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**WARREN-NEWPORT PUBLIC LIBRARY DISTRICT  
LAKE COUNTY, ILLINOIS**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**eder, caseella & co.**

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT  
TABLE OF CONTENTS  
JUNE 30, 2019

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
REQUIRED SUPPLEMENTARY INFORMATION	
Management's Discussion and Analysis	3
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements	
Balance Sheet – Governmental Funds	10
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	11
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Notes to Financial Statements	14
REQUIRED SUPPLEMENTARY INFORMATION	
Illinois Municipal Retirement Fund – Schedule of Changes in the Employer's Net Pension Liability and Related Ratios	31
Illinois Municipal Retirement Fund – Schedule of Employer Contribution	32
Other Post-Employment Benefit – Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios	33
Other Post-Employment Benefit – Schedule of Employer Contribution	34
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	35
Notes to Required Supplementary Information	37

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT  
TABLE OF CONTENTS  
JUNE 30, 2019

SUPPLEMENTARY INFORMATION

Combining Balance Sheet – Non-Major Governmental Funds	38
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Non-Major Governmental Funds	39



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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Warren-Newport Public Library District  
Gurnee, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of

### WARREN-NEWPORT PUBLIC LIBRARY DISTRICT

as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Library'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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the

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aggregate remaining fund information of Warren-Newport Public Library District as of June 30, 2019, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information, as listed on the table of contents, 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and not a required part of the basic financial statements.

The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Eder, Casella & Co.*  
EDER, CASELLA & CO.  
Certified Public Accountants

McHenry, Illinois  
October 9, 2019

REQUIRED SUPPLEMENTARY INFORMATION

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019

As management of the Warren-Newport Public Library District (Library), we offer readers of the Library's financial statements this narrative overview and analysis of the financial activities of the Library for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information found in the notes to the financial statements.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Library exceeded its liabilities and deferred inflows of resources at June 30, 2019 by \$8,258,426 (net position).
- The Library's total net position decreased by \$68,428.
- At June 30, 2019, the Library reported combined ending fund balance of \$6,208,193, a decrease of \$174,642 in comparison with prior year.
- At June 30, 2019, the unassigned fund balance for the General Fund was \$3,032,167, or 62% of total General Fund expenditures.
- The Library's total long-term debt decreased by \$491,793 during the year ended June 30, 2019 due to payments made on existing long-term debt.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Library's basic financial statements. The Library's basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The Statement of Net Position presents information on all of the Library's assets and deferred outflows of resources, less its liabilities and deferred inflows of resources, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating when comparing year to year results.

The Statement of Activities presents information showing how the Library'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 (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements show functions of the Library that are principally supported by taxes, fees, and other revenues (governmental activities). The Library does not conduct functions intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Library include providing general governmental administrative services and library operations.

The government-wide financial statements can be found on pages 8 and 9 of this report.

**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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Library are governmental funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Library's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Library maintains eight governmental funds. Information is presented in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund for the General Fund, which is considered to be a major fund. Data from the other seven governmental funds are combined into a single, aggregated presentation. The other seven funds include Building and Maintenance, FICA, Liability, Working Cash, Special Reserves, Expendable Trust, and IMRF.

The Library adopts an annual budget and appropriation ordinance for each of the funds listed above. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the adopted budget and appropriation ordinance.

The basic governmental fund financial statements can be found on pages 10 through 13 of this report.

**Notes to the 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 14 through 30 of this report.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Library's progress in meeting its obligation to provide as fully adequate as possible library services to all of its residents.

Required supplementary information can be found on pages 31 through 37 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$8,258,426 at the close of the most recent fiscal year.

By far the largest portion of the Library's net position (58%) reflects its investment in capital assets (e.g., land, land improvements, buildings, equipment, furniture, books, videos/DVDs, and periodicals). The Library uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.



Warren-Newport Public Library District's Net Position at Year-End

	Governmental Activities	
	FY 2019	FY 2018
<b>Assets</b>		
Current and Other Assets	\$ 12,368,765	\$ 11,696,519
Capital Assets	11,205,297	11,793,218
<b>Total Assets</b>	<b>\$ 23,574,062</b>	<b>\$ 23,489,737</b>
<b>Deferred Outflows of Resources</b>		
Pension Expense	\$ 1,789,418	\$ 299,218
Employer Pension Contributions	147,340	179,880
OPEB Expense	4,545	-
<b>Total Deferred Outflows of Resources</b>	<b>\$ 1,941,303</b>	<b>\$ 479,098</b>
<b>Liabilities</b>		
Long-Term Liabilities Outstanding	\$ 10,202,644	\$ 8,964,833
Other Liabilities	140,255	148,266
<b>Total Liabilities</b>	<b>\$ 10,342,899</b>	<b>\$ 9,113,099</b>
<b>Deferred Inflows of Resources</b>		
Unavailable Revenue - Property Taxes	\$ 6,034,903	\$ 5,180,882
Pension Revenue	879,137	1,348,000
<b>Total Deferred Inflows of Resources</b>	<b>\$ 6,914,040</b>	<b>\$ 6,528,882</b>
<b>Net Position</b>		
Net Investment in Capital Assets	\$ 4,758,922	\$ 4,853,714
Restricted	1,051,577	820,546
Unrestricted	2,447,927	2,652,594
<b>Total Net Position</b>	<b>\$ 8,258,426</b>	<b>\$ 8,326,854</b>

An additional portion of the Library's net position, 13%, represents resource that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$2,447,927) may be used to meet the Library's ongoing obligations to citizens and creditors.

The Library's net position decreased by \$68,428.

**Governmental Activities** - Governmental activities decreased the Library's net position by \$68,428. Key elements of this increase are as follows:

Warren-Newport Public Library District's Change in Net Position

	Governmental Activities	
	FY 2019	FY 2018
<b>Revenues</b>		
Program Revenues		
Charges for Services	\$ 67,446	\$ 116,486
Operating Grants and Contributions	147,584	114,319
General Revenues		
Property Taxes	5,162,942	6,731,160
Other Taxes	51,841	47,920
Investment Earnings	172,279	100,420
Other	153,655	161,450
Gain/(Loss) on Sale of Fixed Assets	(2,447)	-
<b>Total Revenues</b>	<b>\$ 5,753,300</b>	<b>\$ 7,271,755</b>
<b>Expenses</b>		
General Government	\$ 2,401,866	\$ 2,270,516
Library Operations	2,193,783	2,599,420
Interest and Fees on Long-Term Debt	346,091	371,863
Unallocated Depreciation	879,988	898,940
<b>Total Expenses</b>	<b>\$ 5,821,728</b>	<b>\$ 6,140,739</b>
Change in Net Position	\$ (68,428)	\$ 1,131,016
Net Position - Beginning	8,326,854	7,966,200
Net Position Adjustment	-	(770,362)
<b>Net Position - Ending</b>	<b>\$ 8,258,426</b>	<b>\$ 8,326,854</b>

The Library's total revenues decreased \$1,518,455 (21%) compared to prior year. The most significant factor of this decrease was for property taxes levied. The taxes levied for tax year 2016 (revenue in fiscal year 2018) did not include the abatement of the bond and interest levy as promised to the Library residents. To make up for this, the Library double abated the bond and interest levy for the 2017 levy (revenue in fiscal year 2019). The total reduction in property taxes for fiscal year 2019 (2017 levy) was \$1,568,218.

Overall expenses decreased \$319,011 (5%) compared to the prior year. The largest component of this decrease includes about \$155,000 of a decrease in salaries which also lead to lower employee benefits and taxes. Library Operations had the largest decrease but was offset with an overall increase in General Government expenses.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

**Governmental Funds** - The focus of the Library'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's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2019, the Library's funds reported combined ending fund balance of \$6,208,193, a decrease of \$174,642 in comparison with the prior year.

The General Fund is the chief operating fund of the Library. At June 30, 2019, total fund balance was \$3,054,946. As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 63% of total General Fund expenditures.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The budget was not amended during the year ended June 30, 2019; therefore, the amounts shown as original and final budget are the same.

- The difference between the budget and actual revenues was \$5,901 (unfavorable) due mainly to less than expected developer donations.
- The difference between the budget and actual expenditures was \$352,513 (favorable) due to less than anticipated salaries and employer paid benefits.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets** - The Library's investment in capital assets for its governmental activities as of June 30, 2019 amounts to \$11,205,297 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, equipment, furniture, and library books and materials. Total depreciation expense for the year was \$879,988.

Warren-Newport Public Library District's Capital Assets  
(net of depreciation)

	Governmental Activities	
	FY 2019	FY 2018
Land	\$ 304,909	\$ 304,909
Buildings	8,870,438	9,276,318
Land Improvements	26,046	28,658
Furniture and Equipment	910,085	1,050,573
Computer Hardware and Network	25,189	43,657
Bookmobile	-	11,377
Library Books and Other Materials	1,068,630	1,077,726
Total	<u>\$ 11,205,297</u>	<u>\$ 11,793,218</u>

Additional information on the Library's capital assets can be found in note 4 on pages 19 and 20 of this report.

**Long-Term Debt** - At June 30, 2019, the Library had \$6,431,793 in long-term debt.

Warren-Newport Public Library District's Outstanding Debt

	Governmental Activities	
	FY 2019	FY 2018
General Obligation Bonds	\$ 6,415,000	\$ 6,890,000
Equipment Debt	16,793	33,586
Total	<u>\$ 6,431,793</u>	<u>\$ 6,923,586</u>

Principal payments on all outstanding debt were \$491,793 for the current fiscal year.

Additional information on the Library's long-term debt can be found in note 5 on pages 20 and 21 of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The budget for fiscal year 2020 includes items for capital expenditures such as building maintenance and repurposing, furniture replacement, landscaping, HVAC, security monitoring, computer equipment upgrades, and parking lot resurfacing.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Warren-Newport Public Library's 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 financial information should be addressed to Ryan Livergood, Executive Director, at Warren-Newport Public Library District, 224 North O'Plaine Road, Gurnee, IL 60031.

## BASIC FINANCIAL STATEMENTS

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT  
GOVERNMENT-WIDE FINANCIAL STATEMENTS  
STATEMENT OF NET POSITION  
JUNE 30, 2019

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 7,333,125
Investments	1,948,300
Property Taxes Receivable, net of allowance of \$0	3,004,419
Other Receivables, net of allowance of \$0	12,560
Prepaid Expenses	41,004
Restricted Cash	29,357
Capital Assets:	
Land	304,909
Depreciable Buildings, Improvements, Property, Equipment, Furniture, Books, Videos/DVDs and Periodicals, net of depreciation	10,900,388
<b>TOTAL ASSETS</b>	<b>\$ 23,574,062</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Pension Expense	\$ 1,789,418
Deferred Employer Pension Contributions	147,340
Deferred OPEB Expense	4,545
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 1,941,303</b>
<b>LIABILITIES</b>	
Accounts Payable and Accrued Expenses	\$ 125,669
Accrued Interest	14,586
Non-Current Liabilities:	
Due Within One Year	508,129
Due In More Than One Year	9,694,515
<b>TOTAL LIABILITIES</b>	<b>\$ 10,342,899</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable Revenue - Property Taxes	\$ 6,034,903
Deferred Pension Revenue	879,137
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 6,914,040</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	\$ 4,758,922
Restricted for:	
Building and Maintenance	306,042
FICA	199,391
Liability	161,747
Pension	384,397
Unrestricted/(Deficit)	2,447,927
<b>TOTAL NET POSITION</b>	<b>\$ 8,258,426</b>

The Notes to Financial Statements are an integral part of this statement.

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT  
GOVERNMENT-WIDE FINANCIAL STATEMENTS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2019

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges For Services	Operating Grants and Contributions	Governmental Activities
Functions/Programs				
Governmental Activities				
General Government	\$ 2,401,866	\$ 67,446	\$ 147,584	\$ (2,186,836)
Library Operations	2,193,783	-	-	(2,193,783)
Interest and Fees on Long-Term Debt	346,091	-	-	(346,091)
Unallocated Depreciation	879,988	-	-	(879,988)
	\$ 5,821,728	\$ 67,446	\$ 147,584	\$ (5,606,698)
General Revenues				
Taxes				
Property Taxes				\$ 5,162,942
Personal Property Replacement Tax				51,841
Unrestricted Investment Earnings				172,279
Other Income				153,655
Gain/(Loss) on Sale of Fixed Assets				(2,447)
Total General Revenues				\$ 5,538,270
Change in Net Position				\$ (68,428)
Net Position - July 1, 2018				8,326,854
Net Position - June 30, 2019				\$ 8,258,426

The Notes to Financial Statements are an integral part of this statement.

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT  
 FUND FINANCIAL STATEMENTS  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 JUNE 30, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,773,566	\$ 3,559,559	\$ 7,333,125
Investments	1,948,300	-	1,948,300
Property Taxes Receivable, Net of Allowance of \$0	2,575,575	428,844	3,004,419
Other Receivable, Net of Allowance of \$0	12,560	-	12,560
Prepaid Items	22,779	18,225	41,004
Restricted Cash	-	29,357	29,357
<b>TOTAL ASSETS</b>	<b>\$ 8,332,780</b>	<b>\$ 4,035,985</b>	<b>\$ 12,368,765</b>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Expenses	\$ 104,338	\$ 21,331	\$ 125,669
<b>TOTAL LIABILITIES</b>	<b>\$ 104,338</b>	<b>\$ 21,331</b>	<b>\$ 125,669</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Property Taxes	\$ 5,173,496	\$ 861,407	\$ 6,034,903
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 5,173,496</b>	<b>\$ 861,407</b>	<b>\$ 6,034,903</b>
<b>FUND BALANCES</b>			
Nonspendable			
Prepaid Items	\$ 22,779	\$ 18,225	\$ 41,004
Endowment	-	29,357	29,357
Restricted for:			
Building and Maintenance	-	306,042	306,042
FICA	-	199,391	199,391
Liability	-	161,747	161,747
Pension	-	384,397	384,397
Committed for:			
Special Reserves	-	566,279	566,279
Assigned for:			
Building and Maintenance	-	3,710	3,710
FICA	-	7,946	7,946
Working Cash	-	272,728	272,728
Special Reserves	-	1,000,000	1,000,000
Expendable Trust	-	186,536	186,536
Pension	-	16,889	16,889
Unassigned	3,032,167	-	3,032,167
<b>TOTAL FUND BALANCES</b>	<b>\$ 3,054,946</b>	<b>\$ 3,153,247</b>	<b>\$ 6,208,193</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 8,332,780</b>	<b>\$ 4,035,985</b>	<b>\$ 12,368,765</b>

The Notes to Financial Statements are an integral part of this statement.

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT  
 FUND FINANCIAL STATEMENTS  
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION  
 JUNE 30, 2019

Fund Balances - Total Governmental Funds \$ 6,208,193

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital Assets	\$ 19,992,466	
Less: Accumulated Depreciation	<u>(8,787,169)</u>	
		11,205,297

Deferred pension costs/revenues in governmental activities are not financial resources and therefore are not reported in the funds.

Deferred Pension Costs/Revenues	\$ 910,281	
Deferred Employer Contributions to Pension	147,340	
Deferred OPEB Costs	<u>4,545</u>	
		1,062,166

Some liabilities are not due and payable in the current period and therefore are not reported in the funds.

Bonds Payable	\$ (6,415,000)	
Loan Payable	(16,793)	
Premium on Bonds	(34,232)	
Accrued Interest	(14,586)	
Deferred Interest - Defeased Bond	19,650	
Compensated Absences	(152,563)	
Net Pension Liability - IMRF	(3,364,453)	
Net OPEB Liability	<u>(239,253)</u>	
		<u>(10,217,230)</u>

Net Position of Governmental Activities \$ 8,258,426

The Notes to Financial Statements are an integral part of this statement.



WARREN-NEWPORT PUBLIC LIBRARY DISTRICT  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES - GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Property Taxes	\$ 3,997,464	\$ 1,165,478	\$ 5,162,942
Personal Property Replacement Tax	48,731	3,110	51,841
Interest	98,818	73,461	172,279
Grants	83,363	-	83,363
BAB Subsidy	119,862	-	119,862
Fines and Fees	67,446	-	67,446
Gifts	50,945	-	50,945
Other Income	17,709	29,360	47,069
	<u>\$ 4,484,338</u>	<u>\$ 1,271,409</u>	<u>\$ 5,755,747</u>
<b>EXPENDITURES</b>			
Current			
General Government	\$ 1,314,728	\$ 927,628	\$ 2,242,356
Library Operations	2,468,558	-	2,468,558
Capital Outlay	266,201	113,176	379,377
Debt Service			
Principal	475,000	-	475,000
Interest and Fees	365,098	-	365,098
	<u>\$ 4,889,585</u>	<u>\$ 1,040,804</u>	<u>\$ 5,930,389</u>
<b>EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (405,247)</b>	<b>\$ 230,605</b>	<b>\$ (174,642)</b>
<b>OTHER FINANCING SOURCES/(USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (405,247)</b>	<b>\$ 230,605</b>	<b>\$ (174,642)</b>
<b>FUND BALANCES - JULY 1, 2018</b>	<b>3,460,193</b>	<b>2,922,642</b>	<b>6,382,835</b>
<b>FUND BALANCES - JUNE 30, 2019</b>	<b><u>\$ 3,054,946</u></b>	<b><u>\$ 3,153,247</u></b>	<b><u>\$ 6,208,193</u></b>

The Notes to Financial Statements are an integral part of this statement.

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT  
 FUND FINANCIAL STATEMENTS  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2019

Net Change in Fund Balances - Total Governmental Funds \$ (174,642)

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 these assets is depreciated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.

Capital Outlays	\$ 294,514	
Depreciation Expense	<u>(879,988)</u>	(585,474)

In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in Net Position differs from the change in fund balance by the undepreciated balance of the capital assets sold.

Gain/(Loss) on Sale of Capital Assets		(2,447)
---------------------------------------	--	---------

Some expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Amortization of Bond Premiums/Accrued Interest	\$ 2,214	
Pension Expense - IMRF	(132,920)	
OPEB Expense	(15,980)	
Compensated Absences	<u>(8,415)</u>	(155,101)

Employer Pension and OPEB Contributions are expensed in the fund financial statements but treated as a reduction in the Net Pension Liability on the government-wide financial statements.		357,443
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Repayment of long-term debt requires the use of current financial resources of governmental funds and is therefore shown as an expenditure in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but the repayment reduces long-term liabilities in the Statement of Net Position and is therefore not reported in the Statement of Activities.

Repayment of Long-Term Debt		<u>491,793</u>
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Change in Net Position of Governmental Activities		<u><u>\$ (68,428)</u></u>
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The Notes to Financial Statements are an integral part of this statement.

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Warren-Newport Public Library District (Library) is a public library organized under Chapter 75 of the Illinois Compiled Statutes. It operates under the direction of a Board of Trustees and provides library facilities in Warren and Newport Townships.

The Library's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting financial reporting principles. The most significant accounting principles established in GAAP and used by the Library are discussed below.

*A. Reporting Entity*

The accompanying financial statements comply with the provisions of GASB statements, in that the financial statements include all organizations, activities, and functions that comprise the Library. Component units are legally separate entities for which the Library (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the Library's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the Library. Using these criteria, the Library has no component units. In addition, the Library is not included as a component unit in any other governmental reporting entity as defined by GASB pronouncements.

*B. Basic Financial Statements – Government-Wide Financial Statements*

The Library's basic financial statements include both government-wide (reporting the Library as a whole) and fund (reporting the Library's major funds) financial statements. Both the government-wide and fund financial statements categorize all of the primary activities of the Library as governmental activities. The Library does not have any business-type activities.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The Library first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Library's functions. The functions are also supported by general government revenues (property taxes, personal property replacement taxes, unrestricted investment earnings, other income, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating grants. Program revenues must be directly associated with the function (general government and library operations). Program revenues include charges to customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided by a given function or segment. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Operating grants include operating-specific grants and discretionary (either operating or capital) grants.

## NOTES TO FINANCIAL STATEMENTS (Continued)

The net costs (by function) are normally covered by general revenues (property taxes, personal property replacement taxes, grants and contributions not restricted to specific activities, unrestricted investment earnings, etc.). The Library does not allocate indirect costs.

The government-wide focus is more on the sustainability of the Library as an entity and the change in the Library's net position resulting from the current year's activities.

### *C. Basic Financial Statements – Fund Financial Statements*

The financial transactions of the Library are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds. GASB Statement No. 34 sets forth the minimum criteria (percentage of assets, liabilities, revenues and expenditures of all governmental funds) for the determination of major funds.

The following fund type is used by the Library:

#### *Governmental Funds*

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Library:

General Fund – The General 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 another fund.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The special revenue funds of the Library are: Building and Maintenance, FICA, IMRF, Liability, Working Cash, and Expendable Trusts.

Capital Projects Fund – This fund is used to account for the acquisition or construction of general capital assets. The capital projects fund is the Special Reserve Fund.

### *D. Basis of Accounting*

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

#### 1. Accrual

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Property taxes are reported in the period for which levied. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 2. Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation leave, which is recognized when due and payable.

#### E. *Cash and Cash Equivalents and Investments*

Separate bank accounts are not maintained for all Library funds. Instead, the funds maintain their balances in common bank accounts, with accounting records being maintained to show the portion of the common bank account balances attributable to each participating fund.

Occasionally certain of the funds participating in the common bank account will incur overdrafts (deficits) in the account. Such overdrafts in effect constitute cash borrowed from other Library funds and are, therefore, interfund loans which have not been authorized by Board action. No Library fund had a cash overdraft at June 30, 2019.

The Library has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents are accounted for at cost, which approximates market.

Investments are stated at fair value. Fair value is determined by quoted market prices. Gains or losses on the sale of investments are recognized as they are incurred.

#### F. *Receivables*

All receivables are reported net of estimated uncollectible amounts.

#### G. *Prepaid Items*

Prepaid expenses are for payments made by the Library in the current year for goods and services received in the subsequent fiscal year.

#### H. *Inventories*

No inventory accounts are maintained to reflect the values of resale or supply items on hand. Instead, the costs of such items are charged to expense when purchased. The value of the Library's inventories is not deemed to be material.

#### I. *Capital Assets*

Capital assets purchased or acquired with an original cost of \$10,000 or more except for Building which is \$50,000 or more and library materials are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized.

Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

## NOTES TO FINANCIAL STATEMENTS (Continued)

Buildings	15-40 years
Land Improvements	15-20 years
Furniture and Equipment	10-20 years
Computer Software (intangibles)	3 years
Computer Hardware & Network	3-5 years
Bookmobile	10 years
Library Books and Other Materials	5-8 years

### J. *Deferred Outflows and Inflows of Resources*

In addition to assets and liabilities, the Balance Sheet and Statement of Net Position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and therefore will not be recognized as an outflow of resource until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resource until that time.

### K. *Compensated Absences*

The Library accrues accumulated unpaid vacation leave when earned by the employee. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is reported only as a general long-term obligation in the government-wide Statement of Net Position and represents a reconciling item between the fund and government-wide presentations.

### L. *Interfund Transactions*

Interfund transfers are reported as operating transfers.

### M. *Long-Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

### N. *Government-Wide Net Position*

Government-wide net position is divided into three components:

1. Net Investment in Capital Assets – consists of capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position – consists of net position that is restricted by the Library's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
3. Unrestricted Net Position – all other net position is reported in this category.

### O. *Governmental Fund Balances*

Governmental fund balances are divided between nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

The spendable fund balances are arranged in a hierarchy based on spending constraints.

## NOTES TO FINANCIAL STATEMENTS (Continued)

1. Restricted – Restricted fund balances are restricted when constraints are placed on the use by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.
2. Committed – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints of the Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of action (e.g. legislation, resolution, ordinance). Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
3. Assigned – Assigned fund balances are amounts that are constrained by the Library's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by an appointed body (e.g. a budget or finance committee) or official to which the Board of Trustees has delegated the authority to assign, modify or rescind amounts to be used for specific purposes. The Library has not delegated this authority to an appointed body or official.

Assigned fund balances also include (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects or debt service fund are assigned for purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the Library itself. All assigned fund balances are the residual amounts of the fund.

4. Unassigned – Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance in the General Fund also includes amounts levied and/or borrowed for working cash.

The Library permits funds to be expended in the following order: Restricted, Committed, Assigned, and Unassigned.

### *P. Property Tax Calendar and Revenues*

The Library's property tax is levied each calendar year on all taxable real property located in the Library's district on or before the last Tuesday in December. The 2018 levy was passed by the Board on November 20, 2018. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year they are for and are payable in two installments early in June and early in September of the following calendar year. The Library receives significant distributions of tax receipts approximately one month after these dates.

### *Q. Estimates*

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

## **NOTE 2 - DEPOSITS AND INVESTMENTS**

Deposits with financial institutions are fully insured or collateralized by securities held in the Library's name.

NOTES TO FINANCIAL STATEMENTS (Continued)

The Library is allowed to invest in securities as authorized by the Illinois Compiled Statutes, Chapter 30, Sections 235/2 and 235/6.

As of June 30, 2019, the Library had the following investments and maturities:

Investment	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	5-10	More than 10
State Investment Pools	\$ 7,120,586	\$ 7,120,586	\$ -	\$ -	\$ -

The fair value of investments in the State Investment Pool is the same as the value of pool shares. The State Investment Pool is not SEC-registered but do have regulatory oversight through the State of Illinois.

*Interest Rate Risk.* The Library’s investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* State law limits investments based on credit risk. The Library’s investment policy further limits its investment choices to ensure that capital loss, whether from credit or market risk, is avoided. As of June 30, 2019, the Library’s investments were rated as follows:

Investment	Credit Rating	Rating Source
State Investment Pool	AAAm	Standard's and Poor's

**NOTE 3 - FAIR VALUE MEASUREMENT**

The Library categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Library has the following recurring fair value measurements as of June 30, 2019:

Investments by fair value level	6/30/2019	Fair Value Measurements Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Certificate of Deposit	\$ 1,948,300	\$ -	\$ 1,967,284
Total Investments by fair value level	\$ 1,948,300	\$ -	\$ 1,967,284

All investments are priced using evaluated pricing.

**NOTE 4 - CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2019 was as follows:



NOTES TO FINANCIAL STATEMENTS (Continued)

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
<b>Governmental Activities:</b>				
Capital Assets not being depreciated:				
Land	\$ 304,909	\$ -	\$ -	\$ 304,909
Total Capital Assets not being depreciated	\$ 304,909	\$ -	\$ -	\$ 304,909
Other Capital Assets				
Buildings	\$ 13,520,470	\$ -	\$ -	\$ 13,520,470
Land Improvements	169,652	-	-	169,652
Furniture and Equipment	2,169,978	-	29,426	2,140,552
Computer Software (intangibles)	9,555	-	-	9,555
Computer Hardware and Network	175,026	-	2,834	172,192
Bookmobile	227,540	-	-	227,540
Library Books and Other Materials	3,516,573	294,514	363,491	3,447,596
Total Other Capital Assets at Historical Cost	\$ 19,788,794	\$ 294,514	\$ 395,751	\$ 19,687,557
Less Accumulated Depreciation for:				
Buildings	\$ 4,244,152	\$ 405,880	\$ -	\$ 4,650,032
Land Improvements	140,994	2,612	-	143,606
Furniture and Equipment	1,119,405	138,041	26,979	1,230,467
Computer Software (intangibles)	9,555	-	-	9,555
Computer Hardware and Network	131,369	18,468	2,834	147,003
Bookmobile	216,163	11,377	-	227,540
Library Books and Other Materials	2,438,847	303,610	363,491	2,378,966
Total Accumulated Depreciation	\$ 8,300,485	\$ 879,988	\$ 393,304	\$ 8,787,169
Other Capital Assets, Net	\$ 11,488,309	\$ (585,474)	\$ 2,447	\$ 10,900,388
Governmental Activities Capital Assets, Net	\$ 11,793,218	\$ (585,474)	\$ 2,447	\$ 11,205,297

Depreciation expense charged to unallocated expenses was \$879,988 for the year ended June 30, 2019.

**NOTE 5 - LONG-TERM LIABILITY ACTIVITY**

Long-term liability activity for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Long-Term Debt					
General Obligation Bonds	\$ 6,890,000	\$ -	\$ 475,000	\$ 6,415,000	\$ 490,000
Equipment Debt	33,586	-	16,793	16,793	16,793
Total Long-Term Debt	\$ 6,923,586	\$ -	\$ 491,793	\$ 6,431,793	\$ 506,793
Other Long-Term Liabilities					
Unamortized Bond Premium	\$ 37,368	\$ -	\$ 3,136	\$ 34,232	\$ 3,136
Deferred Interest - Defeased Bonds	(21,450)	1,800	-	(19,650)	(1,800)
Compensated Absences	144,148	8,415	-	152,563	-
Net Pension Liability - IMRF	1,618,892	1,745,561	-	3,364,453	-
Net OPEB Liability	262,289	-	23,036	239,253	-
Total Other Long-Term Liabilities	\$ 2,041,247	\$ 1,755,776	\$ 26,172	\$ 3,770,851	\$ 1,336
Governmental Activities					
Long-Term Liabilities	\$ 8,964,833	\$ 1,755,776	\$ 517,965	\$ 10,202,644	\$ 508,129

Bonds and notes payable consisted of the following at June 30, 2019:

	Maturity Date	Interest Rate	Face Amount	Carrying Amount
<b>Governmental Activities</b>				
General Obligation Bonds	12/31/2029	4.10% - 6.00%	\$ 7,800,000	\$ 6,415,000
Equipment Debt	1/1/2020	0.00%	83,965	16,793

At June 30, 2019, the annual debt service requirements to cover all outstanding debt attributable to governmental activities are:

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ending June 30	Principal	Interest	Total
2020	\$ 506,793	\$ 342,772	\$ 849,565
2021	505,000	318,510	823,510
2022	520,000	292,495	812,495
2023	540,000	264,795	804,795
2024	555,000	235,777	790,777
2025-2029	3,110,000	676,735	3,786,735
2030	695,000	20,850	715,850
	<u>\$ 6,431,793</u>	<u>\$ 2,151,934</u>	<u>\$ 8,583,727</u>

**NOTE 6 - INTERFUND LOANS**

There are no interfund loans at June 30, 2019.

**NOTE 7 - DEFICIT FUND BALANCE**

At June 30, 2019, no Library fund had a deficit fund balance.

**NOTE 8 - PROPERTY TAXES**

Property taxes receivable and unavailable revenue recorded in these financial statements are from the 2018 tax levy. The unavailable revenue is 100% of the 2018 tax levy. These taxes are unavailable as only a portion of the taxes (approximately 50%) are collected before the end of the fiscal year and the Library does not consider the amounts to be available and does not budget for their use in fiscal year 2019. The Library has determined that 100% of the amount collected for the 2017 levy is allocable for use in fiscal year 2019. Therefore, 100% of the amount collected for the 2017 levy (\$5,162,942) is recorded in these financial statements as property taxes revenue. A summary of assessed valuations and extensions for tax years 2018, 2017 and 2016 is as follows:

Tax Year	2018		2017		2016	
	Rate	Extension	Rate	Extension	Rate	Extension
Assessed Valuation	\$1,942,469,621		\$1,894,310,285		\$1,825,750,443	
General	0.266336	\$ 5,173,496	0.211758	\$ 4,011,354	0.266751	\$ 4,870,208
Building	0.019306	375,013	0.019137	362,514	0.018660	340,685
Bond and Interest	-	-	-	-	0.047279	863,197
IMRF	0.010594	205,785	0.021116	400,003	0.017409	317,845
Social Security	0.009621	186,885	0.013198	250,011	0.012693	231,742
Insurance	0.004825	93,724	0.008288	157,000	0.006600	120,499
	<u>0.310682</u>	<u>\$ 6,034,903</u>	<u>0.273497</u>	<u>\$ 5,180,882</u>	<u>0.369392</u>	<u>\$ 6,744,176</u>

**NOTE 9 - EXCESS OF EXPENDITURES OVER BUDGET**

For the year ended June 30, 2019 no Library fund had expenditures that exceeded budget.

**NOTE 10 - OPERATING LEASES**

The Library copiers, printers, radio frequency identification system, and software. Total lease expense for fiscal year 2019 was \$160,323.

Annual requirements to cover outstanding lease agreements at June 30, 2019 are:

## NOTES TO FINANCIAL STATEMENTS (Continued)

<u>Year Ending June 30</u>	<u>Amount</u>
2020	\$ 177,920
2021	137,024
2022	27,960
2023	27,960
2024	25,630
	<u>\$ 396,494</u>

### NOTE 11 - RETIREMENT FUND COMMITMENTS

#### A. *Illinois Municipal Retirement Fund*

##### Plan Description

The Library'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 Library's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. 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 Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

##### Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011 are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last ten years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011 are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last ten years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### Employees Covered by Benefit Terms

All appointed employees of a participating employer who are employed in a position normally requiring 600 hours (1,000 hours for certain employees hired after 1981) or more of work in a year are required to participate. As of December 31, 2018, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	51
Inactive plan members entitled to but not yet receiving benefits	33
Active plan members	<u>50</u>
Total	<u><u>134</u></u>

### Contributions

As set by statute, the Library's Regular Plan Members are required to contribute 4.5% 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 Library's annual contribution rate for calendar year 2018 was 13.94%. For the fiscal year ended June 30, 2019, the Library contributed \$313,915 to the plan. The Library 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

### Net Pension Liability

The components of the net pension liability of the IMRF actuarial valuation performed as of December 31, 2018, and a measurement date as of December 31, 2018, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability	\$	13,578,151
IMRF Fiduciary Net Position		10,213,698
Library's Net Pension Liability		3,364,453
IMRF Fiduciary Net Position as a Percentage of the Total Pension Liability		75.22%

See the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios in the Required Supplementary Information following the notes to the financial statements for additional information related to the funded status of the plan.

### Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2018 using the following actuarial methods and assumptions:

Assumptions	
Inflation	2.50%
Salary Increases	3.39% - 14.25% including inflation
Interest Rate	7.25%
Asset Valuation Method	Market Value of Assets
Projected Retirement Age	Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.

## NOTES TO FINANCIAL STATEMENTS (Continued)

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 table 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.

### Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2018:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Projected Return</u>
Equities	37.0%	7.15%
International Equities	18.0%	7.25%
Fixed Income	28.0%	3.75%
Real Estate	9.0%	6.25%
Alternatives	7.0%	
Private Equity		8.50%
Hedge Funds		5.50%
Commodities		3.20%
Cash	1.0%	2.50%
	<u>100.0%</u>	

### Single Discount Rate

The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate 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. The 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 discount rate, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 3.71%; and resulting single discount rate is 7.25%.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2017	\$ 12,191,940	\$ 10,573,048	\$ 1,618,892
Changes for the year:			
Service Cost	\$ 266,892	\$ -	\$ 266,892
Interest on the Total Pension Liability	902,860	-	902,860
Differences Between Expected and Actual Experience of the Total Pension Liability	425,512	-	425,512
Changes of Assumptions	365,461	-	365,461
Contributions - Employer	-	346,422	(346,422)
Contributions - Employee	-	111,589	(111,589)
Net Investment Income	-	(553,158)	553,158
Benefit Payments, Including Refunds of Employee Contributions	(574,514)	(574,514)	-
Other (Net Transfer)	-	310,311	(310,311)
Net Changes	\$ 1,386,211	\$ (359,350)	\$ 1,745,561
Balances at December 31, 2018	\$ 13,578,151	\$ 10,213,698	\$ 3,364,453

### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a single Discount Rate that is 1% lower or 1% higher than the current rate:

	1% Lower 6.25%	Current Discount Rate 7.25%	1% Higher 8.25%
Net Pension Liability	\$ 5,009,289	\$ 3,364,453	\$ 1,994,357

### Pension Expense/(Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the Library recognized pension expense of \$132,920. At June 30, 2019, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows of Resources
<b>Expense in Future Periods</b>			
Differences between expected and actual experience	\$ 305,253	\$ (155,269)	\$ 149,984
Assumption changes	262,174	(186,975)	75,199
Net difference between projected and actual earnings on pension investments	1,221,991	(536,893)	685,098
Total deferred amounts to be recognized in pension expense in future periods	\$ 1,789,418	\$ (879,137)	\$ 910,281
Pension contributions made subsequent to the measurement date	147,340	-	147,340
Total deferred amounts related to pensions	\$ 1,936,758	\$ (879,137)	\$ 1,057,621

The deferred outflows of resources related to pensions resulting from the Library's contributions in fiscal year 2019 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ending December 31	Net Deferred Outflows of Resources
2019	\$ 181,749
2020	245,801
2021	212,051
2022	270,680
	<u>\$ 910,281</u>

**B. Social Security**

Employees not qualifying for coverage under the Illinois Municipal Retirement Fund are considered “non-participating employees.” These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security. The Library paid the total required contribution for the current fiscal year.

**NOTE 12 - POST-EMPLOYMENT BENEFIT COMMITMENTS – RETIREE INSURANCE PLAN**

Plan Overview

In addition to the retirement plan described in Note 11, the Library provides post-employment benefits other than pensions (“OPEB”) to employees who meet certain criteria. The Plan, a single-employer defined benefit plan, provides the following coverage:

Full-Time Employees

Pre-65 Coverage:

- Retirees may remain on the Libraries insurance in retirement, but they pay the full cost of coverage.
- Eligible Spouse/Dependent coverage may continue should the retiree coverage terminate under COBRA provisions when an applicable qualifying event occurs, but they pay the full cost of coverage.

Post-65 Coverage:

- Retirees are not permitted to remain on Libraries insurance.

The Plan does not issue a stand-alone financial report.

Eligibility

Employees of the Library are eligible for retiree health benefits as listed below:

Full-Time Employees - IMRF

Tier I IMRF Full-Time Employees

- Age 55 with at least 8 years of service (Reduced Pension)
- Age 55 with at least 30 years of service (Reduced Pension)
- Age 55 with at least 35 years of service (Full Pension)
- Age 60 with at least 8 years of service (Full Pension)

Tier II IMRF Full-Time Employees

- Age 62 with at least 10 years of service (Reduced Pension)
- Age 62 with at least 30 years of service (Reduced Pension)
- Age 62 with at least 35 years of service (Full Pension)
- Age 67 with at least 10 years of service (Full Pension)

Membership in the plan consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

Total Active Employees	38
Retired plan members	<u>2</u>
Total	<u>40</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

Contribution

The required contribution is based on projected pay-as-you-go financing requirements. Employees are not required to contribute to the plan.

Total OPEB Liability

The Library's total OPEB liability was measured as of June 30, 2019, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Method  
Discount rate  
Salary Rate Increase  
Expected long-term investment rate of return  
Health Care Trend

Entry Age Normal  
3.50%  
2.50%  
N/A

Fiscal Year Trends

Period	PPO		HMO	
	Pre-65	Post-65	Pre-65	Post-65
FY18-FY19	7.40%	N/A	6.69%	N/A
FY19-FY20	7.10%	N/A	6.48%	N/A
FY20-FY21	6.80%	N/A	6.27%	N/A
FY21-FY22	6.50%	N/A	6.06%	N/A
FY22-FY23	6.20%	N/A	5.84%	N/A
FY23-FY24	5.90%	N/A	5.63%	N/A
FY24-FY25	5.60%	N/A	5.42%	N/A
FY25-FY26	5.30%	N/A	5.21%	N/A
FY26-FY27	5.00%	N/A	5.00%	N/A
Ultimate	5.00%	N/A	5.00%	N/A

Retiree Contribution Trend  
Mortality

Same as Health Care Trend

Follows the Sex Distinct Raw Rate as developed in the RP-2014 Study, with Blue Collar Adjustment. These rates are improved generationally using MP-16 Improvement Rates.

Average Retirement Age

IMRF Tier 1: Age 60  
IMRF Tier 2: Age 62

Starting Per Capita Costs

	Under Age 65		Age 65 & Over	
	Retiree	Spouse	Retiree	Spouse
PPO Plan	\$ 16,118	\$ 22,588	N/A	N/A
HMO Plan	15,359	21,582	N/A	N/A
Blended Premium Rates	Retiree	Spouse	Retiree	Spouse
	PPO Plan	\$ 9,628	\$ 13,493	N/A
HMO Plan	9,175	12,892	N/A	N/A

Election at Retirement

30% of active employees are assumed to elect coverage at retirement

If an employee has waived active medical coverage, it is assumed they will elect coverage in the retiree medical plan at 1/3 the rate of active employees currently with coverage.

Marital Status

50% of active employees are assumed to be married and elect spousal coverage upon retirement. Males are assumed to be three years older than females.

Retiree Lapse Rate

100% at age 65

There is no long-term expected rate of return on OPEB plan investments because the Library does not have a trust dedicated exclusively to the payment of OPEB benefits.



NOTES TO FINANCIAL STATEMENTS (Continued)

Discount Rate

The Library does not have a dedicated trust to pay retiree healthcare benefits. Per GASB 75, the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

A rate of 3.50% is used, which is The Bond Buyer GO Index as of June 28, 2019.

Changes in the Total OPEB Liability

	Total OPEB Liability (A)	OPEB Plan Net Position (B)	Net OPEB Liability (A)-(B)
Balances at June 30, 2018	\$ 262,289	\$ -	\$ 262,289
Changes for the year:			
Service Cost	\$ 6,266	\$ -	\$ 6,266
Interest on the Total OPEB Liability	9,306	-	9,306
Changes of Assumptions	4,953	-	4,953
Contributions - Employer	-	43,561	(43,561)
Benefit Payments	(43,561)	(43,561)	-
Net Changes	\$ (23,036)	\$ -	\$ (23,036)
Balances at June 30, 2019	\$ 239,253	\$ -	\$ 239,253

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Library, as well as what the Library's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current discount rate:

Plan's Total OPEB Liability/(Asset)		
1% Decrease 2.50%	Valuation Rate 3.50%	1% Increase 4.50%
\$ 254,299	\$ 239,253	\$ 226,245

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the total OPEB liability of the Library, as well as what the Library's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

Plan's Total OPEB Liability/(Asset)		
1% Decrease	Healthcare Cost Valuation Rate (Varies)	1% Increase
\$ 219,800	\$ 239,253	\$ 261,468

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019, the Library recognized OPEB expense of \$15,980. At June 30, 2019, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTES TO FINANCIAL STATEMENTS (Continued)

<b>Expense in Future Periods</b>	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows of Resources
Changes of Assumptions	\$ 4,545	\$ -	\$ 4,545
Total deferred amounts related to OPEB	<u>\$ 4,545</u>	<u>\$ -</u>	<u>\$ 4,545</u>

Changes in total OPEB liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in OPEB expense over the expected remaining service life of all employees (active and retired) in the postretirement plan.

Amounts reported as deferred outflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Year Ending June 30	Net Deferred Outflows of Resources
2020	\$ 408
2021	408
2022	408
2023	408
2024	408
Thereafter	2,505
	<u>\$ 4,545</u>

**NOTE 13 - 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 purchases commercial insurance to handle these risks of loss. During fiscal year 2019 there was no significant reduction in insurance coverage for any category. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Library is insured under a retrospectively-rated policy for workers' compensation coverage. Whereas, the initial premium may be adjusted based on actual experience. Adjustments in premiums are recorded when paid or received. During the year ended June 30, 2019, there were no significant adjustments in premiums based on actual experience.

**NOTE 14 - DEFERRED COMPENSATION PLAN**

The Library offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Library employees at their option, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The Library does not contribute to the plan. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Investments are managed by the plan's administrator. The choice of investments is made by the participants. All amounts of compensation are held in trust until paid or made available to the employee or other beneficiary. The deferred compensation is not subject to the claims of the Library's creditors.

**NOTE 15 - LEGAL DEBT LIMITATION**

The Illinois Compiled Statutes limits the amount of governmental activities indebtedness to 2.875% of the most recent available equalized valuation (EAV) of the Library. The Library's legal debt limitation is as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

2018 EAV	\$1,942,469,621
Rate	<u>2.8750%</u>
Debt Margin	\$ 55,846,002
Current Debt	<u>6,431,793</u>
Remaining Debt Margin	<u>\$ 49,414,209</u>

**NOTE 16 - ENDOWMENT FUND**

The Endowment fund was adopted by the Board of Trustees on November 21, 2017. The purpose of the Endowment Fund of the Warren-Newport Public Library District is to provide ongoing financial support for the Library to enhance services to patrons. To increase the asset base, all earnings for at least three (3) years after the Endowment is established will be added to the asset base. Following this initial period, the annual budgeting process will include the Board of Trustee's designating a project or projects to be completely or partially funded by the earnings generated by the Endowment during the previous year. The Endowment can accept gifts and contributions in the form of cash, insurance proceeds, bonds, stocks, or real estate.

**NOTE 17 - SUBSEQUENT EVENT**

On October 8, 2019, the Library issued at par \$5,135,000 of General Obligation Refunding Bonds (Alternate Revenue Source), Series 2019 for the purpose of refunding \$5,925,000 of then-outstanding 2010 General Obligation Bonds (Alternate Revenue Source), Series 2010. The 2019 bonds bear an interest rate of 5 percent and will be repaid in yearly principal amounts, with the final payment due December 15, 2029. The refunded 2010 bonds carried an interest rate between 4.75 and 6.00 percent and also were due in yearly principal amounts, with the final payment due December 15, 2029.

REQUIRED SUPPLEMENTARY INFORMATION

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT  
ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION  
LIABILITY AND RELATED RATIOS  
JUNE 30, 2019

	6/30/2019*	6/30/2018 *	6/30/2017 *	6/30/2016 *	6/30/2015 *
<b>TOTAL PENSION LIABILITY</b>					
Service Cost	\$ 266,892	\$ 281,034	\$ 295,400	\$ 283,431	\$ 299,488
Interest on the Total Pension Liability	902,860	881,680	877,550	823,430	733,431
Differences Between Expected and Actual Experience	425,512	(3,474)	(679,911)	19,777	102,857
Changes in Assumptions	365,461	(351,571)	(84,262)	-	509,908
Benefit Payments, Including Refunds of Member Contributions	(574,514)	(461,899)	(419,870)	(390,544)	(359,988)
Net Change in Total Pension Liability	<u>\$ 1,386,211</u>	<u>\$ 345,770</u>	<u>\$ (11,093)</u>	<u>\$ 736,094</u>	<u>\$ 1,285,696</u>
Total Pension Liability - Beginning	<u>12,191,940</u>	<u>11,846,170</u>	<u>11,857,263</u>	<u>11,121,169</u>	<u>9,835,473</u>
Total Pension Liability - Ending	<u>\$13,578,151</u>	<u>\$12,191,940</u>	<u>\$11,846,170</u>	<u>\$11,857,263</u>	<u>\$11,121,169</u>
<b>PLAN FIDUCIARY NET POSITION</b>					
Contributions - Employer	\$ 346,422	\$ 353,801	\$ 358,637	\$ 344,788	\$ 327,376
Contributions - Member	111,589	115,583	112,074	115,357	109,450
Pension Plan Net Investment Income	(553,158)	1,574,298	615,476	44,857	509,357
Benefit Payments and Refunds	(574,514)	(461,899)	(419,870)	(390,544)	(359,988)
Other (Net Transfers)	310,311	(129,374)	(441,964)	(154,781)	38,721
Net Change in Plan Fiduciary Net Position	<u>\$ (359,350)</u>	<u>\$ 1,452,409</u>	<u>\$ 224,353</u>	<u>\$ (40,323)</u>	<u>\$ 624,916</u>
Plan Net Position - Beginning	<u>10,573,048</u>	<u>9,120,639</u>	<u>8,896,286</u>	<u>8,936,609</u>	<u>8,311,693</u>
Plan Net Position - Ending	<u>\$10,213,698</u>	<u>\$10,573,048</u>	<u>\$ 9,120,639</u>	<u>\$ 8,896,286</u>	<u>\$ 8,936,609</u>
Library's Net Pension Liability	<u>\$ 3,364,453</u>	<u>\$ 1,618,892</u>	<u>\$ 2,725,531</u>	<u>\$ 2,960,977</u>	<u>\$ 2,184,560</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	75.22%	86.72%	76.99%	75.03%	80.36%
Covered-Valuation Payroll	\$ 2,485,093	\$ 2,538,022	\$ 2,490,531	\$ 2,563,469	\$ 2,382,737
Employer's Net Pension Liability as a percentage of Covered-Valuation Payroll	135.39%	63.79%	109.44%	115.51%	91.68%

\* This information presented is based on the actuarial valuation performed as of the December 31 year end prior to the fiscal year end listed above.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT  
ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF EMPLOYER CONTRIBUTION  
JUNE 30, 2019

	6/30/2019*	6/30/2018 *	6/30/2017 *	6/30/2016 *	6/30/2015 *
Actuarially-Determined Contribution	\$ 346,422	\$ 353,800	\$ 358,636	\$ 344,787	\$ 320,716
Contributions in relation to Actuarially-Determined Contribution	346,422	353,801	358,637	344,788	327,376
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ (6,660)</u>
Covered-Valuation Payroll	\$ 2,385,808	\$ 2,567,769	\$ 2,490,531	\$ 2,563,469	\$ 2,382,737
Contributions as a percentage of Covered-Valuation Payroll	14.52%	13.78%	14.40%	13.45%	13.74%

**Notes to Schedule:**

**Actuarial Method and Assumptions Used on the Calculation of the 2018 Contribution Rate \***

Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

**Actuarial Cost Method:** Aggregate Entry Age Normal

**Amortization Method:** Level percentage of payroll, closed

**Remaining Amortization Period:** 25-year closed period

**Asset Valuation Method:** 5-year smoothed market; 20% corridor

**Wage Growth:** 3.5%

**Price Inflation:** 2.75%, approximate; No explicit price inflation assumption is used in this valuation.

**Salary Increases:** 3.75% to 14.50%, including inflation

**Investment Rate of Return:** 7.50%

**Retirement Age:** Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.

**Mortality:** For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). 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 table was used with fully generational projection scale MP-2014 (base year 2012). 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-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

\*Based on Valuation Assumptions used in the December 31, 2016 actuarial valuation; note two year lag between valuation and rate setting.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT  
OTHER POST-EMPLOYMENT BENEFIT  
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET OPEB  
LIABILITY AND RELATED RATIOS  
JUNE 30, 2019

	<u>6/30/2019</u>	<u>6/30/2018</u>
TOTAL OPEB LIABILITY		
Service Cost	\$ 6,266	\$ 6,033
Interest	9,306	10,250
Benefit Payments	(43,561)	(37,720)
Changes in Assumptions	4,953	-
Net Change in Total OPEB Liability	<u>\$ (23,036)</u>	<u>\$ (21,437)</u>
Total OPEB Liability - Beginning	<u>262,289</u>	<u>283,726</u>
Total OPEB Liability - Ending	<u>\$ 239,253</u>	<u>\$ 262,289</u>
OPEB PLAN FIDUCIARY NET POSITION		
Contributions - Employer	\$ 43,561	\$ 37,720
Benefit Payments	(43,561)	(37,720)
Net Change in OPEB Plan Net Position	<u>\$ -</u>	<u>\$ -</u>
OPEB Plan Net Position - Beginning	<u>-</u>	<u>-</u>
OPEB Net Position - Ending	<u>\$ -</u>	<u>\$ -</u>
Library's Net OPEB Plan Liability	<u>\$ 239,253</u>	<u>\$ 262,289</u>
OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%
Covered Employee Payroll	\$ 1,627,046	\$ 1,765,248
Employer's Net OPEB Liability as a Percentage of Covered-Valuation Payroll	14.70%	14.86%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT  
 OTHER POST-EMPLOYMENT BENEFIT  
 SCHEDULE OF EMPLOYER CONTRIBUTION  
 JUNE 30, 2019

	6/30/2018	6/30/2018
Actuarially-Determined Contribution	N/A	N/A
Contributions in relation to Actuarially-Determined Contribution	-	-
Contribution Deficiency/(Excess)	N/A	N/A
Covered-Employee Payroll	\$ 1,929,237	\$ 2,087,549
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%

**Notes to Schedule:**

There is no ADC or employer contribution in relation to the ADC, as the total OPEB liabilities are currently an unfunded obligation.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.



WARREN-NEWPORT PUBLIC LIBRARY DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts	
	Original and Final	Actual Amounts
<b>REVENUES</b>		
Property Taxes	\$ 4,011,354	\$ 3,997,464
Personal Property Replacement Tax	56,001	48,731
Interest	84,000	98,818
Grants	83,326	83,363
BAB Subsidy	119,350	119,862
Fines and Fees	62,446	67,446
Gifts	35,000	50,945
Other Income	38,762	17,709
	<u>\$ 4,490,239</u>	<u>\$ 4,484,338</u>
<b>EXPENDITURES</b>		
Current		
General Government		
Salaries	\$ 851,080	\$ 834,368
Employer Paid Benefits	244,746	213,790
Staff Development	17,747	3,668
Legal	12,000	1,890
Printing	42,275	38,271
Operating Supplies	5,675	2,424
Office Supplies	5,095	3,373
Computer Supplies	23,438	12,871
Telephone	36,568	36,054
Postage	16,828	14,139
Audit	11,000	10,700
Maintenance Contractual	86,235	77,372
Computer Support & Maintenance	12,352	6,461
Dues and Memberships	5,425	4,345
Board of Trustees Expense	2,115	170
Other Professional Services	48,120	37,023
Public Relations/Advertising	9,055	7,407
Miscellaneous	16,974	10,402
	<u>\$ 1,446,728</u>	<u>\$ 1,314,728</u>
Library Operations		
Salaries	\$ 1,971,026	\$ 1,883,155
Staff Development	22,822	8,274
Computer Support & Maintenance	48,233	41,662
Dues and Memberships	2,914	1,670
Mobile Library Maintenance & Supplies	6,420	4,822
Postage	8,500	5,465
Program Expenses	41,046	32,498
Program Supplies	536,475	461,710
Public Relations/Advertising	1,350	802
Supplies	35,780	28,500
	<u>\$ 2,674,566</u>	<u>\$ 2,468,558</u>
Total Current	<u>\$ 4,121,294</u>	<u>\$ 3,783,286</u>

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WARREN-NEWPORT PUBLIC LIBRARY DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts	Actual Amounts
	Original and Final	
EXPENDITURES (Continued)		
Capital Outlay		
General Government	\$ 148,939	\$ 142,395
Library Operations	131,767	123,806
	\$ 280,706	\$ 266,201
Debt Service		
Principal	\$ 475,000	\$ 475,000
Interest	365,098	365,098
	\$ 840,098	\$ 840,098
 TOTAL EXPENDITURES	 \$ 5,242,098	 \$ 4,889,585
 EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 \$ (751,859)	 \$ (405,247)
 OTHER FINANCING SOURCES/(USES)	 -	 -
 NET CHANGE IN FUND BALANCE	 \$ (751,859)	 \$ (405,247)
 FUND BALANCE - JULY 1, 2018		3,460,193
 FUND BALANCE - JUNE 30, 2019		\$ 3,054,946

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WARREN-NEWPORT PUBLIC LIBRARY DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2019

**NOTE 1 - BUDGETARY PROCESS**

Annual budgets are legally adopted and separately reported for all funds of the Library. The budget was passed on June 19, 2018. The Library follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Library Board and Executive Director discuss budgetary priorities including capital projects.
2. The Executive Director uses this input to prepare a preliminary budget.
3. The staff and Executive Director then go over the preliminary budget and make any necessary adjustments.
4. The revised budget is then submitted to the Committee of the Whole, who go over it and make any changes with the Executive Director.
5. The budget is then presented to and reviewed by the Board at a public hearing.

**NOTE 2 - EXCESS OF EXPENDITURES OVER BUDGET**

For the year ended June 30, 2019, no Library fund presented as Required Supplementary Information had expenditures that exceeded budget.

SUPPLEMENTARY INFORMATION

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2019

	Building and Maintenance	FICA	Liability	Working Cash	Special Reserves	Expendable Trust	IMRF	Total Other Governmental Funds
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 518,760	\$ 301,183	\$ 209,450	\$ 272,728	\$ 1,566,279	\$ 186,536	\$ 504,623	\$ 3,559,559
Receivables (Net of \$0 Allowance)								
Property Taxes	186,697	93,039	46,660	-	-	-	102,448	428,844
Prepaid Expenses	13,225	-	-	-	-	5,000	-	18,225
Restricted Cash	-	-	-	-	-	29,357	-	29,357
<b>TOTAL ASSETS</b>	<b>\$ 718,682</b>	<b>\$ 394,222</b>	<b>\$ 256,110</b>	<b>\$ 272,728</b>	<b>\$ 1,566,279</b>	<b>\$ 220,893</b>	<b>\$ 607,071</b>	<b>\$ 4,035,985</b>
<b>LIABILITIES</b>								
Accounts Payable and Accrued Expenses	\$ 20,692	\$ -	\$ 639	\$ -	\$ -	\$ -	\$ -	\$ 21,331
<b>TOTAL LIABILITIES</b>	<b>\$ 20,692</b>	<b>\$ -</b>	<b>\$ 639</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 21,331</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable Revenue - Property Taxes	\$ 375,013	\$ 186,885	\$ 93,724	\$ -	\$ -	\$ -	\$ 205,785	\$ 861,407
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 375,013</b>	<b>\$ 186,885</b>	<b>\$ 93,724</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 205,785</b>	<b>\$ 861,407</b>
<b>FUND BALANCES</b>								
Nonspendable:								
Prepaid Expenses	\$ 13,225	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ 18,225
Endowment	-	-	-	-	-	29,357	-	29,357
Restricted for:								
Fund Purpose	306,042	199,391	161,747	-	-	-	384,397	1,051,577
Committed for:								
Special Reserves	-	-	-	-	566,279	-	-	566,279
Assigned for:								
Fund Purpose	3,710	7,946	-	272,728	1,000,000	186,536	16,889	1,487,809
Unassigned	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>\$ 322,977</b>	<b>\$ 207,337</b>	<b>\$ 161,747</b>	<b>\$ 272,728</b>	<b>\$ 1,566,279</b>	<b>\$ 220,893</b>	<b>\$ 401,286</b>	<b>\$ 3,153,247</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 718,682</b>	<b>\$ 394,222</b>	<b>\$ 256,110</b>	<b>\$ 272,728</b>	<b>\$ 1,566,279</b>	<b>\$ 220,893</b>	<b>\$ 607,071</b>	<b>\$ 4,035,985</b>

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WARREN-NEWPORT PUBLIC LIBRARY DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019

	Building and Maintenance	FICA	Liability	Working Cash	Special Reserves	Expendable Trust	IMRF	Total Non-Major Governmental Funds
<b>REVENUES</b>								
Property Taxes	\$ 361,259	\$ 249,145	\$ 156,457	\$ -	\$ -	\$ -	\$ 398,617	\$ 1,165,478
Replacement Taxes	-	-	-	-	-	-	3,110	3,110
Interest	9,544	5,496	1,735	6,157	34,800	4,639	11,090	73,461
Other Revenue	-	-	-	-	-	29,360	-	29,360
	<u>\$ 370,803</u>	<u>\$ 254,641</u>	<u>\$ 158,192</u>	<u>\$ 6,157</u>	<u>\$ 34,800</u>	<u>\$ 33,999</u>	<u>\$ 412,817</u>	<u>\$ 1,271,409</u>
<b>EXPENDITURES</b>								
General Government	\$ 159,900	\$ 205,218	\$ 127,144	\$ -	\$ 114,297	\$ 7,154	\$ 313,915	\$ 927,628
Capital Outlay	113,176	-	-	-	-	-	-	113,176
	<u>\$ 273,076</u>	<u>\$ 205,218</u>	<u>\$ 127,144</u>	<u>\$ -</u>	<u>\$ 114,297</u>	<u>\$ 7,154</u>	<u>\$ 313,915</u>	<u>\$ 1,040,804</u>
<b>EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	\$ 97,727	\$ 49,423	\$ 31,048	\$ 6,157	\$ (79,497)	\$ 26,845	\$ 98,902	\$ 230,605
<b>OTHER FINANCING SOURCES/(USES)</b>	-	-	-	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	\$ 97,727	\$ 49,423	\$ 31,048	\$ 6,157	\$ (79,497)	\$ 26,845	\$ 98,902	\$ 230,605
<b>FUND BALANCES - JULY 1, 2018</b>	225,250	157,914	130,699	266,571	1,645,776	194,048	302,384	2,922,642
<b>FUND BALANCES - JUNE 30, 2019</b>	<u>\$ 322,977</u>	<u>\$ 207,337</u>	<u>\$ 161,747</u>	<u>\$ 272,728</u>	<u>\$ 1,566,279</u>	<u>\$ 220,893</u>	<u>\$ 401,286</u>	<u>\$ 3,153,247</u>

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