



LIBRARY CENTER OF THE OZARKS

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
WITH
INDEPENDENT AUDITORS' REPORT
YEAR ENDED DECEMBER 31, 2025

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Library Center of the Ozarks
Branson, Missouri

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Library Center of the Ozarks as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Library Center of the Ozarks' 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 financial position of the governmental activities and the major fund of Library Center of the Ozarks as of December 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those 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 Library Center of the Ozarks 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.

Responsibilities of Management for the Financial Statements

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

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

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 auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library Center of the Ozarks' 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 Library Center of the Ozarks' 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 planning scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and defined benefit pension plan schedule of funding progress be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 be 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2026, on our consideration of Library Center of the Ozarks' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Library Center of the Ozarks' internal control over financial reporting or on compliance. That report is an integral of an audit performed in accordance with *Government Auditing Standards* in considering Library Center of the Ozarks' internal control over financial reporting and compliance.

R/M/C, CPA's

Springfield, Missouri
June 2, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

LIBRARY CENTER OF THE OZARKS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025

The discussion and analysis of the Library Center of the Ozarks' financial performance provides an overall review of financial activities for the fiscal year. The reader is encouraged to consider the information presented here in conjunction with additional information presented in the financial statements, notes to the financial statements, and other supplemental information to enhance their understanding of the Library's financial performance.

The mission of the Library Center of the Ozarks is to provide and maintain library services for the people of the Branson and Hollister, MO, school districts.

FINANCIAL HIGHLIGHTS

- The Library's assets exceeded its liabilities by \$3,069,563 (net position) for the fiscal year reported.
- Total net position is comprised of the following:
 1. Capital assets of \$871,753 include property and equipment, net of accumulated depreciation.
 2. Unrestricted net position of \$2,197,810 represents the portion available to maintain the Library's continuing obligations to citizens.
- The Library's governmental funds reported total ending fund balance of \$2,134,261. This, compared to the prior year ending fund balance of \$1,109,452, shows an increase of \$1,024,809 during the current year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,737,003 or 140% of total General Fund expenditures.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

LIBRARY CENTER OF THE OZARKS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

YEAR ENDED DECEMBER 31, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of three parts:

- Management's discussion and analysis (this section),
- Basic financial statements (government-wide and fund financial statements), including notes to the financial statements, and
- Required supplementary information.

The basic financial statements consist of two different kinds of statements that present different views of the Library's financial activities.

- Government-wide financial statements – these financial statements provide information about the Library's overall financial status both short-term (the recently completed fiscal year) and long-term. The government-wide statements include the Statement of Net Position and Statement of Activities.
- Fund financial statements – these financial statements focus on individual funds of the Library and report the Library's operations in more detail than the government-wide statements.

The notes to the financial statements provide further explanation of some of the information in the statements and provide additional disclosures and more detailed data. This will allow statement readers to have a more complete description and understanding of the Library's financial activities and position.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Library's budget presentation and pension funding progress. The budgetary comparison statement and schedule of funding progress are included as "required supplementary information." Required supplementary information is information that the accounting rules require be presented within the Library's financial report. The independent auditor does not formally audit this information, but examines it for accuracy.

LIBRARY CENTER OF THE OZARKS

MANAGEMENT’S DISCUSSION AND ANALYSIS
(CONTINUED)

YEAR ENDED DECEMBER 31, 2025

The major features of the Library’s financial statements, including the portion of the Library’s activities reported and the type of information contained is shown in Table 1.

Table 1 Major Features of the Government-Wide and Fund Financial Statements		
	Government-wide Statements	Fund Financial Statements Governmental Funds
Scope	Entire Library	The activities of the Library classified by major governmental fund
Required financial statements	<ul style="list-style-type: none"> ● Statement of net position ● Statement of activities 	<ul style="list-style-type: none"> ● Balance sheet ● Statement of revenues, expenditures, and changes in fund balance
Accounting basis and measurement focus	Accrual accounting and economic resource focus	Modified accrual accounting and current financial focus
Type of asset / liability / deferred inflows and outflows of resources information	All assets, liabilities, and deferred inflows and outflows of resources, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities / deferred inflows and outflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow / outflow information	All revenues and expenditures during the year, regardless of when cash is received or paid	Revenues for which cash is received during, or soon after, the end of the year; expenditures when goods or services have been received and the related liability is due and payable

LIBRARY CENTER OF THE OZARKS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

YEAR ENDED DECEMBER 31, 2025

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the Library as a whole using accounting methods similar to those used by private-sector companies. The two government-wide statements report the Library's net position and how they have changed. Net position, the difference between the Library's assets, liabilities, and deferred inflows of resources, is one way to measure the Library's overall financial position.

- Increases or decreases in the Library's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the Library's overall financial position, additional non-financial factors, such as changes in the Library's property tax base and the condition of its buildings and other facilities, should be considered.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Library's funds, focusing on its most significant or "major" funds, not the Library as a whole. Funds are accounting devices the Library uses to keep track of specific sources of funding and spending on particular programs.

The Library has the following fund type:

- Governmental fund – All of the Library's basic services are included in a governmental fund, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the future to finance the Library's programs.

LIBRARY CENTER OF THE OZARKS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

YEAR ENDED DECEMBER 31, 2025

FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE

Table 2 provides a summary of the Library's net position for the year ended December 31, 2025.

Table 2 Condensed Statement of Net Position December 31, 2025 With Comparative Information for December 31, 2024		
	December 31, (Unaudited)	
	2025	2024
<u>Assets and deferred outflow of resources</u>		
Cash	\$ 2,955,470	\$ 1,953,508
Certificates of deposit	397,258	380,581
Receivables	1,025,139	970,568
Capital assets, net	871,753	870,414
Deferred outflow - pensions	237	-
	\$ 5,249,857	\$ 4,175,071
<u>Liabilities and deferred inflow of resources</u>		
Accounts payable	\$ -	\$ 8,422
Accrued expenses	32,126	9,581
Imposed tax revenue	2,134,956	2,097,672
Deferred inflows-pensions	6,657	-
Net pension liability	6,555	-
	2,180,294	2,115,675
<u>Net position</u>		
Net investment in capital assets	871,753	870,414
Unrestricted	2,197,810	1,188,982
	3,069,563	2,059,396
	\$ 5,249,857	\$ 4,175,071

LIBRARY CENTER OF THE OZARKS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

YEAR ENDED DECEMBER 31, 2025

Table 3 provides a summary of the changes in net position for the year ended December 31, 2025.

Table 3 Changes in Net Position from Operating Results Year ended December 31, 2025 With Comparative Information for Year ended December 31, 2024		
	Year ended December 31,	
	2025	(Unaudited) 2024
Revenues:		
Program revenues:		
Charges for services	\$ 25,557	\$ 21,788
Operating grants and contributions	14,703	750,405
General revenues:		
Tax receipts	2,166,709	2,180,898
State aid	29,743	14,868
Interest income	40,647	3,065
	<u>2,277,359</u>	<u>2,971,024</u>
Expenses:		
Library services	286,710	249,856
Support services:		
Personnel	688,601	395,918
Operations and maintenance	39,383	44,107
Professional fees	133,282	147,763
Other support services	92,206	74,203
Depreciation expense	27,010	14,774
	<u>1,267,192</u>	<u>926,621</u>
Increase in net position	<u>\$ 1,010,167</u>	<u>\$ 2,044,403</u>

LIBRARY CENTER OF THE OZARKS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

YEAR ENDED DECEMBER 31, 2025

GOVERNMENTAL REVENUES

As shown in Table 3, general revenues provide 98.2% of the total funding for governmental activities. The Library Center of the Ozarks relies on property taxes for funding its governmental activities with 95.1% of general revenues coming from local property taxes.

Program revenues cover only 3.2% of governmental operating expenses. This means that the government's taxpayers and the Library's other general revenues fund 96.8% of the Library's activities. As a result, the general economy and the local businesses have a major impact on the Library's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

Since Library operations are staff oriented, 54.9% of the budget is used for employee salaries and benefits. Library services and depreciation on the Library's capital assets make up 24.0% of the total expenses.

FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS

The Library completed the year with a total governmental fund balance of \$2,134,261, an increase of \$1,024,809 from the prior year. The Library had budgeted a \$616,121 increase in the overall fund balance for the fiscal year 2025. The primary reason for the difference was general revenues of \$124,083 were over budget while personnel costs of \$131,402 and professional fees of \$89,718 were under budget.

The original budget is prepared using the cash basis of accounting and the audited financial statements are prepared using the accrual basis of accounting. As a result, variances with the original budget would be expected during the conversion to the accrual basis of accounting.

LIBRARY CENTER OF THE OZARKS
MANAGEMENT’S DISCUSSION AND ANALYSIS
(CONTINUED)

YEAR ENDED DECEMBER 31, 2025

CAPITAL ASSETS

The Library’s investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2025, was \$871,753. See Note 5 for additional information about changes in capital assets during the calendar year and balances at the end of the year. The following table provides a summary of capital asset activity.

Table 4 Capital Assets Year ended December 31, 2025 With Comparative Information for Year ended December 31, 2024				
	Year ended December 31,			
	2025		2024 (Unaudited)	
	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total
Depreciable assets:				
Land	\$ 325,000	35.6%	\$ 325,000	36.7%
Buildings and improvements	487,003	53.3	466,344	52.7
Furnishings and equipment	<u>101,535</u>	<u>11.1</u>	<u>93,845</u>	<u>10.6</u>
Total depreciable assets	913,538	<u>100.0%</u>	885,189	<u>100.0%</u>
Less accumulated depreciation	<u>(41,785)</u>		<u>(14,775)</u>	
Book value – depreciable assets	<u>\$ 871,753</u>		<u>\$ 870,414</u>	
Percentage depreciated		<u>4.6%</u>		<u>1.7%</u>

The total percentage of depreciated capital assets is relatively low, which means that significant additional resources will not be required to replace these capital assets in the future.

LIBRARY CENTER OF THE OZARKS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

YEAR ENDED DECEMBER 31, 2025

DIRECTOR'S NOTE

Library Center of the Ozarks saw a number of important financial operations throughout 2025. The most significant were:

1. Transfers of \$579,608 of unspent FY2024 funds to Library Center of the Ozarks (LCO's) three reserve fund bank accounts in 90%, 5% and 5% amounts, respectively.
2. The hiring of a real estate broker and architectural design team to assist in locating sites suitable for the construction of a new library facility.
3. The setting of LCO's tax rate at \$0.1766 per \$100 of assessed real and personal property with the most recent voter-approved rate of \$0.1800 per \$100 and a Hancock amendment reduction of \$0.0034.
4. The temporary appointment of two Interim Co-Directors who oversaw library operations and received additional compensation through Q4 2025 and Q1 2026.
5. The closing of an unutilized bank account previously designated to receive and hold state funds.
6. The implementation of a sweep account in order to accrue interest on the majority of LCO's operating funds.
7. The maturation of three CDs and the opening of two new CDs.

Throughout 2025, the Library saw an increase in assets. Operating expenses decreased slightly, and personnel expenses increased greatly as the library continually hired staff. Net income decreased from December 31, 2024 to December 31, 2025.

Variances between original budget and final results occurred because LCO ended the year under budget in several categories, including operating expenses, personnel, collections, and professional services. Operating expenses decreased because many initial purchases were made in 2024. Personnel fell under budget because of a vacant position remaining unfilled and the retirement of our Executive Director.

Collections fell under budget due to a \$12,000 donation from our Friends of the Library organization. Professional services fell under budget primarily because the library cancelled its janitorial services agreement and hired a staff custodian.

LIBRARY CENTER OF THE OZARKS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

YEAR ENDED DECEMBER 31, 2025

CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Library Center of the Ozarks' finances for all those with an interest in the Library's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Executive Director, Library Center of the Ozarks, 200 S. 4th St., Branson, MO 65616.

BASIC FINANCIAL STATEMENTS

LIBRARY CENTER OF THE OZARKS

STATEMENT OF NET POSITION

DECEMBER 31, 2025

	<u>Governmental Activities</u>	
ASSETS		
Cash	\$	2,955,470
Certificates of deposit		397,258
Property taxes receivable		1,025,139
Capital assets:		
Land	\$	325,000
Other capital assets, net of depreciation	546,753	<u>871,753</u>
Total assets		5,249,620
DEFERRED OUTFLOW OF RESOURCES		
Pensions		<u>237</u>
Total assets and deferred outflow of resources	\$	<u><u>5,249,857</u></u>
LIABILITIES		
Accrued payroll liabilities	\$	13,898
Accrued liabilities		492
Net pension liability		6,555
Accrued sick leave		7,601
Accrued vacation leave		<u>10,135</u>
Total liabilities		38,681
DEFERRED INFLOW OF RESOURCES		
Imposed tax revenue	\$	2,134,956
Pensions-experience differences	<u>6,657</u>	2,141,613
NET POSITION		
Net investment in capital assets	871,753	
Unrestricted	<u>2,197,810</u>	<u>3,069,563</u>
Total liabilities, deferred inflow of resources and net position	\$	<u><u>5,249,857</u></u>

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

LIBRARY CENTER OF THE OZARKS

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2025

Functions	Expenditures	Program Revenues		Net (Expenditures)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Governmental activities:				
Library services	\$ (286,710)	\$ 11,627	\$ 14,703	\$ (260,380)
Support services:				
Personnel	(688,601)	-	-	(688,601)
Office supplies	(17,765)	11,997	-	(5,768)
Operations and maintenance	(7,861)	-	-	(7,861)
Professional fees	(133,282)	-	-	(133,282)
Advertising	(13,943)	-	-	(13,943)
Insurance	(24,211)	-	-	(24,211)
Utilities	(29,945)	-	-	(29,945)
Education/outreach	(906)	-	-	(906)
Miscellaneous	(5,436)	-	-	(5,436)
Minor equipment/technology	(31,522)	1,933	-	(29,589)
Depreciation expense	(27,010)	-	-	(27,010)
Total Primary Government	<u>\$ (1,267,192)</u>	<u>\$ 25,557</u>	<u>\$ 14,703</u>	<u>\$ (1,226,932)</u>
General revenues:				
Taxes:				
Property taxes				2,133,730
Surtax				200
Other taxes				32,779
Interest income				40,647
State aid				29,743
Total general revenues				<u>2,237,099</u>
Change in net position				1,010,167
Net position – beginning of year				<u>2,059,396</u>
Net position – end of year				<u>\$ 3,069,563</u>

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

LIBRARY CENTER OF THE OZARKS

BALANCE SHEET - GOVERNMENTAL FUND

DECEMBER 31, 2025

	<u>General Fund</u>
ASSETS	
Cash	\$ 2,955,470
Certificates of deposit	397,258
Property taxes receivable	<u>930,879</u>
Total assets	<u>\$ 4,283,607</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES	
Liabilities:	
Accrued payroll liabilities	\$ 13,898
Accrued liabilities	<u>492</u>
Total liabilities	14,390
Deferred inflow of resources:	
Imposed tax revenue	2,134,956
Fund balances:	
Committed	\$ 397,258
Unassigned	<u>1,737,003</u>
	<u>2,134,261</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 4,283,607</u>

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

LIBRARY CENTER OF THE OZARKS

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT
OF NET POSITION

DECEMBER 31, 2025

Total fund balance for the governmental funds at December 31, 2025 \$ 2,134,261

Total net position reported for governmental activities in the statement
of net position is different because:

Capital assets used in governmental activities are not
financial resources and, therefore, are not reported in
the funds. Those assets consist of:

Land	\$ 325,000	
Buildings and improvements	487,003	
Furnishings and equipment	101,535	
	913,538	
Less accumulated depreciation	(41,785)	871,753

Revenues in the statement of activities that do not
represent current economic resources are not
reported as revenues in the funds. 94,260

Deferred outflows/inflows of resources related to pensions
are applicable to future periods, and therefore, are
not reported in the funds:

Net pension asset/liability	(6,555)	
Deferred outflow of resources related to pensions	237	
Deferred inflow of resources related to pensions	(6,657)	(12,975)

Government funds report accrued vacation and sick leave
payments as payroll expenditures when paid. However, in the
statement of activities, the cost of vacation and sick leave
earned is reported as expenditures in the period earned. (17,736)

Total net position of governmental activities at December 31, 2025 \$ 3,069,563

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

LIBRARY CENTER OF THE OZARKS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALACE -
GOVERNMENTAL FUND

YEAR ENDED DECEMBER 31, 2025

	<u>General Fund</u>
Revenues:	
Current taxes	\$ 1,970,382
Delinquent taxes	110,925
Railroad and utility tax	37,692
Surtax	200
State aid	29,743
Athlete and entertainment tax	32,779
Interest income	40,647
Fines and fees	25,557
Contributions/grants	14,703
Total revenues	<u>2,262,628</u>
Expenditures:	
Current:	
Personnel	657,890
Library services	286,710
Office supplies	17,765
Minor equipment/technology	31,522
Operations and maintenance	7,861
Professional fees	133,282
Advertising	13,943
Insurance	24,211
Utilities	29,945
Education/outreach	906
Miscellaneous	5,436
Capital outlay	28,348
Total expenditures	<u>1,237,819</u>
Net change in fund balances	1,024,809
Fund balances – beginning of year	<u>1,109,452</u>
Fund balances – end of year	<u><u>\$ 2,134,261</u></u>

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

LIBRARY CENTER OF THE OZARKS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2025

Net changes in fund balances of total governmental funds \$ 1,024,809

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:

Capital outlays	\$	28,348	
Depreciation expense		<u>(27,010)</u>	1,338

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund. 14,731

Governmental funds report pension contributions as an expenditure in the governmental funds. However, the principal payments are applied to the liability or added to the asset in the statement of net position and not included as an expenditure in the statement of activities. (12,975)

Government funds report accrued vacation and sick leave payments as payroll expenditures when paid. However, in the statement of activities, the cost of vacation and sick leave earned is reported as expenditures in the period earned. (17,736)

Change in net position of governmental activities \$ 1,010,167

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

LIBRARY CENTER OF THE OZARKS
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

1. Summary of significant accounting policies

The financial statements of the Library Center of the Ozarks (the “Library”) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units. The Governmental Accounting Standards Board is the accepted standard-setting-body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the Library are described below.

Nature of entity

The Library began operations as a publicly-funded political subdivision known as the Branson/Hollister Library Subdistrict on January 2, 2024, due to the efforts of the Taneyhills Community Library board, staff, and volunteers as well as dedicated, involved community members. The Branson/Hollister Library Subdistrict is composed of the Branson and Hollister, Missouri school districts, and the Library primarily serves the people of these school districts. The Library is governed by a five-member Board of Trustees, three members representing Branson and two member representing Hollister. Each member is appointed by the Taney County Commission to a four-year term, and members can serve two consecutive terms totaling eight years of board service.

Scope of reporting entity

The financial statements include all funds over which the Library exercises oversight responsibility. The Library uses the criteria of oversight responsibility, scope of public service, and special financing relationships to determine whether a potential component unit is included in its reporting entity.

The accompanying basic financial statements include only the operations of the Library, since management has determined that there are no other organizations that meet the criteria for inclusion in the reporting entity of the Library.

Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

1. Summary of significant accounting policies (continued)

Government-wide statements and fund financial statements

Government-wide statements:

The Statement of Net Position and the Statement of Activities present financial information about the Library's governmental activities. These statements include the financial activities of the overall government in its entirety. Eliminations have been made to minimize the double counting of internal transactions, if any. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The Library does not have any business-type activities for the year ended December 31, 2025.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Library's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund financial statements:

In order to ensure observation of limitations and restrictions placed on the use of the resources available to the Library, the accounts are maintained in accordance with the principles of fund accounting. This is a procedure by which resources are classified for accounting and reporting purposes into funds according to activities or objectives specified. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column. The following is the Library's major governmental fund:

General Fund: This fund is the general operating fund of the Library. It is used to account for all financial resources except those required to be accounted for in other funds, if any.

Measurement focus/basis of accounting

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

Measurement focus:

The governmental fund utilizes a current financial resources measurement focus. Only current financial assets and liabilities are generally included on its balance sheet. Their operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable financial resources at the end of the period.

1. Summary of significant accounting policies (continued)

Measurement focus/basis of accounting (continued)

The government-wide financial statement utilizes an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and financial position. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Government-wide fund equity is classified as net position.

Basis of accounting:

In the government-wide statement of net position and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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

When both restricted and unrestricted resources are available for use, it is the Library’s policy to use restricted resources first, then unrestricted resources as they are needed.

Compensated absences

The Library provides vacation and sick leave to eligible full-time and part-time employees. Annual hours earned for vacation and sick leave are as follows:

<u>Years Employed</u>	<u>Vacation leave (hours)</u>		<u>Sick leave (hours)</u>	
	<u>Full-Time</u>	<u>Part-Time</u>	<u>Full-Time</u>	<u>Part-Time</u>
Any	-	-	96	48
0	72	36	-	-
1-5	96	48	-	-
6-10	120	60	-	-
11-15	144	72	-	-
15+	168	84	-	-

Vacation leave is paid at the base pay rate as of the time of absence. There is no cap on the amount of vacation leave that can be accrued. However, at the end of the year, only up to 80 hours of unused vacation leave may be carried over to the next year. Excess vacation leave is forfeited

1. Summary of significant accounting policies (continued)

Compensated absences (continued)

If employment terminates, up to 160 hours of vacation leave earned through the last day of work will be paid. Accordingly, a liability of \$10,135 for accrued vacation leave earned but not taken through December 31, 2025 is included in the accompanying statement of net position and balance sheet – governmental fund.

Sick leave is paid at the base pay rate as of the time of absence. There is no cap on the amount of unused sick leave that can be carried over. However, the maximum amount of sick leave that will be paid upon termination is 160 hours. Accordingly, a liability of \$7,601 for accrued sick leave earned but not taken through December 31, 2025 is included in the accompanying statement of net position balance sheet – governmental fund.

The following illustrates the change in compensated absences during the year ended December 31, 2025:

	2024 Balance	December 31, Additions (Reductions)	2025 Balance	Amounts due within one year
Governmental activities:				
Liabilities:				
Compensated absences:				
Accrued sick leave	\$ 5,186	\$ 2,415	\$ 7,601	\$ 7,601
Accrued vacation leave	9,568	567	10,135	10,135
	<u>\$ 14,754</u>	<u>\$ 2,982</u>	<u>\$ 17,736</u>	<u>\$ 17,736</u>

Circulating collections

The circulating collections (materials including books, periodicals, audio visual, etc.) are not recognized as assets in the statement of net position. Purchases of collection items are expensed and recorded as a decrease in net position without donor restrictions in the year in which the items are acquired. Proceeds from the sale of circulating collection items would be used to acquire other collection items.

Capital assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets with a useful life of greater than one year are capitalized at historical cost or estimated cost if historical cost is not available. The Library maintains a threshold level of \$2,500 or more for capitalizing assets. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Library does not capitalize its book collection as it does not meet the capitalization policy of the Library.

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

1. Summary of significant accounting policies (continued)

Capital assets (continued)

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Building, improvements and infrastructure	40 years
Other improvements	20 years
Parking lot/road improvements	10 years
Furniture, fixtures and equipment	5-7 years

2. Deposits and investments

Missouri Statutes require that the Library have all deposits with financial institutions collateralized in an amount at least equal to uninsured deposits. As of December 31, 2025, the Library’s deposits and investments consist of demand deposits at a local financial institution.

The deposits and investments held at December 31, 2025, reported at fair value, are as follows:

<u>Type</u>	<u>Maturities</u>	<u>Carrying Value</u>
Deposits:		
Demand deposits	-	\$ 2,955,470
Certificate of deposit	12/26/2026	292,876
Certificate of deposit	12/26/2026	47,598
Certificate of deposit	12/26/2026	<u>56,784</u>
		<u>397,258</u>
		<u>\$ 3,352,728</u>
Reconciliation to Statement of Net Position:		
Current:		
Cash		\$ 2,955,470
Certificates of deposit		<u>397,258</u>
		<u>\$ 3,352,728</u>

Custodial Credit Risk – Deposits in a financial institution, reported as components of cash, had a bank balance of \$3,372,830 at December 31, 2025, that was fully insured by depository insurance or secured with collateral held by the Library’s agent in its name.

Investment Interest Rate Risk –The Library has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

2. Deposits and investments (continued)

Investment Interest Rate Risk (continued)

The Library's investment policy states that funds shall be invested only in manners permitted by local, state and federal law to the extent permitted by law and may include among others:

- United States Treasury securities
- United States Agency securities
- Collateralized Public Deposits (certificate of deposit)

3. Property tax assessment

The Library's property tax is levied each November on the assessed value listed as of the prior January 1 for all real and personal property in Taney County. Assessed values are established by the Taney County Assessor's Office. The assessed values at January 1, 2024 upon which the 2025 levy was based, and ad valorem tax revenues for the year ended December 31, 2025, are recorded as follows:

Real estate	\$ 1,016,081,018
Personal property and personal business	<u>171,728,447</u>
Total	<u>\$ 1,187,809,465</u>
Library tax levy per \$100 assessed valuation	<u>\$.1766</u>

Property taxes are due and payable on December 31st of each year and become delinquent on January 1. Interest is collected from January 1 forward.

4. Property taxes receivable

Taxes receivable consist of property taxes levied on November 1 on assessed values at January 1, 2025 and due by December 31, 2025 as well as delinquent taxes receivable from previous years. The amounts receivable for current and delinquent taxes receivable at December 31, 2025 are as follows:

Current taxes	\$ 924,537
Delinquent taxes	<u>100,603</u>
Taxes receivable	<u>\$ 1,025,139</u>

No allowance for uncollectible property taxes receivable has been made based upon prior experience with collections and immaterial impact of any adjustment.

5. Capital assets

Capital assets balances and activity for the year ended December 31, 2025 is as follows:

	December 31			
	2024 Balance	Additions	Deletions	2025 Balance
Land	\$ 325,000	\$ -	\$ -	\$ 325,000
Buildings and improvements	466,344	20,659	-	487,003
Furnishings and equipment	<u>93,845</u>	<u>7,690</u>	-	<u>101,535</u>
	885,189	28,349	-	913,538
Less accumulated depreciation	<u>(14,775)</u>	<u>(27,010)</u>	-	<u>(41,785)</u>
Net capital assets	<u>\$ 870,414</u>	<u>\$ 1,339</u>	<u>\$ -</u>	<u>\$ 871,753</u>

Depreciation expense of \$27,010 was charged to governmental activities.

6. Risk management

The Library 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. The Library has purchased commercial insurance in an amount adequate to cover all such risks of loss that may arise.

7. Friends of the Library

Friends of the Library is a 501(c)(3) non-profit organization formed financial support for the Library. The organization has a separate board of directors appointed independently from the Library's board of trustees and is not fiscally dependent on the Library. For the year ended December 31, 2025, total unaudited revenue of the Friends of the Library was \$90,166 and total unaudited net assets of the organization was \$936,647. During the year ended December 31, 2025 the Friends of the Library contributed \$12,000 to the Library.

8. Imposed tax revenue

Imposed tax revenue at December 31, 2025 consists of current taxes levied for the 2026 calendar year on November 1, 2025 on assessed valuations as of January 1, 2025 and due December 31, 2025. Imposed tax revenue in the government-wide financial statements and the fund financial statements consists of the following at December 31, 2025:

Imposed tax revenue:	
2026 taxes collected in 2025	\$ 1,210,419
Current property taxes receivable	<u>924,537</u>
	<u>\$ 2,134,956</u>

9. Defined benefit pension plan

Summary of significant accounting policies

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

General information about the pension plan

Plan description. The Library Center of the Ozarks dba Taney County Library defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The Library participates in the Missouri Local Government Employees Retirement Systems (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to

administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits provided. LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) 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 (50 for police and fire) and receive a reduced allowance.

February 28, 2025

Valuation

Benefit multiplier	1.00%
Final average salary	3 years
Member contributions	0%

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

9. Defined benefit pension plan (continued)

Employees covered by benefit terms. At February 28, 2025, the following employees were covered by the benefit terms:

Retirees and beneficiaries	0
Inactive employees, non-retired members	0
Active employees	<u>7</u>
	<u>7</u>

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer contribute 4% of their gross pay. Employer contribution rate is 3.1% of annual covered payroll.

Net Pension Asset. The employer's net pension asset was measured as of June 30, 2025, and the total pension liability used to calculate the net pension asset was determined by actuarial valuation as of February 28, 2025.

Actuarial assumptions. The total pension liability in the February 28, 2025 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	7.0%, net of investment expense

The healthy retiree mortality tables for post-retirement mortality, were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, 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. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of general groups and 75% of the PubS-2010 Employee Mortality Table for males and females of police, fire, and public safety groups.

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

The actuarial assumptions used in the February 28, 2025 valuation were based on the results of an actuarial experience study for the period March 1, 2015 through February 29, 2020.

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

9. Defined benefit pension plan (continued)

by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-term Expected Real Rate of Return</u>
Alpha	5.00%	1.76%
Equity	39.00%	3.39%
Fixed income	23.00%	3.54%
Real assets	33.00%	2.68%
Strategic assets	7.00%	2.83%
Cash/Leverage	-7.00%	-0.86%

Discount rate. The discount rate used to measure the total pension liability is 7.0%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Changes in the net pension liability (asset)

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u> <u>(a)</u>	<u>Plan Fiduciary Net Position</u> <u>(b)</u>	<u>Net Pension Liability (Asset)</u> <u>(a) – (b)</u>
Balances at June 30, 2024	\$ -	\$ -	\$ -
Changes for the year:			
Service cost	7,187	-	7,187
Interest	247	-	247
Difference between expected and actual experience	(7,434)	-	(7,434)
Contributions – employer	-	20,551	(20,551)
Net investment income	-	374	(374)
Administrative expense	-	(841)	841
Other changes	<u>26,410</u>	<u>(229)</u>	<u>(26,639)</u>
Net changes	<u>26,410</u>	<u>19,855</u>	<u>6,555</u>
Balances at June 30, 2025	<u>\$ 26,410</u>	<u>\$ 19,855</u>	<u>\$ 6,555</u>

9. Defined benefit pension plan (continued)

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension asset of the employer, calculated using the discount rate of 7.0%, as well as what the employer's net pension liability (asset) would be using a discount rate that is 1 percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate.

	<u>1% Decrease 6.0%</u>	<u>Current Single Discount Rate Assumption 7.0%</u>	<u>1% Increase 8.0%</u>
Total pension liability	\$ 34,359	\$ 26,410	\$ 20,391
Plan fiduciary net position	<u>(19,855)</u>	<u>(19,855)</u>	<u>(19,855)</u>
Net pension liability (asset)	<u>\$ 14,504</u>	<u>\$ 6,555</u>	<u>\$ 536</u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

For the year ended December 31, 2025 the employer recognized pension expense of \$39,943. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Outflows of Revenues</u>
Differences between expected and actual experience	\$ -	\$ (6,657)	\$ (6,657)
Net difference between projected and actual earnings on pension plan investments	<u>237</u>	<u>-</u>	<u>237</u>
	<u>\$ 237</u>	<u>\$ (6,657)</u>	<u>\$ (6,420)</u>

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

Year ending <u>June 30,</u>	
2026	\$ (718)
2027	(718)
2028	(718)
2029	(717)
2030	(777)
Thereafter	<u>(2,772)</u>
	<u>\$ (6,420)</u>

10. Equity classifications

In the government-wide statements, equity is classified as net position and has three potential components:

- a. Net investment in capital assets – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The Library had no equity classification that met this definition at December 31, 2025.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “invested in capital assets.”

In the fund statements, governmental fund equity is classified as fund balance.

The Library adopted GASB Statement No. 54 which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of its resources reported in governmental funds.

Governmental fund equity is displayed in five components:

- a. Nonspendable – Portion of fund balance that is not in spendable form.
- b. Restricted – Portion of fund balance that has been set aside for a specific purpose by external parties.
- c. Committed – Portion of fund balance that has been set aside for a specific purpose by a Library’s highest level of decision making authority (Board of Trustees).
- d. Assigned – Assignment of fund balances by the Board of Trustees to identify the portion of the fund balance that is intended to be used for a specific purpose. Amounts do not meet the criteria to be classified as restricted or committed.
- e. Unassigned – Portion of general fund that is available to be used for any purpose.

Fund balance at December 31, 2025 consists of the following:

Restricted

The Library had no restricted fund balance at December 31, 2025.

10. Equity classifications (continued)

Committed

The Library had committed funds at December 31, 2025 for the following:

New building	\$ 292,876
Emergency	47,598
Deferred maintenance	<u>56,784</u>
	<u>\$ 397,258</u>

Assigned

The Library had no assigned fund balance at December 31, 2025.

The Library considers assigned and unassigned amounts to be spent in that order when expenditures are incurred for which one of those amounts are available.

11. Operating lease

Effective November 2024, the Library entered into a lease for a copier which is classified as an operating lease. Monthly rental payments are \$138. This lease expires November 2029.

Total lease expense for the year ended December 31, 2025 amounted to \$1,656 and is included in the caption "office expenses" in the accompanying statements of functional expenses.

Future minimum lease payments under the remaining non-cancelable lease is as follows:

<u>Years ending</u> <u>December 31,</u>	
2026	\$ 1,656
2027	1,656
2028	1,656
2029	<u>1,518</u>
	<u>\$ 6,486</u>

REQUIRED SUPPLEMENTARY INFORMATION

LIBRARY CENTER OF THE OZARKS

STATEMENT OF REVENUES, EXPENITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL

GENERAL FUND

YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Current taxes	\$ 2,124,025	\$ 2,124,025	\$ 1,970,382	\$ (153,643)
Delinquent taxes	-	-	110,925	110,925
Railroad and utility tax	-	-	37,692	37,692
Surtax	-	-	200	200
State aid	-	-	29,743	29,743
Athlete and entertainment tax	-	-	32,779	32,779
Interest income	-	-	40,647	40,647
Fines and fees	14,520	14,520	25,557	11,037
Contributions/grants	-	-	14,703	14,703
Total revenues	<u>2,138,545</u>	<u>2,138,545</u>	<u>2,262,628</u>	<u>124,083</u>
Expenditures:				
Current:				
Personnel	789,292	789,292	657,890	131,402
Library services	309,730	309,730	286,710	23,020
Office supplies	13,000	13,000	17,765	(4,765)
Minor equipment/technology	26,500	26,500	31,522	(5,022)
Operations and maintenance	8,805	8,805	7,861	944
Professional fees	223,000	223,000	133,282	89,718
Advertising	30,000	30,000	13,943	16,057
Travel	10,000	10,000	-	10,000
Insurance	59,097	59,097	24,211	34,886
Utilities	35,000	35,000	29,945	5,055
Education/outreach	16,500	16,500	906	15,594
Miscellaneous	1,500	1,500	5,436	(3,936)
Capital outlay	-	-	28,348	(28,348)
Total expenditures	<u>1,522,424</u>	<u>1,522,424</u>	<u>1,237,819</u>	<u>284,605</u>
Net change in fund balances	616,121	616,121	1,024,809	408,688
Fund balance – beginning of year	<u>1,109,452</u>	<u>1,109,452</u>	<u>1,109,452</u>	<u>-</u>
Fund balance – end of year	<u>\$ 1,725,573</u>	<u>\$ 1,725,573</u>	<u>\$ 2,134,261</u>	<u>\$ 408,688</u>

See note to statement of revenues, expenditures and changes in fund balances – budget and actual.

LIBRARY CENTER OF THE OZARKS

NOTE TO STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2025

Budgeting

The Library follows the procedure of adopting an annual budget for all fund types at the beginning of each fiscal year. Budgets are prepared and adopted on the cash basis. Accounting principles generally accepted in the United States of America call for an accrual based budget. The Library believes that differences between the cash and accrual basis for budgeting purposes are immaterial.

LIBRARY CENTER OF THE OZARKS

DEFINED BENEFIT PENSION PLAN

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

YEAR ENDED JUNE 30, 2025

Total pension liability:	
Service cost	\$ 7,187
Interest on total pension liability	247
Changes of benefit terms	26,410
Difference between expected and actual experience of the total pension liability	(7,434)
	<hr/>
Net change in pension liability	26,410
Total pension liability – beginning	<hr/> -
Total pension liability – ending	<hr/> 26,410
Plan fiduciary net position:	
Contributions – employer	20,551
Net investment income	374
Pension plan administrative expense	(841)
Other (net transfer)	(229)
	<hr/>
Net change in plan fiduciary net position	19,855
Plan fiduciary net position – beginning	<hr/> -
Plan fiduciary net position – ending	<hr/> 19,855
Net pension liability (asset)	<hr/> <hr/> \$ 6,555

LIBRARY CENTER OF THE OZARKS

DEFINED BENEFIT PENSION PLAN

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
(CONTINUED)

YEAR ENDED JUNE 30, 2025

Plan fiduciary net position as a percentage of the total pension liability		75.18%
Covered-employee payroll	\$	357,151
Net pension liability as a percentage of covered employee payroll		1.84%

LIBRARY CENTER OF THE OZARKS

DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CONTRIBUTIONS

YEAR ENDED JUNE 30, 2025

<u>Fiscal year</u>	<u>Actuarially Determined Contribution</u>	<u>Contribution In Relation</u>	<u>Contribution Deficiency</u>	<u>Covered Employee Payroll</u>	<u>Contribution As Percentage</u>
2024	\$ 6,201	\$ 6,201	\$ -	\$ 81,589	7.60%
2025	28,973	28,973	-	381,218	7.60%

Note: The actuarial assumptions were changed in conjunction with the February 28, 2025 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

COMPLIANCE AND INTERNAL CONTROLS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees
Library Center of the Ozarks
Branson, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and the major fund of Library Center of the Ozarks as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Library Center of the Ozarks' basic financial statements, and have issued our report thereon dated June 2, 2026.

Report on Internal Control over Financial Statements

In planning and performing our audit of the financial statements, we considered Library Center of the Ozarks' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Library Center of the Ozarks' internal control. Accordingly, we do not express an opinion on the effectiveness of Library Center of the Ozarks' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described as item 2025-001 in the accompanying schedule of findings and responses that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Library Center of the Ozarks' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Library Center of the Ozarks' Response to Findings

Library Center of the Ozarks' response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Library Center of the Ozarks' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

R/M/C, CPA's

Springfield, Missouri
June 2, 2026

LIBRARY CENTER OF THE OZARKS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2025

Item 2025-1: *Segregation of Duties*

Criteria:	The most effective system of internal control would provide for segregation of duties so that no individual would be involved in multiple phases of receiving, disbursing, processing or recording of assets and transactions.
Condition:	The size of the Library is such that it is not feasible to have enough employees for adequate segregation of duties for internal control.
Context:	All accounting transactions
Effect:	The condition could adversely affect the Library's ability to record, process, summarize, and report financial data consistent with the assertion of management in the financial statements.
Cause:	Lack of funding to hire sufficient number of personnel to allow for adequate segregation of duties. Additionally, the retirement of the previous Executive Director in Q4 2024 resulted in one employee having to perform additional financial duties that would normally be segregated between the employee and the Executive Director.
Recommendation:	Any changes to the system of internal control to increase segregation of duties requires estimates and judgments by the Board and Library management of expected benefits and related costs. We recommend that the Board and Library management continue its active involvement in management of the Library and strive to improve internal controls where practical.
Management response:	The size and budget constraints of the Library limit the application of segregation of duties. These areas will be reviewed periodically and consideration given to improving the segregation of duties.