which are supported mainly by taxes and intergovernmental revenues, but also receive fees and charges for services.

The statement of activities demonstrates to the degree to which the expenses of a given function are offset by program revenues and taxes.

Measurement focus, basis of accounting, and financial statement presentation:

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

MISSISSIPPI VALLEY LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Library reports deferred revenue on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Library before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the Library has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Assets, liabilities, and net position:

Deposits and investments

The Library District’s cash and cash equivalents are comprised of checking accounts and savings accounts. Cash and cash equivalents are deposits or short-term investments with original maturities of three months or less. All deposits and investments are reported at fair value.

The Library District is authorized by state statute to invest in obligations of the United States of America, insured interest bearing accounts of banks, savings and loan associations or credit unions, certain short-term obligations of corporations organized in the United States of America, money market mutual funds that invest in obligations of the United States of America or its agencies or are guaranteed by the full faith and credit of the United States of America, the Illinois Funds and repurchase agreements of government securities.

Receivables and payables

The Library District levies its property taxes in each year based upon the assessed valuation as of the previous January 1. Property taxes are due in several installments in the following year, usually beginning in June, and are considered delinquent after the due dates. Property taxes for 2020 became an enforceable lien in January 2021. Because this tax levy will be used to pay for expenses budgeted in 2022, this tax levy is shown both as a receivable and a deferred inflow as of June 30, 2021 in the statement of net position. The Board passed the 2020 tax levy on November 16, 2020.

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

MISSISSIPPI VALLEY LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Capital assets

Capital assets, which include property, and equipment, are reported in the governmental activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost and estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	5 - 40
Furniture and other equipment	5 - 15

Fund balance

In the fund financial statements, the Library classifies the fund balances based upon the following criteria:

Nonspendable - includes amounts that cannot be spent because they are either 1) not in spendable form, or 2) legally or contractually required to remain intact.

Restricted - balances with constraints that are either externally imposed by creditors or imposed by law through constitutional provisions or enabling legislation.

Committed - balances that are to be only used for specific purposes pursuant to constraints imposed by formal approval of the Library Board, which has the highest level of decision-making authority. Formal Board approval is required to establish and amend or remove any specific committed balances.

Assigned - balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Assigned balances are authorized by the Library Board or by the Library Director under the direction of the Library Board.

Unassigned - the residual classification of the General Fund balance.

When expenditures are incurred for which the Library has both restricted and unrestricted funds available, the Library spends any restricted funds before using unrestricted sources. Likewise, the Library uses committed, assigned and then unassigned balances, in that order, when spending amounts for which all three categories are available.

MISSISSIPPI VALLEY LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Compensated absences

Accumulated unpaid vacation and sick time are accrued when incurred. The Library District's policy permits employees to earn one to five weeks of vacation per year, based on length of service. Any unused vacation is forfeited at the calendar year end. The balance of accrued vacation at June 30, 2021 was \$11,914. In addition, employees earn sick leave at the rate of one hour to four hours per pay period, depending on the position. Sick leave can be accumulated to a maximum of 240 working hours.

Estimates

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

Subsequent Events

The Library District has evaluated events occurring after the financial statement date through November 30, 2021 in order to determine their potential for recognition or disclosure in the financial statements. The latter date is the same date the financial statements were available to be issued.

NOTE 2: CASH AND CASH EQUIVALENTS

At June 30, 2021, the carrying amount of the Library District's deposits was \$887,739 and the bank balance was \$892,999. The deposits were comprised of checking accounts and prime investor accounts. The Library District requires that all deposits be fully covered by FDIC insurance or collateralized with investments held by the financial institution in the Library District's name.

Deposits as reported above	<u>\$ 887,739</u>
As Reported in the Statement of Net Position:	
Cash and Cash Equivalents	<u>\$ 887,739</u>

MISSISSIPPI VALLEY LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 3: BUDGETARY AND LEGAL COMPLIANCE

The Library District followed these procedures in establishing the appropriated and budgetary data reported in the financial statements for the year ended June 30, 2021:

1. The Library Director submitted to the Board of Trustees a proposed operating budget for the fiscal year commencing on July 1. The operating budget included proposed expenditures and the revenues provided to finance them.
2. A public hearing was conducted in regards to the appropriation ordinance to obtain taxpayer comments.
3. Prior to September 30, the appropriation was legally enacted through passage of an ordinance.
4. The Library District prepares its annual budget on the cash basis (budget basis), which differs from accounting principles generally accepted in the United States of America (GAAP basis).

The budget and all transactions are presented in accordance with the Library District's method (budget basis) in the required supplementary information to provide a meaningful comparison of actual results with the budget. The difference between the budget and GAAP basis is that the budget is prepared on the cash basis of accounting.

NOTE 4: ILLINOIS MUNICIPAL RETIREMENT FUND

Plan Description. The District's defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2020 was 9.19 percent. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

MISSISSIPPI VALLEY LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Covered Employees. The following types of employees comprise the membership of the plan.

Retirees and Beneficiaries	4
Inactive, Non-Retired Members	4
Active Members	<u>12</u>
Total	<u>20</u>

Discount Rate. GASB Statement No. 68 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a "risk-free" rate is required, as described in the following paragraph.

The *Single Discount Rate* (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 2.00%; and the resulting single discount rate is 7.25%.

MISSISSIPPI VALLEY LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Actuarial Valuation Date	12/31/20
Measurement Date of the Net Pension Liability	12/31/20
Fiscal Year End	06/30/21

Development of the Single Discount Rate as of December 31, 2020	
Long-Term Expected Rate of Investment Return	7.25%
Long-Term Municipal Bond Rate	2.00%
Last year ending December 31 in the 2021 to 2120 projection period for which projected benefit payments are fully funded	2120
Resulting Single Discount Rate based on the above development	7.25%

Single Discount Rate calculated using December 31, 2019 Measurement Date	7.25%
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The Long-Term Municipal Bond Rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" as of December 31, 2020.

Actuarial Assumptions. The following are the actuarial assumptions used in the calculation of the net pension liability.

Asset Valuation Method	Market Value of Assets
Price Inflation	2.25%
Salary Increases	2.85% to 13.75%
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.
Mortality	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

MISSISSIPPI VALLEY LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Net Pension Liability. The following is a summary of the Net Pension Liability as shown as a liability in the financial statements.

Total pension liability	
Service Cost	\$ 46,317
Interest on the Total Pension Liability	74,771
Changes of benefit terms	-
Difference between expected and actual experience	37,844
Changes of assumptions	(25,909)
Benefit payments, including refunds of employee contributions	(29,275)
Net change in total pension liability	\$ 103,748
Total pension liability - beginning	1,022,801
Total pension liability - ending	<u>\$ 1,126,549</u>
Plan fiduciary net position	
Contributions - employer	\$ 39,828
Contributions - employee	19,503
Net investment income	122,337
Benefit payments, including refunds of employee contributions	(29,275)
Other	1,062
Net change in plan fiduciary net position	\$ 153,455
Plan fiduciary net position - beginning	885,356
Plan fiduciary net position - ending	<u>\$ 1,038,811</u>
Net pension liability/(asset)	<u>\$ 87,738</u>
Plan fiduciary net position as a percentage of the total pension liability	92.21%
Covered valuation payroll	\$ 433,396
Net pension liability as a percentage of covered valuation payroll	20.24%

To report the sensitivity of the net pension liability to the selected discount rate, the following table displays the variation given a 1% increase or decrease.

	1% Decrease	Current Single Discount Rate Assumption	1% Increase
	<u>6.25%</u>	<u>7.25%</u>	<u>8.25%</u>
Total Pension Liability	\$ 1,316,222	\$ 1,126,549	\$ 984,681
Plan Fiduciary Net Position	<u>1,038,811</u>	<u>1,038,811</u>	<u>1,038,811</u>
Net Pension Liability/(Asset)	<u>\$ 277,411</u>	<u>\$ 87,738</u>	<u>\$ (54,130)</u>

MISSISSIPPI VALLEY LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future Pension Expenses. The following tables display the amount of deferred inflows and outflows related to the net pension liability and the future periods that these deferrals will affect the financial statements.

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ 70,481	\$ 19,264
Changes in assumptions	28,954	36,027
Contributions subsequent to measurement date	20,621	-
Net difference between projected and actual earnings on pension plan investments	-	67,849
Total	<u>\$ 120,056</u>	<u>\$ 123,140</u>

Year Ending <u>December 31,</u>	Net Deferred Inflows of <u>Resources</u>
2021	(8,107)
2022	3,062
2023	(17,765)
2024	(6,000)
2025	2,883
Thereafter	222
	<u>\$ (25,705)</u>

MISSISSIPPI VALLEY LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 5: CAPITAL ASSETS

Capital asset activity for the period ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 43,006	\$ -	\$ -	\$ 43,006
Capital assets, being depreciated:				
Buildings and improvements	3,235,392	10,932	3,897	3,242,427
Furniture, fixtures and equipment	310,524	35,130	28,012	317,642
Vehicles	21,511	-	-	21,511
Total capital assets being depreciated	<u>3,567,427</u>	<u>46,062</u>	<u>31,909</u>	<u>3,581,580</u>
Less accumulated depreciation for:				
Buildings and improvements	1,921,495	86,801	1,300	2,006,996
Furniture, fixtures and equipment	267,083	12,456	28,012	251,527
Vehicles	18,433	2,040	-	20,473
Total accumulated depreciation	<u>2,207,011</u>	<u>101,297</u>	<u>29,312</u>	<u>2,278,996</u>
Total capital assets, being depreciated, net	<u>1,360,416</u>	<u>(55,235)</u>	<u>(2,597)</u>	<u>1,302,584</u>
Governmental activities capital assets, net	<u>\$ 1,403,422</u>	<u>\$ (55,235)</u>	<u>\$ (2,597)</u>	<u>\$ 1,345,590</u>

Property, plant, and equipment are depreciated using the straight-line method over the estimated useful lives. Depreciation expense for the period ended June 30, 2021 was \$101,297.

NOTE 6: PROPERTY TAXES

The Library District's property tax is levied each year on all taxable real property located in the Library District on or before the second Tuesday in December. The following are the tax rates applicable to the various levies per \$100 of assessed valuation:

	<u>Maximum Levy</u>	<u>Levy Year</u>		
		<u>2020</u>	<u>2019</u>	<u>2018</u>
General	\$ 0.1500	\$ 0.1500	\$ 0.1500	\$ 0.1500
Building	0.0200	0.0193	0.0199	0.0200
IMRF	None	0.0095	0.0107	0.0116
Audit	0.0050	0.0010	0.0022	0.0022
Liability Insurance	None	0.0226	0.0246	0.0244
Social Security	None	0.0095	0.0103	0.0106
		<u>\$ 0.2119</u>	<u>\$ 0.2177</u>	<u>\$ 0.2188</u>

<u>Year</u>	<u>Tax Rate</u>	<u>Assessed Valuation</u>	<u>Extension</u>	<u>Collections</u>	<u>Percent Collected</u>
2020	0.2119	\$ 509,972,303	\$ 1,080,631	\$ 60,131	5.56%
2019	0.2177	492,718,930	1,073,780	1,071,772	99.81%
2018	0.2188	475,132,488	1,040,323	1,025,658	98.59%

MISSISSIPPI VALLEY LIBRARY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (CASH BASIS)
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts <u>Original and Final</u>	Actual (Budget Basis) <u></u>
Receipts:		
Property Tax	\$ 1,100,731	\$ 1,085,501
Intergovernmental:		
Corporate Property Replacement Tax	20,800	41,135
Grant Receipts	81,353	96,844
Charges for Services	24,002	6,086
Investment Earnings	832	102
Gifts and Donations	6,240	18,092
Miscellaneous Receipts	<u>25,533</u>	<u>27,440</u>
Total Receipts	<u>1,259,491</u>	<u>1,275,200</u>
Disbursements:		
Culture and Recreation:		
Personal Services	747,994	684,478
Contractual Services	328,848	220,614
Commodities	101,296	80,212
Miscellaneous/Grant Expenditures	<u>81,353</u>	<u>87,329</u>
Total Disbursements	<u>1,259,491</u>	<u>1,072,633</u>
Excess of Receipts Over Disbursements	<u>\$ -</u>	<u>202,567</u>
Adjustments between modified cash budget basis and modified accrual reporting basis:		
Property tax on modified accrual basis		(13,684)
Accrued salaries on modified accrual basis		1,137
Accounts payable on modified accrual basis		11,097
Prepaid expense on modified accrual basis		<u>(56)</u>
As reported on the Statement of Governmental Revenues, Expenditures and Changes in Fund Balance		<u>\$ 201,061</u>

MISSISSIPPI VALLEY LIBRARY DISTRICT

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
JUNE 30, 2021

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability:							
Service cost	\$ 46,317	\$ 44,127	\$ 47,368	\$ 45,507	\$ 45,261	\$ 39,690	\$ 38,927
Interest	74,771	68,323	64,244	57,757	51,542	43,622	35,870
Benefit changes	-	-	-	-	-	-	-
Difference between expected and actual experience	37,844	2,619	(30,622)	35,797	10,273	34,212	6,242
Assumption changes	(25,909)	-	35,465	(26,223)	(1,201)	1,186	26,581
Benefit payments, including refunds	(29,275)	(25,177)	(32,909)	(21,637)	(26,466)	(3,485)	(5,792)
Net change in total pension liability	103,748	89,892	83,546	91,201	79,409	115,225	101,828
Total pension liability - beginning	1,022,801	932,909	849,363	758,162	678,753	563,528	461,700
Total pension liability - ending	<u>\$ 1,126,549</u>	<u>\$ 1,022,801</u>	<u>\$ 932,909</u>	<u>\$ 849,363</u>	<u>\$ 758,162</u>	<u>\$ 678,753</u>	<u>\$ 563,528</u>
Plan Fiduciary Net Position							
Contributions - employer	39,828	41,349	45,807	43,161	37,149	39,693	32,402
Contributions - employee	19,503	20,978	21,767	23,819	18,271	18,841	16,147
Net investment income	122,337	131,070	(33,809)	100,410	31,012	2,525	26,327
Benefit payments, including refunds	(29,275)	(25,177)	(32,909)	(21,637)	(26,466)	(3,485)	(5,792)
Other	1,062	(3,243)	8,257	(11,692)	11,479	(29,353)	(1,760)
Net change in plan fiduciary net position	153,455	164,977	9,113	134,061	71,445	28,221	67,324
Plan fiduciary net position - beginning	885,356	720,379	711,266	577,205	505,760	477,539	410,215
Plan fiduciary net position - ending	<u>\$ 1,038,811</u>	<u>\$ 885,356</u>	<u>\$ 720,379</u>	<u>\$ 711,266</u>	<u>\$ 577,205</u>	<u>\$ 505,760</u>	<u>\$ 477,539</u>
Net Pension Liability	<u>\$ 87,738</u>	<u>\$ 137,445</u>	<u>\$ 212,530</u>	<u>\$ 138,097</u>	<u>\$ 180,957</u>	<u>\$ 172,993</u>	<u>\$ 85,989</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>92.21%</u>	<u>86.56%</u>	<u>77.22%</u>	<u>83.74%</u>	<u>76.13%</u>	<u>74.51%</u>	<u>84.74%</u>
Covered Payroll	<u>\$ 433,396</u>	<u>\$ 466,171</u>	<u>\$ 483,701</u>	<u>\$ 459,158</u>	<u>\$ 406,013</u>	<u>\$ 418,691</u>	<u>\$ 366,580</u>
Net position liability as a percentage of covered payroll	<u>20.24%</u>	<u>29.48%</u>	<u>43.94%</u>	<u>30.08%</u>	<u>44.57%</u>	<u>41.32%</u>	<u>23.46%</u>

Information from December 31, 2020 Actuarial Valuation

MISSISSIPPI VALLEY LIBRARY DISTRICT

SCHEDULE OF CONTRIBUTIONS

JUNE 30, 2021

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarial Determined Contribution	\$ 39,829	\$ 41,349	\$ 45,806	\$ 43,161	\$ 37,150	\$ 39,692	\$ 33,102
Contributions in relation to actuarial determined contribution	<u>39,828</u>	<u>41,349</u>	<u>45,807</u>	<u>43,161</u>	<u>37,149</u>	<u>39,693</u>	<u>32,402</u>
Contribution deficiency (excess)	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ (1)</u>	<u>\$ 700</u>
 Covered-employee Payroll	 <u>433,396</u>	 <u>466,171</u>	 <u>483,701</u>	 <u>459,158</u>	 <u>406,013</u>	 <u>418,691</u>	 <u>366,580</u>
 Contributions as a percentage of covered payroll	 <u>9.19%</u>	 <u>8.87%</u>	 <u>9.47%</u>	 <u>9.40%</u>	 <u>9.15%</u>	 <u>9.48%</u>	 <u>8.84%</u>

Valuation Date:

Notes: Actuarially determined contribution rates are calculated as of December 31 each year, which is 6 months prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2020 Contribution Rates:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 23-year closed period. Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	3.25%
Price Inflation	2.50%
Salary Increases	3.35% to 14.25% including inflation
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.

Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality tables was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
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Other Information:

Notes There were no benefit changes during the year.