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

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

eder, casella & co

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT
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JUNE 30, 2020

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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, 2020, 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.

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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 aggregate remaining fund information of the Library, as of June 30, 2020, 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 required supplementary information, as listed in 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 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 26, 2020

REQUIRED SUPPLEMENTARY INFORMATION

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

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, 2020. 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, 2020 by \$8,616,087 (net position).
- The Library's total net position increased by \$357,661.
- At June 30, 2020, the Library reported combined ending fund balance of \$6,464,952, an increase of \$256,759 in comparison with prior year.
- At June 30, 2020, the unassigned fund balance for the General Fund was \$3,003,129, or 66% of total General Fund expenditures.
- The Library's total long-term debt decreased by \$1,296,793 during the year ended June 30, 2020 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 nine 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 and the Special Reserves Fund, which are considered to be major funds. 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, Expendable Trust, IMRF, and Bond.

The Library adopts an annual budget and appropriation ordinance for each of the funds listed above. A budgetary comparison schedule has been provided for the General Fund and the Special Reserves 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 38 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 \$8,616,087 at the close of the most recent fiscal year.

By far the largest portion of the Library's net position (57%) 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 2020	FY 2019
Assets		
Current and Other Assets	\$ 12,780,964	\$ 12,368,765
Capital Assets	10,934,875	11,205,297
Total Assets	<u>\$ 23,715,839</u>	<u>\$ 23,574,062</u>
Deferred Outflows of Resources		
Pension Expense	\$ 343,881	\$ 1,789,418
Employer Pension Contributions	189,883	147,340
OPEB Expense	-	4,545
Total Deferred Outflows of Resources	<u>\$ 533,764</u>	<u>\$ 1,941,303</u>
Liabilities		
Long-Term Liabilities Outstanding	\$ 8,692,728	\$ 10,202,644
Other Liabilities	142,499	140,255
Total Liabilities	<u>\$ 8,835,227</u>	<u>\$ 10,342,899</u>
Deferred Inflows of Resources		
Unavailable Revenue - Property Taxes	\$ 6,184,064	\$ 6,034,903
Pension Revenue	614,225	879,137
Total Deferred Inflows of Resources	<u>\$ 6,798,289</u>	<u>\$ 6,914,040</u>
Net Position		
Net Investment in Capital Assets	\$ 4,919,671	\$ 4,758,922
Restricted	492,973	1,051,577
Unrestricted	3,203,443	2,447,927
Total Net Position	<u><u>\$ 8,616,087</u></u>	<u><u>\$ 8,258,426</u></u>

An additional portion of the Library's net position, 5.7%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$3,203,443) may be used to meet the Library's ongoing obligations to citizens and creditors.

The Library's net position increased by \$357,661.

Governmental Activities - Governmental activities increased the Library's net position by \$357,661. Key elements of this increase are as follows:

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

	Governmental Activities	
	FY 2020	FY 2019
Revenues		
Program Revenues		
Charges for Services	\$ 27,564	\$ 67,446
Operating Grants and Contributions	107,670	147,584
General Revenues		
Property Taxes	6,023,697	5,162,942
Other Taxes	56,747	51,841
Investment Earnings	179,103	172,279
Other	71,665	153,655
Gain/(Loss) on Sale of Fixed Assets	-	(2,447)
Total Revenues	<u>\$ 6,466,446</u>	<u>\$ 5,753,300</u>
Expenses		
General Government	\$ 2,591,388	\$ 2,401,866
Library Operations	2,359,204	2,193,783
Interest and Fees on Long-Term Debt	271,629	346,091
Unallocated Depreciation	886,564	879,988
Total Expenses	<u>\$ 6,108,785</u>	<u>\$ 5,821,728</u>
Change in Net Position	\$ 357,661	\$ (68,428)
Net Position - Beginning	8,258,426	8,326,854
Net Position - Ending	<u><u>\$ 8,616,087</u></u>	<u><u>\$ 8,258,426</u></u>

The Library's total revenues increased \$713,146 (12%) compared to prior year. The most significant factor of this increase was for property taxes levied. The 2017 levy was adjusted for prior tax abatements reducing fiscal year 2019 tax revenue, while no such adjustment was necessary for the 2018 levy reported as revenue in fiscal year 2020.

Overall expenses increased \$287,057 (5%) compared to the prior year. The largest component of this increase was increased capital purchases in the current year compared to the prior year.

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, 2020, the Library's funds reported combined ending fund balance of \$6,464,952, an increase of \$256,759 in comparison with the prior year.

The General Fund is the chief operating fund of the Library. At June 30, 2020, total fund balance was \$3,038,218. 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 67% of total General Fund expenditures.

The Special Reserves Fund's fund balance increased \$716,664 and includes an incoming transfer of \$950,000 from the General Fund. While fund balance decreased in the prior year, fund balance increased in the current year due to the transfer.

GENERAL FUND BUDGETARY HIGHLIGHTS

The budget was not amended during the year ended June 30, 2020; therefore, the amounts shown as original and final budget are the same.

- The difference between the budget and actual revenues was \$69,150 (unfavorable) due mainly to less than expected BAB Subsidy.
- The difference between the budget and actual expenditures was \$758,049 (favorable) due to less than anticipated program supplies and interest payments. The interest payments were instead paid out of the Bond Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The Library's investment in capital assets for its governmental activities as of June 30, 2020 amounts to \$10,934,875 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, equipment, furniture, and library books and materials. Total depreciation expense for the year was \$886,564.

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

	Governmental Activities	
	FY 2020	FY 2019
Land	\$ 304,909	\$ 304,909
Buildings	8,570,685	8,870,438
Land Improvements	243,348	26,046
Furniture and Equipment	796,735	910,085
Computer Hardware and Network	44,252	25,189
Library Books and Other Materials	974,946	1,068,630
Total	<u>\$ 10,934,875</u>	<u>\$ 11,205,297</u>

For more detail on the Library's capital assets, see Note 4 in the Notes to the Financial Statements.

Long-Term Debt - At June 30, 2020, the Library had \$5,135,000 in long-term debt.

Warren-Newport Public Library District's Outstanding Debt

	Governmental Activities	
	FY 2020	FY 2019
General Obligation Bonds	\$ -	\$ 6,415,000
General Obligation Refunding Bond	5,135,000	-
Equipment Debt	-	16,793
Total	<u>\$ 5,135,000</u>	<u>\$ 6,431,793</u>

Significant debt activity for the year ended June 30, 2020 was as follows:

- Principal payments on all outstanding debt were \$6,431,793.
- General Obligation Refunding Bond was issued totaling \$5,135,000.

For more detail on the Library's long-term debt, see Note 5 in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The budget for fiscal year 2021 includes items for capital expenditures such as building maintenance and lighting upgrades, landscaping, HVAC, computer equipment upgrades, a van, and parking lot resurfacing.

Disruption caused by the COVID-19 outbreak in the United States is expected to be temporary, however there is uncertainty around the duration of time and the impact this will have on the Library.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Warren-Newport Public Library District'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, 2020

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 7,624,589
Investments	1,479,941
Property Taxes Receivable, net of allowance of \$0	3,596,518
Prepaid Expenses	49,082
Restricted Cash	30,834
Capital Assets:	
Land	304,909
Depreciable Buildings, Improvements, Property, Equipment, Furniture, Books, Videos/DVDs and Periodicals, net of depreciation	10,629,966
TOTAL ASSETS	\$ 23,715,839
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Outflows - IMRF	\$ 343,881
Deferred Employer Pension Contributions	189,883
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 533,764
LIABILITIES	
Accounts Payable and Accrued Expenses	\$ 131,948
Accrued Interest	10,551
Non-Current Liabilities:	
Due Within One Year	619,271
Due In More Than One Year	8,073,457
TOTAL LIABILITIES	\$ 8,835,227
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue - Property Taxes	\$ 6,184,064
Deferred Pension Inflows - IMRF	614,225
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 6,798,289
NET POSITION	
Net Investment in Capital Assets	\$ 4,919,671
Restricted for:	
Building and Maintenance	181,195
FICA	180,887
Liability	130,891
Unrestricted/(Deficit)	3,203,443
TOTAL NET POSITION	\$ 8,616,087

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, 2020

	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	\$ 2,591,388	\$ 27,564	\$ 107,655	\$ (2,456,169)
Library Operations	2,359,204	-	15	(2,359,189)
Interest and Fees on Long-Term Debt	271,629	-	-	(271,629)
Unallocated Depreciation	886,564	-	-	(886,564)
	\$ 6,108,785	\$ 27,564	\$ 107,670	\$ (5,973,551)
General Revenues				
Taxes				
Property Taxes				\$ 6,023,697
Personal Property Replacement Tax				56,747
Unrestricted Investment Earnings				179,103
Other Income				71,665
Total General Revenues				\$ 6,331,212
Change in Net Position				\$ 357,661
Net Position - July 1, 2019				8,258,426
Net Position - June 30, 2020				\$ 8,616,087

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, 2020

	General Fund	Special Reserves Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 3,801,220	\$ 2,282,943	\$ 1,540,426	\$ 7,624,589
Investments	1,479,941	-	-	1,479,941
Property Taxes Receivable, Net of Allowance of \$0	2,996,060	-	600,458	3,596,518
Prepaid Items	35,089	-	13,993	49,082
Restricted Cash	-	-	30,834	30,834
TOTAL ASSETS	\$ 8,312,310	\$ 2,282,943	\$ 2,185,711	\$ 12,780,964
LIABILITIES				
Accounts Payable and Accrued Expenditures	\$ 122,490	\$ -	\$ 9,458	\$ 131,948
TOTAL LIABILITIES	\$ 122,490	\$ -	\$ 9,458	\$ 131,948
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	\$ 5,151,602	\$ -	\$ 1,032,462	\$ 6,184,064
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 5,151,602	\$ -	\$ 1,032,462	\$ 6,184,064
FUND BALANCES				
Nonspendable				
Prepaid Items	\$ 35,089	\$ -	\$ 13,993	\$ 49,082
Endowment	-	-	30,834	30,834
Restricted for:				
Building and Maintenance	-	-	181,195	181,195
FICA	-	-	180,887	180,887
Liability	-	-	130,891	130,891
Pension	-	-	253,228	253,228
Committed for:				
Special Reserves	-	332,943	-	332,943
Assigned for:				
Building and Maintenance	-	-	12,118	12,118
FICA	-	-	11,353	11,353
Liability	-	-	1,884	1,884
Working Cash	-	-	277,017	277,017
Special Reserves	-	1,950,000	-	1,950,000
Expendable Trust	-	-	26,543	26,543
Pension	-	-	23,848	23,848
Unassigned	3,003,129	-	-	3,003,129
TOTAL FUND BALANCES	\$ 3,038,218	\$ 2,282,943	\$ 1,143,791	\$ 6,464,952
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 8,312,310	\$ 2,282,943	\$ 2,185,711	\$ 12,780,964

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, 2020

Fund Balances - Total Governmental Funds \$ 6,464,952

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	\$ 20,064,820	
Less: Accumulated Depreciation	<u>(9,129,945)</u>	10,934,875

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

Deferred Pension (Inflows)	\$ (614,225)	
Deferred Pension Outflows	343,881	
Deferred Employer Contributions to Pension	<u>189,883</u>	(80,461)

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

Bonds Payable	\$ (5,135,000)	
Premium on Bonds	(880,204)	
Accrued Interest	(10,551)	
Compensated Absences	(195,145)	
Net Pension Liability - IMRF	(2,115,210)	
Net OPEB Liability	<u>(367,169)</u>	<u>(8,703,279)</u>

Net Position of Governmental Activities \$ 8,616,087

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, 2020

	General Fund	Special Reserves Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property Taxes	\$ 5,163,889	\$ -	\$ 859,808	\$ 6,023,697
Personal Property Replacement Tax	53,342	-	3,405	56,747
Interest	109,858	21,942	47,303	179,103
Grants	83,363	-	-	83,363
BAB Subsidy	58,362	-	-	58,362
Fines and Fees	27,564	-	-	27,564
Gifts	20,346	-	15	20,361
Other Income	6,920	-	10,329	17,249
	<u>\$ 5,523,644</u>	<u>\$ 21,942</u>	<u>\$ 920,860</u>	<u>\$ 6,466,446</u>
EXPENDITURES				
Current				
General Government	\$ 1,368,619	\$ -	\$ 952,888	\$ 2,321,507
Library Operations	2,416,499	-	-	2,416,499
Capital Outlay	280,801	255,278	228,767	764,846
Debt Service				
Principal	490,000	-	-	490,000
Interest and Fees	11,638	-	341,727	353,365
	<u>\$ 4,567,557</u>	<u>\$ 255,278</u>	<u>\$ 1,523,382</u>	<u>\$ 6,346,217</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 956,087</u>	<u>\$ (233,336)</u>	<u>\$ (602,522)</u>	<u>\$ 120,229</u>
OTHER FINANCING SOURCES/(USES)				
Interfund Transfers	\$ (972,815)	\$ 950,000	\$ 22,815	\$ -
Principal on Bonds Sold	-	-	5,135,000	5,135,000
Premium on Bonds Sold	-	-	926,530	926,530
Bond Refunding Payment to Escrow Agent	-	-	(5,925,000)	(5,925,000)
	<u>\$ (972,815)</u>	<u>\$ 950,000</u>	<u>\$ 159,345</u>	<u>\$ 136,530</u>
NET CHANGE IN FUND BALANCES	<u>\$ (16,728)</u>	<u>\$ 716,664</u>	<u>\$ (443,177)</u>	<u>\$ 256,759</u>
FUND BALANCES - JULY 1, 2019	<u>3,054,946</u>	<u>1,566,279</u>	<u>1,586,968</u>	<u>6,208,193</u>
FUND BALANCES - JUNE 30, 2020	<u>\$ 3,038,218</u>	<u>\$ 2,282,943</u>	<u>\$ 1,143,791</u>	<u>\$ 6,464,952</u>

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, 2020

Net Change in Fund Balances - Total Governmental Funds \$ 256,759

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	\$ 616,142	
Depreciation Expense	<u>(886,564)</u>	(270,422)

Long-term debt proceeds provide current financial resources to governmental funds and are therefore shown as revenue in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but issuing debt increases long-term liabilities in the Statement of Net Position and is therefore not reported in the Statement of Activities.

Proceeds from Long-Term Debt	\$ (6,061,530)	
Payments to Escrow Agent	<u>5,925,000</u>	(136,530)

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	\$ 64,943	
Pension Expense - IMRF	(228,908)	
OPEB Expense	(165,360)	
Compensated Absences	<u>(42,582)</u>	(371,907)

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.		372,968
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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>506,793</u>
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Change in Net Position of Governmental Activities		<u><u>\$ 357,661</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, 2020

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.

In the fund financial statements, the current financial resources measurement focus is used as appropriate. 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 current 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.

Bond Fund – This fund is used to separate the activity of the payment of the bonds issued by the Library.

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, 2020.

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. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. 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. In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances were eliminated or reclassified.

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.

NOTES TO FINANCIAL STATEMENTS (Continued)

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

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 2019 levy was passed by the Board on November 19, 2019. 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, 2020, 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	\$ 7,373,362	\$ 7,373,362	\$ -	\$ -	\$ -
Securities	245,241	245,241	-	-	-
	<u>\$ 7,618,603</u>	<u>\$ 7,618,603</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2020, the Library’s investments were rated as follows:

Investment	Credit Rating	Rating Source
State Investment Pool	AAAm	Standard's and Poor's
Securities	N/R	

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, 2020:

Investments by fair value level	6/30/2020	Fair Value Measurements Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Certificate of Deposit	\$ 1,234,700	\$ -	\$ 1,234,700
Securities	245,241	245,241	-
Total Investments by fair value level	<u>\$ 1,479,941</u>	<u>\$ 245,241</u>	<u>\$ 1,234,700</u>

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities and certificates of deposit classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices.

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2020 was as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Governmental Activities:				
Capital Assets not being depreciated:				
Land	\$ 304,909	\$ -	\$ -	\$ 304,909
Total Capital Assets not being depreciated	<u>\$ 304,909</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 304,909</u>
Other Capital Assets				
Buildings	\$ 13,520,470	\$ 108,849	\$ -	\$ 13,629,319
Land Improvements	169,652	227,497	91,483	305,666
Furniture and Equipment	2,140,552	24,901	-	2,165,453
Computer Software (intangibles)	9,555	-	9,555	-
Computer Hardware and Network	172,192	35,856	-	208,048
Bookmobile	227,540	-	-	227,540
Library Books and Other Materials	3,447,596	219,039	442,750	3,223,885
Total Other Capital Assets at Historical Cost	<u>\$ 19,687,557</u>	<u>\$ 616,142</u>	<u>\$ 543,788</u>	<u>\$ 19,759,911</u>
Less Accumulated Depreciation for:				
Buildings	\$ 4,650,032	\$ 408,602	\$ -	\$ 5,058,634
Land Improvements	143,606	10,195	91,483	62,318
Furniture and Equipment	1,230,467	138,251	-	1,368,718
Computer Software (intangibles)	9,555	-	9,555	-
Computer Hardware and Network	147,003	16,793	-	163,796
Bookmobile	227,540	-	-	227,540
Library Books and Other Materials	2,378,966	312,723	442,750	2,248,939
Total Accumulated Depreciation	<u>\$ 8,787,169</u>	<u>\$ 886,564</u>	<u>\$ 543,788</u>	<u>\$ 9,129,945</u>
Other Capital Assets, Net	<u>\$ 10,900,388</u>	<u>\$ (270,422)</u>	<u>\$ -</u>	<u>\$ 10,629,966</u>
Governmental Activities Capital Assets, Net	<u>\$ 11,205,297</u>	<u>\$ (270,422)</u>	<u>\$ -</u>	<u>\$ 10,934,875</u>

Depreciation expense charged to unallocated expenses was \$886,564 for the year ended June 30, 2020.

NOTE 5 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended June 30, 2020 was as follows:

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Amounts Due Within One Year
Governmental Activities:					
Long-Term Debt					
General Obligation Bonds	\$ 6,415,000	\$ -	\$ 6,415,000	\$ -	\$ -
General Obligation Refunding Bond	-	5,135,000	-	5,135,000	410,000
Equipment Debt	16,793	-	16,793	-	-
Total Long-Term Debt	<u>\$ 6,431,793</u>	<u>\$ 5,135,000</u>	<u>\$ 6,431,793</u>	<u>\$ 5,135,000</u>	<u>\$ 410,000</u>
Other Long-Term Liabilities					
Unamortized Bond Premium	\$ 34,232	\$ 926,530	\$ 80,558	\$ 880,204	\$ 92,653
Deferred Interest - Defeased Bonds	(19,650)	19,650	-	-	-
Compensated Absences	152,563	151,315	108,733	195,145	116,618
Net Pension Liability - IMRF	3,364,453	-	1,249,243	2,115,210	-
Net OPEB Liability	239,253	127,916	-	367,169	-
Total Other Long-Term Liabilities	<u>\$ 3,770,851</u>	<u>\$ 1,225,411</u>	<u>\$ 1,438,534</u>	<u>\$ 3,557,728</u>	<u>\$ 209,271</u>
Governmental Activities Long-Term Liabilities	<u>\$ 10,202,644</u>	<u>\$ 6,360,411</u>	<u>\$ 7,870,327</u>	<u>\$ 8,692,728</u>	<u>\$ 619,271</u>

Bonds and notes payable consisted of the following at June 30, 2020:

	Maturity Date	Interest Rate	Face Amount	Carrying Amount
Governmental Activities				
General Obligation Refunding Bond	12/15/2029	5.00%	\$ 5,135,000	\$ 5,135,000

NOTES TO FINANCIAL STATEMENTS (Continued)

On October 8, 2019, the Library issued a \$5,135,000 General Obligation Refunding Bond to refund the 2010 General Obligation Bonds.

At June 30, 2020, the annual debt service requirements to cover all outstanding debt attributable to governmental activities are:

Year Ending June 30	Principal	Interest	Total
2021	\$ 410,000	\$ 246,500	\$ 656,500
2022	435,000	225,375	660,375
2023	450,000	203,250	653,250
2024	470,000	180,250	650,250
2025	495,000	156,125	651,125
2026-2030	2,875,000	373,375	3,248,375
	<u>\$ 5,135,000</u>	<u>\$ 1,384,875</u>	<u>\$ 6,519,875</u>

NOTE 6 - INTERFUND LOANS

There are no interfund loans at June 30, 2020.

NOTE 7 - DEFICIT FUND BALANCE

At June 30, 2020, 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 2019 tax levy. The unavailable revenue is 100% of the 2019 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 2020. The Library has determined that 100% of the amount collected for the 2018 levy is allocable for use in fiscal year 2020. Therefore, 100% of the amount collected for the 2018 levy (\$6,023,697) is recorded in these financial statements as property taxes revenue. A summary of assessed valuations and extensions for tax years 2019, 2018 and 2017 is as follows:

Tax Year	2019		2018		2017	
Assessed Valuation	\$2,016,961,628		\$1,942,469,621		\$1,894,310,285	
	Rate	Extension	Rate	Extension	Rate	Extension
General	0.255414	\$ 5,151,602	0.266336	\$ 5,173,496	0.211758	\$ 4,011,354
Building	0.012859	259,361	0.019306	375,013	0.019137	362,514
IMRF	0.019832	400,004	0.010594	205,785	0.021116	400,003
Social Security	0.012395	250,003	0.009621	186,885	0.013198	250,011
Insurance	0.006103	123,095	0.004825	93,724	0.008288	157,000
	<u>0.306603</u>	<u>\$ 6,184,065</u>	<u>0.310682</u>	<u>\$ 6,034,903</u>	<u>0.273497</u>	<u>\$ 5,180,882</u>

NOTE 9 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended June 30, 2020 no Library fund had expenditures that exceeded budget.

NOTE 10 - OPERATING LEASES

The Library leases copiers, printers, radio frequency identification system, and software. Total lease expense for fiscal year 2020 was \$165,382.

Annual requirements to cover outstanding lease agreements at June 30, 2020 are:

NOTES TO FINANCIAL STATEMENTS (Continued)

<u>Year Ending June 30</u>	<u>Amount</u>
2021	\$ 137,024
2022	27,960
2023	27,960
2024	26,554
	<u>\$ 219,498</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.

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, 2019, the following employees were covered by the benefit terms:

Inactive plan members and beneficiaries currently receiving benefits	54
Inactive plan members entitled to but not yet receiving benefits	34
Active plan members	<u>51</u>
Total	<u><u>139</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 2019 was 12.37%. For the fiscal year ended June 30, 2020, the Library contributed \$340,069 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, 2019, and a measurement date as of December 31, 2019, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability	\$	14,030,575
IMRF Fiduciary Net Position		11,915,365
Library's Net Pension Liability		2,115,210
IMRF Fiduciary Net Position as a Percentage of the Total Pension Liability		84.92%

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, 2019 using the following actuarial methods and assumptions:

Assumptions	
Inflation	2.50%
Salary Increases	3.35% - 14.25% including inflation
Interest Rate	7.25%
Asset Valuation Method	Market value of assets
Projected Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study for the period 2014-2016.

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, 2019:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Projected Return</u>
Equities	37%	5.75%
International Equities	18%	6.50%
Fixed Income	28%	3.25%
Real Estate	9%	5.20%
Alternatives	7%	
Private Equity		7.60%
Hedge Funds		N/A
Commodities		3.60%
Cash Equivalents	1%	1.85%
	<u>100%</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 2.75%; and resulting single discount rate is 7.25%. The prior year single discount rate was 7.25% and increased 0.00% to the current year single discount rate.

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, 2018	\$ 13,578,151	\$ 10,213,698	\$ 3,364,453
Changes for the year:			
Service Cost	\$ 247,063	\$ -	\$ 247,063
Interest on the Total Pension Liability	968,314	-	968,314
Differences Between Expected and Actual Experience of the Total Pension Liability	(71,704)	-	(71,704)
Contributions - Employer	-	297,524	(297,524)
Contributions - Employee	-	108,235	(108,235)
Net Investment Income	-	1,918,946	(1,918,946)
Benefit Payments, Including Refunds of Employee Contributions	(691,249)	(691,249)	-
Other (Net Transfer)	-	68,211	(68,211)
Net Changes	\$ 452,424	\$ 1,701,667	\$ (1,249,243)
Balances at December 31, 2019	\$ 14,030,575	\$ 11,915,365	\$ 2,115,210

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	\$ 3,777,066	\$ 2,115,210	\$ 730,333

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

For the year ended June 30, 2020, the Library recognized pension expense/(income) of \$228,908. At June 30, 2020, 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
Expense in Future Periods			
Differences between expected and actual experience	\$ 184,994	\$ (50,566)	\$ 134,428
Changes of assumptions	158,887	(76,123)	82,764
Net difference between projected and actual earnings on pension plan investments	-	(487,536)	(487,536)
Total deferred amounts to be recognized in pension expense in future periods	\$ 343,881	\$ (614,225)	\$ (270,344)
Pension contributions made subsequent to the measurement date	189,883	-	189,883
Total deferred amounts related to pensions	\$ 533,764	\$ (614,225)	\$ (80,461)

\$189,883 reported as deferred outflows of resources related to pensions resulting from the Library's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2021. 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
2020	\$ (13,356)
2021	(47,106)
2022	27,383
2023	(237,265)
	<u>\$ (270,344)</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 Library health 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 Library health 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, 2020, the measurement date of the latest actuarial valuation:

Active employees	36
Inactive employees currently receiving benefits	<u>1</u>
Total	<u><u>37</u></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, 2020, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2020.

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Method	Entry Age Normal
Discount rate	2.21%
Salary Rate Increase	2.50%
Expected long-term investment rate of return	N/A
Health Care Trend	

Fiscal Year Trends

Period	PPO		HMO	
	Pre-65	Post-65	Pre-65	Post-65
FY20-FY21	6.80%	6.80%	6.30%	6.30%
FY21-FY22	6.60%	6.60%	6.16%	6.16%
FY22-FY23	6.40%	6.40%	6.01%	6.01%
FY23-FY24	6.20%	6.20%	5.87%	5.87%
FY24-FY25	6.00%	6.00%	5.72%	5.72%
FY25-FY26	5.80%	5.80%	5.58%	5.58%
FY26-FY27	5.60%	5.60%	5.43%	5.43%
FY27-FY28	5.40%	5.40%	5.29%	5.29%
FY28-FY29	5.20%	5.20%	5.14%	5.14%
FY29-FY30	5.00%	5.00%	5.00%	5.00%
Ultimate	5.00%	5.00%	5.00%	5.00%

Retiree Contribution Trend
Mortality

Same as Health Care Trend

RP-2014 with Blue Collar Adjustment and MP-2016 Improvement, weighted per IMRF Experience Study dated November 8, 2017; Age 85 for males, Age 88 for females

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 \$250	\$ 21,926	\$ 24,119	N/A	N/A
PPO Core \$250	19,609	21,570	N/A	N/A
PPO \$2,000	17,355	19,090	N/A	N/A
HMO Plan	16,096	17,706	N/A	N/A

	Under Age 65		Age 65 & Over	
	Retiree	Spouse	Retiree	Spouse
PPO \$250	\$ 10,996	\$ 12,096	N/A	N/A
PPO Core \$250	9,834	10,817	N/A	N/A
PPO \$2,000	8,703	9,574	N/A	N/A
HMO Plan	8,072	8,880	N/A	N/A

Blended Premium Rates

Election at Retirement

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

If an employee has waived active medical coverage and is not eligible for an explicit benefit, 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

NOTES TO FINANCIAL STATEMENTS (Continued)

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of a comprehensive study of Pension Funds in the State of Illinois.

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.

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 2.21% is used, which is the Bond Buyer GO Index as of June 25, 2020.

Changes in the Total OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability (A)	OPEB Plan Net Position (B)	Net OPEB Liability (A)-(B)
Balances at June 30, 2019	\$ 239,253	\$ -	\$ 239,253
Changes for the year:			
Service Cost	\$ 2,479	\$ -	\$ 2,479
Interest on the Total OPEB Liability	7,712	-	7,712
Actuarial Experience	98,906	-	98,906
Changes in Assumptions	51,718	-	51,718
Contributions - Employer	-	32,899	(32,899)
Benefit Payments	(32,899)	(32,899)	-
Net Changes	\$ 127,916	\$ -	\$ 127,916
Balances at June 30, 2020	<u>\$ 367,169</u>	<u>\$ -</u>	<u>\$ 367,169</u>

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% Increase	Valuation Rate	1% Decrease
\$ 330,047	\$ 367,169	\$ 412,432

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)		
Healthcare Cost		
1% Increase	Valuation Rate	1% Decrease
\$ 412,918	\$ 367,169	\$ 328,954

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

For the fiscal year ended June 30, 2020, the Library recognized OPEB expense of \$165,360. At June 30, 2020, the Library had no deferred outflows of resources or deferred inflows of resources related to OPEB from any sources.

NOTES TO FINANCIAL STATEMENTS (Continued)

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.

There were no amounts reported as deferred outflows of resources related to OPEB that will be recognized as future OPEB expense.

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 2020 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, 2020, 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:

2019 EAV	\$	2,016,961,628
Rate		<u>2.8750%</u>
Debt Margin	\$	57,987,647
Current Debt		<u>5,135,000</u>
Remaining Debt Margin	\$	<u><u>52,852,647</u></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 Library 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 17 - INTERFUND TRANSFERS

The following funds had transfers for the year ended June 30, 2020:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Special Reserves Fund	\$ 700,000
Other Governmental Fund	Special Reserves Fund	250,000
General Fund	Other Governmental Fund	272,815

The transfers were made to help pay for capital project and bond issuance costs undertaken by the Library during the fiscal year.

NOTE 18 - SUBSEQUENT EVENT

Prior to the date of this report, the COVID-19 outbreak in the United States has created disruptions in various organizations and will continue to impact these organizations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of time. The extent of the impact on the Library is uncertain and cannot be reasonably estimated at this time.

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, 2020

	6/30/2020*	6/30/2019*	6/30/2018 *	6/30/2017 *	6/30/2016 *	6/30/2015 *
TOTAL PENSION LIABILITY						
Service Cost	\$ 247,063	\$ 266,892	\$ 281,034	\$ 295,400	\$ 283,431	\$ 299,488
Interest on the Total Pension Liability	968,314	902,860	881,680	877,550	823,430	733,431
Differences Between Expected and Actual Experience	(71,704)	425,512	(3,474)	(679,911)	19,777	102,857
Changes of Assumptions	-	365,461	(351,571)	(84,262)	-	509,908
Benefit Payments, Including Refunds of Member Contributions	(691,249)	(574,514)	(461,899)	(419,870)	(390,544)	(359,988)
Net Change in Total Pension Liability	<u>\$ 452,424</u>	<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>13,578,151</u>	<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>\$ 14,030,575</u>	<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>
PLAN FIDUCIARY NET POSITION						
Contributions - Employer	\$ 297,524	\$ 346,422	\$ 353,801	\$ 358,637	\$ 344,788	\$ 327,376
Contributions - Member	108,235	111,589	115,583	112,074	115,357	109,450
Net Investment Income	1,918,946	(553,158)	1,574,298	615,476	44,857	509,357
Benefit Payments, Including Refunds of Member Contributions	(691,249)	(574,514)	(461,899)	(419,870)	(390,544)	(359,988)
Other (Net Transfers)	68,211	310,311	(129,374)	(441,964)	(154,781)	38,721
Net Change in Plan Fiduciary Net Position	<u>\$ 1,701,667</u>	<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>10,213,698</u>	<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>\$ 11,915,365</u>	<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>\$ 2,115,210</u>	<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	84.92%	75.22%	86.72%	76.99%	75.03%	80.36%
Covered-Valuation Payroll	\$ 2,405,217	\$ 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	87.94%	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.

See Accompanying Independent Auditor's Report

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTION
JUNE 30, 2020

	<u>6/30/2020*</u>	<u>6/30/2019*</u>	<u>6/30/2018 *</u>	<u>6/30/2017 *</u>	<u>6/30/2016 *</u>	<u>6/30/2015 *</u>
Actuarially-Determined Contribution	\$ 297,525	\$ 346,422	\$ 353,800	\$ 358,636	\$ 344,787	\$ 320,716
Contributions in relation to Actuarially-Determined Contribution	<u>297,524</u>	<u>346,422</u>	<u>353,801</u>	<u>358,637</u>	<u>344,788</u>	<u>327,376</u>
Contribution deficiency/(excess)	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ (6,660)</u>
Covered-Valuation Payroll	\$ 2,430,530	\$ 2,385,808	\$ 2,567,769	\$ 2,490,531	\$ 2,563,469	\$ 2,382,737
Contributions as a percentage of Covered-Valuation Payroll	12.24%	14.52%	13.78%	14.40%	13.45%	13.74%

Notes to Schedule:

Actuarial Method and Assumptions Used on the Calculation of the 2019 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: 24-year closed period

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

Wage Growth: 3.25%

Price Inflation: 2.50%, approximate; No explicit price inflation assumption is used in this valuation.

Salary Increases: 3.35% to 14.25%, 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 2017 valuation pursuant to an experience study of the period 2014 to 2016.

Mortality: For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality 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.

*Based on Valuation Assumptions used in the December 31, 2017 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.

See Accompanying Independent Auditors' Report

WARREN-NEWPORT PUBLIC LIBRARY DISTRICT
OTHER POST-EMPLOYMENT BENEFIT
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET OPEB
LIABILITY AND RELATED RATIOS
JUNE 30, 2020

	6/30/2020	6/30/2019	6/30/2018
TOTAL OPEB LIABILITY			
Service Cost	\$ 2,479	\$ 6,266	\$ 6,033
Interest	7,712	9,306	10,250
Differences Between Expected and Actual Experience	98,906	-	-
Benefit Payments	(32,899)	(43,561)	(37,720)
Changes in Assumptions	51,718	4,953	-
Net Change in Total OPEB Liability	<u>\$ 127,916</u>	<u>\$ (23,036)</u>	<u>\$ (21,437)</u>
Total OPEB Liability - Beginning	<u>239,253</u>	<u>262,289</u>	<u>283,726</u>
Total OPEB Liability - Ending	<u>\$ 367,169</u>	<u>\$ 239,253</u>	<u>\$ 262,289</u>
OPEB PLAN FIDUCIARY NET POSITION			
Contributions - Employer	\$ 32,899	\$ 43,561	\$ 37,720
Benefit Payments	(32,899)	(43,561)	(37,720)
Net Change in OPEB Plan Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
OPEB Plan Net Position - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
OPEB Net Position - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Library's Net OPEB Plan Liability	<u>\$ 367,169</u>	<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%	0.00%
Covered Employee Payroll	\$ 1,713,024	\$ 1,627,046	\$ 1,765,248
Employer's Net OPEB Liability as a Percentage of Covered-Valuation Payroll	21.43%	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, 2020

	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Actuarially-Determined Contribution	N/A	N/A	N/A
Contributions in relation to Actuarially-Determined Contribution	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency/(Excess)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Covered-Employee Payroll	\$ 2,075,645	\$ 1,929,237	\$ 2,087,549
Contributions as a Percentage of Covered-Employee Payroll	0.00%	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, 2020

	Budgeted Amounts	
	Original and Final	Actual Amounts
REVENUES		
Property Taxes	\$ 5,173,496	\$ 5,163,889
Personal Property Replacement Tax	56,001	53,342
Interest	85,000	109,858
Grants	83,326	83,363
BAB Subsidy	112,171	58,362
Fines and Fees	38,900	27,564
Gifts	35,000	20,346
Other Income	8,900	6,920
	<u>\$ 5,592,794</u>	<u>\$ 5,523,644</u>
EXPENDITURES		
Current		
General Government		
Salaries	\$ 899,729	\$ 866,020
Employer Paid Benefits	234,617	235,383
Staff Development	29,688	18,463
Legal	12,000	-
Printing	41,695	29,665
Operating Supplies	7,300	3,005
Office Supplies	4,075	2,784
Computer Supplies	13,040	11,174
Telephone	36,280	36,280
Postage	16,800	14,410
Audit	11,500	10,850
Maintenance Contractual	86,235	60,687
Computer Support & Maintenance	11,530	7,859
Dues and Memberships	5,365	4,220
Board of Trustees Expense	1,997	142
Other Professional Services	60,115	48,650
Public Relations/Advertising	11,385	8,983
Miscellaneous	17,839	10,044
	<u>\$ 1,501,190</u>	<u>\$ 1,368,619</u>
Library Operations		
Salaries	\$ 1,939,023	\$ 1,875,124
Staff Development	26,638	7,645
Computer Support & Maintenance	46,883	45,024
Dues and Memberships	2,825	1,709
Mobile Library Maintenance & Supplies	7,420	4,921
Postage	8,500	5,270
Program Expenses	38,734	22,426
Program Supplies	567,307	429,800
Public Relations/Advertising	1,350	355
Supplies	41,809	24,225
	<u>\$ 2,680,489</u>	<u>\$ 2,416,499</u>
Total Current	<u>\$ 4,181,679</u>	<u>\$ 3,785,118</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, 2020

	Budgeted Amounts		Actual Amounts
	Original and Final		
EXPENDITURES (Continued)			
Capital Outlay			
General Government	\$ 176,812	\$	151,638
Library Operations	134,342		129,163
	\$ 311,154	\$	280,801
Debt Service			
Principal	\$ 490,000	\$	490,000
Interest	342,773		11,638
	\$ 832,773	\$	501,638
 TOTAL EXPENDITURES	 \$ 5,325,606	 \$	 4,567,557
 EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 \$ 267,188	 \$	 956,087
 OTHER FINANCING SOURCES/(USES)			
Interfund Transfer	-		(972,815)
	-		(972,815)
 NET CHANGE IN FUND BALANCE	 \$ 267,188	 \$	 (16,728)
 FUND BALANCE - JULY 1, 2019			 3,054,946
 FUND BALANCE - JUNE 30, 2020			 \$ 3,038,218

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WARREN-NEWPORT PUBLIC LIBRARY DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 SPECIAL RESERVES FUND
 YEAR ENDED JUNE 30, 2020

	Budgeted Amounts	Actual Amounts
	Original and Final	
REVENUES		
Interest	\$ 24,000	\$ 21,942
	\$ 24,000	\$ 21,942
EXPENDITURES		
Capital Outlay		
General Government	\$ 362,401	\$ 255,278
	\$ 362,401	\$ 255,278
TOTAL EXPENDITURES	\$ 362,401	\$ 255,278
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (338,401)	\$ (233,336)
OTHER FINANCING SOURCES/(USES)		
Interfund Transfer	-	950,000
NET CHANGE IN FUND BALANCE	\$ (338,401)	\$ 716,664
FUND BALANCE - JULY 1, 2019		1,566,279
FUND BALANCE - JUNE 30, 2020		\$ 2,282,943

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WARREN-NEWPORT PUBLIC LIBRARY DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

NOTE 1 - BUDGETARY PROCESS

Annual budgets are legally adopted and separately reported for all funds of the Library. The budget was passed on June 18, 2019. 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, 2020, 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, 2020

	Building and Maintenance	FICA	Liability	Working Cash	Expendable Trust	IMRF	Bond	Total Other Governmental Funds
ASSETS								
Cash and Cash Equivalents	\$ 310,422	\$ 296,846	\$ 185,152	\$ 277,017	\$ 26,543	\$ 444,446	\$ -	\$ 1,540,426
Receivables (Net of \$0 Allowance)								
Property Taxes	150,839	145,396	71,589	-	-	232,634	-	600,458
Prepaid Items	13,993	-	-	-	-	-	-	13,993
Restricted Cash	-	-	-	-	30,834	-	-	30,834
TOTAL ASSETS	\$ 475,254	\$ 442,242	\$ 256,741	\$ 277,017	\$ 57,377	\$ 677,080	\$ -	\$ 2,185,711
LIABILITIES								
Accounts Payable and Accrued Expenditures	\$ 8,587	\$ -	\$ 871	\$ -	\$ -	\$ -	\$ -	\$ 9,458
TOTAL LIABILITIES	\$ 8,587	\$ -	\$ 871	\$ -	\$ -	\$ -	\$ -	\$ 9,458
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue - Property Taxes	\$ 259,361	\$ 250,002	\$ 123,095	\$ -	\$ -	\$ 400,004	\$ -	\$ 1,032,462
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 259,361	\$ 250,002	\$ 123,095	\$ -	\$ -	\$ 400,004	\$ -	\$ 1,032,462
FUND BALANCES								
Nonspendable:								
Prepaid Expenses	\$ 13,993	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,993
Endowment	-	-	-	-	30,834	-	-	30,834
Restricted for:								
Fund Purpose	181,195	180,887	130,891	-	-	253,228	-	746,201
Assigned for:								
Fund Purpose	12,118	11,353	1,884	277,017	26,543	23,848	-	352,763
TOTAL FUND BALANCES	\$ 207,306	\$ 192,240	\$ 132,775	\$ 277,017	\$ 57,377	\$ 277,076	\$ -	\$ 1,143,791
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 475,254	\$ 442,242	\$ 256,741	\$ 277,017	\$ 57,377	\$ 677,080	\$ -	\$ 2,185,711

See Accompanying Independent Auditor's Report

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, 2020

	Building and Maintenance	FICA	Liability	Working Cash	Expendable Trust	IMRF	Bond	Total Non-Major Governmental Funds
REVENUES								
Property Taxes	\$ 374,317	\$ 186,538	\$ 93,550	\$ -	\$ -	\$ 205,403	\$ -	\$ 859,808
Replacement Taxes	-	-	-	-	-	3,405	-	3,405
Interest	8,408	3,407	1,884	4,289	1,918	6,959	20,438	47,303
Gifts	-	-	-	-	15	-	-	15
Other Revenue	-	-	-	-	10,329	-	-	10,329
	<u>\$ 382,725</u>	<u>\$ 189,945</u>	<u>\$ 95,434</u>	<u>\$ 4,289</u>	<u>\$ 12,262</u>	<u>\$ 215,767</u>	<u>\$ 20,438</u>	<u>\$ 920,860</u>
EXPENDITURES								
40	\$ 128,478	\$ 205,042	\$ 124,406	\$ -	\$ 66,929	\$ 339,977	\$ 88,056	\$ 952,888
Capital Outlay	119,918	-	-	-	108,849	-	-	228,767
Debt Service	-	-	-	-	-	-	341,727	341,727
Interest	-	-	-	-	-	-	-	-
	<u>\$ 248,396</u>	<u>\$ 205,042</u>	<u>\$ 124,406</u>	<u>\$ -</u>	<u>\$ 175,778</u>	<u>\$ 339,977</u>	<u>\$ 429,783</u>	<u>\$ 1,523,382</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 134,329</u>	<u>\$ (15,097)</u>	<u>\$ (28,972)</u>	<u>\$ 4,289</u>	<u>\$ (163,516)</u>	<u>\$ (124,210)</u>	<u>\$ (409,345)</u>	<u>\$ (602,522)</u>
OTHER FINANCING SOURCES/(USES)								
Interfund Transfers	\$ (250,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 272,815	\$ 22,815
Principal on Bonds Sold	-	-	-	-	-	-	5,135,000	5,135,000
Premium on Bonds Sold	-	-	-	-	-	-	926,530	926,530
Bond Refunding Payment to Escrow Agent	-	-	-	-	-	-	(5,925,000)	(5,925,000)
	<u>\$ (250,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 409,345</u>	<u>\$ 159,345</u>
NET CHANGE IN FUND BALANCES	<u>\$ (115,671)</u>	<u>\$ (15,097)</u>	<u>\$ (28,972)</u>	<u>\$ 4,289</u>	<u>\$ (163,516)</u>	<u>\$ (124,210)</u>	<u>\$ -</u>	<u>\$ (443,177)</u>
FUND BALANCES - JULY 1, 2019	<u>322,977</u>	<u>207,337</u>	<u>161,747</u>	<u>272,728</u>	<u>220,893</u>	<u>401,286</u>	<u>-</u>	<u>1,586,968</u>
FUND BALANCES - JUNE 30, 2020	<u>\$ 207,306</u>	<u>\$ 192,240</u>	<u>\$ 132,775</u>	<u>\$ 277,017</u>	<u>\$ 57,377</u>	<u>\$ 277,076</u>	<u>\$ -</u>	<u>\$ 1,143,791</u>

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